



2007 annual report

Contents

Chairman's report	2-3
Manager's report	4
Directors' report	5-10
Auditor's independence declaration	11
Financial statements	12-15
Notes to the financial statements	16-29
Directors' declaration	30
Independent audit report	31-32
BSX report	33-34

Chairman's report

For year ending 30 June 2007

2006/07 was the first full year of trading since the launch of the branch in August 2005 and has been a period marked by significant growth.

In July 2006 Annette Seeliger took up management of the branch after completing her training and induction with Bendigo Bank. Since then she has led a committed and enthusiastic staff team to reach \$20 million in funds under management by the end of the financial year. We expect the continued growth of the branch's business will enable our **Community Bank**® Company to achieve solvency in 2008.

The Board and its various Committees have functioned well during the year. The monthly Marketing, Sponsorship and Business Development Committee has developed renewed energy and direction, the Governance and HR Committee continues to deal effectively with matters as they arise, and Budget and Finance plays an important role at key times of the financial year.

There have been some changes in Board membership during the year.

As you will recall the Board lost four of its Directors at the last Annual General Meeting (AGM): Leo Amato, Bob Barnden, Jenny Panagaris and Kath Truran. Subsequently, Richard Thorne resigned from the Board due to competing pressures with his role as the new Mayor of the City of Unley. All these Directors were closely involved with the development of the Goodwood **Community Bank**® Branch from the beginning, and their contributions to the establishment and management of this important community project have been greatly appreciated.

There have also been three additional Directors since the last AGM, with the Board's appointment of Rufus Salaman, Paula Stacey-Thomas and Simon Wood in early 2007. The first two of these will stand for election at the AGM, in accordance with our constitution, but Simon Wood has resigned due to pressure of business – although he has agreed to remain as a member of the Marketing Committee.

In accordance with our constitution three of the original Directors will retire as part of the 'rotation' process: Pam Dale (Secretary), Graham Pitman and Ian Telfer (Treasurer). The first two will stand for re-election but Ian Telfer has decided to resign after relocating his family to the north coast. His contribution as Steering Committee member, Treasurer and Board member has been valuable and his presence will be missed.

During this early stage of the Branch's development, the Board has continued its policy of the strategic sponsorship of local organisations and projects, so as to maximise the benefit to the growth of the Branch and its business while also benefiting the local community. Thus, we have made donations to local football and tennis clubs, primary schools and charities, as well as sponsoring the Adelaide Showgrounds Farmers' Market. We have also had a presence at local events such as the Goodwood Christmas Market and the Unley Way to Go Fair.

Chairman's report continued

We maintain our ongoing commitment to the development of banking services to the Highgate community, who provided substantial support to the establishment of the **Community Bank®** Company. An ATM was installed at the Highgate Pharmacy in late 2006 and continues to provide a valued service to the area, and we are currently in negotiation with regard to the establishment of a **Community Bank®** agency. Hopefully we will be able to announce the result of these negotiations very soon.

Finally, on behalf of the Board I would like to thank all those whose contributions continue to build a successful **Community Bank®** branch: Mike Clutterham and staff of Bendigo Bank, our franchise partner; Frank Tassone, Chair of Virginia **Community Bank®** Branch and our mentor; Annette Seeliger, our Branch Manager, and her enthusiastic staff team; and the Directors and office holders who serve on the Board and its committees.

On the occasion of the AGM, I also want to thank our many supporters, particularly the shareholders of the **Community Bank®** Company whose capital contribution made its establishment possible, and whose investment we expect will be rewarded in the near future. I don't need to remind you that we can all assist in reaching this target sooner by continuing to support the branch with our banking business and by encouraging others to do likewise.



Kennedy Bridge
Chairman

Manager's report

For year ending 30 June 2007

Since July 2006 we have sustained a consistent upward trend to see us grow by 114 per cent bringing us to over \$20 million in funds under management by June 30 with a total of 1414 accounts. Deposit funds of \$11,618,652 and \$7,606,805 in lending funds gave us a split of 57 per cent to 37 per cent with the remainder being our off balance sheet book. This was made up of other Bendigo Bank partners such as Leasing, Elders Rural Bank and Sandhurst Trustee products. The continuance of our current trend will see us in the black in 2008.

In August 2006 we developed a five year business plan and strategy with the view to increasing our exposure in the community. This involved my visiting businesses, and together with the Board and Marketing Committee implementing unique ways to make us a sustainable business.

