

# 2008 annual report



# Contents

---

|                                           |              |
|-------------------------------------------|--------------|
| <b>Chairman's report</b>                  | <b>2</b>     |
| <b>Manager's report</b>                   | <b>3</b>     |
| <b>Directors' report</b>                  | <b>4-8</b>   |
| <b>Auditor's independence declaration</b> | <b>9</b>     |
| <b>Financial statements</b>               | <b>10-13</b> |
| <b>Notes to the financial statements</b>  | <b>14-28</b> |
| <b>Directors' declaration</b>             | <b>29</b>    |
| <b>Independent audit report</b>           | <b>30-31</b> |
| <b>BSX report</b>                         | <b>32-34</b> |

# Chairman's report

---

For year ending 30 June 2008

This report covers the third full year of trading by the Heathcote and District **Community Bank**<sup>®</sup> Branch.

The past financial year has been a break-even year for the Heathcote and District **Community Bank**<sup>®</sup> Branch. For the first time, we are able to announce a profit, with the goal of providing a banking service which will return tangible benefits to the local community, now clearly in sight.

Towards the end of the financial year 2007/08, the Heathcote and District **Community Bank**<sup>®</sup> Branch reported a profit of \$11,936. The total overall business funds were \$40,458,000, significantly above the figure of \$35,215,000 at the end of the previous financial year 2006/07.

The profit, although modest, followed cumulative losses for the previous year of \$29,349 and a reported loss of \$95,037 in the first year. To be able to report a turnaround of more than \$40,000 has been a particularly encouraging achievement for the Board of management, staff and shareholders. The Board of Directors are proud of the efforts that have led to the bank progressing in such a manner.

But the progress of the past financial year has not come without effort. Our Branch Manager Les Owens, took over the role at the start of the financial year, charged with the responsibility of building momentum in the business and bringing a new focus to the Branch. Mr Owens and his staff have worked hard to make the Heathcote and District **Community Bank**<sup>®</sup> Branch a significant partner in the community.

I also pay tribute to the work and commitment of the Board of Directors. During the past 12 months, we accepted the resignation of Danielle Gilmore and we have welcomed onto the Board table a very capable business woman, Eleanor Dempster, of Tooborac. We are extremely fortunate to have been able to gain her services as a Board member.

The success of the Heathcote and District **Community Bank**<sup>®</sup> Branch also would not be possible without the significant input and assistance of the regional manager Tim Rodda, and his support staff in Bendigo. Our thanks go to all of those people for their help and endless patience.

I would also take this opportunity to encourage our shareholders to continue their efforts to promote their own bank, to talk with family and friends about the benefits of being a **Community Bank**<sup>®</sup> branch supporter.

In the end, the entire community will benefit.



**Barry Cail**  
**Chairman.**

# Manager's report

---

For year ending 30 June 2008

It is with great pleasure that I am able to deliver our third full years trading results.

In a very testing year with rising interest rates and slowing economy, it is encouraging that we still managed to grow our total business by 14.88 per cent taking our overall business to \$40,458,000. We now have 2413 accounts, with both lending and deposits up from 2000 accounts this time last year. Our over the counter transactions also increased by 12.37 per cent to average 2162 transactions per month.

A strong focus on income and expenses has resulted in income up by \$17,497 against budget, together with expenses \$47,453 under budget - a great result in both areas.

The town's only street access Automatic Teller Machine continues to flourish, averaging 6070 transactions per month. It is great to be able to access to finance 24 hours per day seven days per week.

Another bonus for customers is access to one of Bendigo Bank's qualified financial planners. Demand has been strong and I would like to thank John Bawden on his efforts throughout the year. John has accepted a financial planning position in another region within the Bank and we wish him well. John's replacement is Melissa Butler. Melissa holds a CFP (Certified Financial Planner) in financial planning and brings a wealth of knowledge. Welcome aboard Melissa.

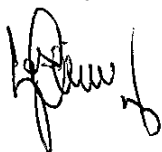
Staff turnover in the past 12 months has seen one of our part time tellers, Josephine Jacobs, take up a position with the Bendigo Bank at Kyneton. She was a valued staff member and much liked by our customers. I would like to welcome her replacement Heidi Cook, a local resident who has had lengthy experience in customer service. Heidi will be a valuable asset to the branch.

Since my appointment I