Over the last 12 months we have had a change in our staffing arrangements with Dianne Vasiliou leaving us to return to the real estate industry, giving us the opportunity to make the position full time. Annette Mosca came to us with extensive experience from the Commonwealth Bank, is a resident for over 40 years of Goodwood and heavily involved in the community.

Some of the highlights of the last 12 months have been realising our commitment to an ATM in Highgate with a view to providing further ongoing services in the near future to the Highgate community.

We have given over \$3000 in sponsorship to various local groups and implemented school banking beginning with Goodwood Primary school with a view to being able to expand into other schools in the future.

Branch staff have had involvement in an extensive training course of 26 weeks supplied by Bendigo Bank called Being the Bendigo. This program has assisted our team in identifying the needs of our clients to help them realise a secure financial position. The benefits of this program have been evident in our increase in products and our trailer commission. This is due to a focus being put on products other than the traditional deposit and lending products, such as insurance, credit cards, and Community Sector Banking products.

As a team we have been keen to be a part of our local community activities and this last year has seen us participate in the Unley Way to Go Fair, The Goody Trail, and Christmas Market to name a few. I have also become a member of the Goodwood Traders Association and have had the pleasure of addressing a number of organisations in this area. Through our Marketing Committee I look forward to us being involved in a number of local activities again this year.

It has been a busy year with a number of highs. We need the ongoing support of our local community and I encourage you to come in and have a chat with us and give us the opportunity to see what we can do for you and your finances.



Annette Seelinger
Manager

Directors' report

For year ending 30 June 2007

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.

Kennedy 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.

Directors' report continued

Ian Robert Telfer

Occupation: Building contractor

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

Richard Everitt 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: Chiropractor

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.

Directors' report continued

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.

Directors' report continued

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.

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 \$
Annette Seeliger	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 \$
Annette Seeliger	12,062	1,086			13,148
Anthony Conroy	49,859	4,487			54,346
	61,921	5,573	-	-	67,494

Directors' report continued

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.

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

Directors' report continued

- 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.

Signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'Ken Bridge', with a stylized flourish at the end.

Ken Bridge

Director

Dated 28 September 2007

Auditor's independence declaration

RSM Bird Cameron Partners

Chartered Accountants

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9101
www.rsmi.com.au

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**

Liability limited by a
scheme approved under
Professional Standards
Legislation

Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 36 965 185 036

RSM Bird Cameron Partners is an
independent member firm of RSM
International, an affiliation of independent
accounting and consulting firms.



Financial statements

Income statement

For year ending 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	(153,042)	(224,791)
Loss before income tax expense		(191,187)	(380,443)
Income tax expense	4	-	-
Loss attributable to members		(191,187)	(380,443)
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.

Financial statements continued

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		6,010	159,471
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		276,859	289,350
Total assets		282,869	448,821
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		51,808	26,573
Total liabilities		51,808	26,573
Net assets		231,061	422,248
Equity			
Issued capital	13	802,691	802,691
Accumulated losses		(571,630)	(380,443)
Total equity		231,061	422,248

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity

As at 30 June 2007

	Note	2007 \$	2006 \$
Balance at 1 July 2005	802,691	-	802,691
Loss attributable to the members of the Company	-	(380,443)	(380,443)
Balance at 30 June 2006	802,691	(380,443)	422,248
Balance at 1 July 2006	802,691	(380,443)	422,248
Profit attributable to the members of the Company	-	(191,187)	(191,187)
Balance at 30 June 2007	802,691	(571,630)	231,061

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows

As at 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
Net cash used in operating activities	14(a)	(170,360)	(421,641)
Cash flows from investing activities			
Payments for plant and equipment		-	(242,352)
Net cash used in investing activities		-	(242,352)
Cash flows from financing activities			
Proceeds from borrowings		-	802,691
Net cash provided by financing activities		-	802,691
Net increase/(decrease) in cash held		(170,360)	138,698
Cash held at the beginning of the financial year		138,698	-
Cash held at the end of the financial year	5 / 10	(31,662)	138,698

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2007

Note 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.

Notes to financial statements continued

Note 1. Statement of significant accounting policies (continued)

Accounting policies (continued)

(a) Income tax (continued)

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.

Notes to financial statements continued

Note 1. Statement of significant accounting policies (continued)

Accounting policies (continued)

(b) Property, plant and equipment (continued)

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:

Class of fixed asset	Depreciation rate
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.

Notes to financial statements continued

Note 1. Statement of significant accounting policies (continued)

Accounting policies (continued)

(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.

Notes to financial statements continued

Note 1. Statement of significant accounting policies (continued)

Accounting policies (continued)

(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.

Notes to financial statements continued

Note 1. Statement of significant accounting policies (continued)

Accounting policies (continued)

(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 28 September 2007 by the Board of Directors.

Notes to financial statements continued

	2007 \$	2006 \$
Note 2. Revenue		
Franchise margin income	170,856	65,128
Interest revenue from:		
Other parties	409	14,446
	171,265	79,574

Note 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	-
	153,042	224,791
Remuneration of the Auditor of the Company		
- Audit services	7,499	15,664
- Other services	2,475	16,161

Note 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.

a. The components of tax expense comprise:

Current tax	-	-
Deferred tax (Note 20)	-	-
	-	-

Notes to financial statements continued

	2007 \$	2006 \$
Note 4. Income tax expense (continued)		
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	-	-

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:

- 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;
- the Company continues to comply with the conditions for deductibility imposed by the law; and
- no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

Notes to financial statements continued

	2007 \$	2006 \$
Note 5. Cash and cash equivalents		
Cash at bank and in hand	10	138,698
Short-term bank deposits		
	10	138,698

Note 6. Trade and other receivables

Trade debtors	-	2,773
----------------------	---	--------------

Note 7. Other assets

Current

Prepayment	6,000	18,000
-------------------	--------------	---------------

Non current

Prepayment	11,629	-
-------------------	---------------	---

Note 8. Property, plant and equipment

Plant and equipment

Cost	242,352	242,351
Accumulated depreciation	(12,380)	(5,888)
	229,972	236,463

Movement in carrying amount

Balance at the beginning of the year	236,463	-
Additions	-	240,450
Depreciation expense	(6,491)	(5,435)
Carrying amount at the end of the year	229,972	235,015

Notes to financial statements continued

	2007	2006
	\$	\$

Note 9. Intangible assets

Franchise fee

Cost	60,000	-
Accumulated amortisation	(24,742)	-
	35,258	-

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.

Note 10. Trade and other payables

Trade creditors and accruals	4,021	21,474
GST payable	3,073	(1,678)
	7,094	19,796

Note 11. Financial liabilities

Current

Bank overdraft	31,672	-
	31,672	-

Security:

The bank overdraft are secured by a floating charge over the Company's assets.

Note 12. Provisions

Provision for employee entitlements	13,042	6,777
Number of employees at year end	5	5

Notes to financial statements continued

	2007	2006
	\$	\$
Note 13. Equity		
817,810 ordinary shares fully paid	802,691	802,691

Note 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
Net cash provided by/(used in) operating activities	(170,359)	(421,642)

(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.

Note 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.

Notes to financial statements continued

Note 16. Financial instruments

(a) Interest rate risk

2007	Rates	Variable	Fixed	Non-	Total
			1 year	1 to 5 years	interest
Financial assets					
Cash and cash equivalents	-	-	-	-	10
Receivables		-	-	-	-
		-	-	-	10
Financial liabilities					
Bank overdraft	-	31,672	-	-	31,672
		31,672	-	-	31,672

2006	Rates	Variable	Fixed	Non-	Total
	1 year	1 to 5 years		interest	
Financial assets					
Cash assets	5.5%	33,652	105,036	-	10
Receivables	-	-	-	-	2,773
		33,652	105,036	-	2,783
					141,471

(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.

Notes to financial statements continued

Note 17. Segment reporting

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

Note 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.

Note 19. Contingent liabilities

There were no contingent liabilities at the reporting date.

	2007	2006
	\$	\$

Note 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
	155,269	115,843

Notes to financial statements continued

Note 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 1038: Life Insurance Contracts			
AASB 7: Financial Instruments: Disclosures	AASB 139: Financial Instruments: Recognition and Measurement	As above	1 Jan 2007	1 July 2007
	AASB 132: Financial Instruments: Disclosure and Presentation			

Note 22. Company details

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

Level 4, 191 Pulteney Street
Adelaide, SA 5000

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.



Ken Bridge
Director

Dated 28 September 2007

Independent audit report

RSM Bird Cameron Partners

Chartered Accountants

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9101
www.rsmi.com.au

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 disclosures 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.

Liability limited by a
scheme approved under
Professional Standards
Legislation

Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 36 965 185 036

RSM Bird Cameron Partners is an
independent member firm of RSM
International, an affiliation of independent
accounting and consulting firms.



Independent audit report continued

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

BSX report

Additional information required by the Bendigo Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 30 September 2007.

A. Corporate governance statement

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

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

B. Substantial shareholders – largest shareholdings

Shareholder	Number of shares	Shareholding %
M&M Hassan ATF Australian Motors SA Pty Ltd Staff Fund	20,000	2.45%
Smart Business Centre	20,000	2.45%
Romaldi Constructions Pty Ltd	20,000	2.45%
Alf Russo Constructions Pty Ltd	10,000	1.22%
Conanda Pty Ltd	10,000	1.22%
Dr Peter Graham Bell	10,000	1.22%
Ms Efthalia Rovolopoulos	10,000	1.22%
I.N. Gambling Nominees Pty Ltd	10,000	1.22%
Mr John Rovolopoulos	10,000	1.22%
Larone Pty Ltd	10,000	1.22%
Lindsay Carthew & Richard Sykes	10,000	1.22%
Mr Brian Batley & Mrs Mary Madeline Batley	10,000	1.22%
Mr William Howell Edwards & Ms Valerie Norma Edwards	10,000	1.22%
Ms Mary Veronica Emery	10,000	1.22%
Ms Paquita Margaret Bulbeck	10,000	1.22%
Ms Margaret Stuart & Mr David Keith Mallett	10,000	1.22%
Newry Pty Ltd	10,000	1.22%
Panagiotis Rovolopoulos	10,000	1.22%
Scipio Nominees Pty Ltd	10,000	1.22%
Ms Angela Angeliki Kallas	10,000	1.22%

BSX report continued

C. Voting rights

Each Shareholder has one vote

D. Distribution of shareholders

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

	Ordinary shares	
	Number of holders	Number of shares
1 - 1,000	257	178,310
1,001 - 5,000	116	374,500
5,001 - 10,000	22	205,000
10,001 - 100,000	3	60,000
100,001 and over	-	-
Total	398	817,810

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

E. Monitoring of the Board's performance and communication to shareholders

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

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

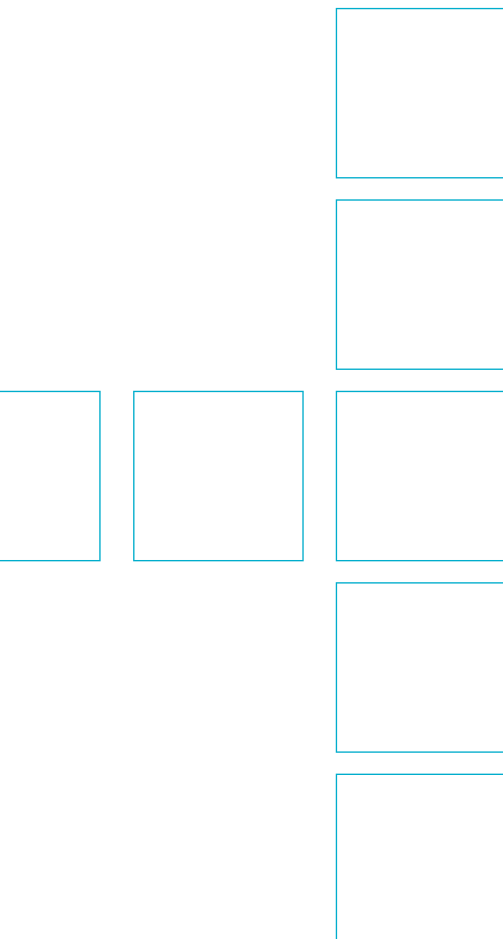
The Board has an Audit committee.

F. Address and telephone number of the office which securities register is kept:

RSM Bird Cameron
4/191 Pulteney Street
Adelaide, SA 5000
Telephone: (08) 8232 3000

G. Goodwood/Highgate Community Financial Services Limited

Company Secretary
4 Capper Street
Camden Park, SA 5038
Telephone: (08) 8294 3497



Goodwood **Community Bank**[®] Branch
97 Goodwood Road, Goodwood, SA 5034
Phone: (08) 8357 7702 Fax: (08) 8357 7785

Franchisee: Goodwood/Highgate Community Services Limited
C/- RSM Bird Cameron, 191 Pulteney Street, Adelaide, SA 5000
Phone: (08) 8357 7702 Fax: (08) 8357 7785
ABN 54 112 676 294

www.bendigobank.com.au
Bendigo Bank Limited, The Bendigo Centre, Bendigo, VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR7055) (09/07)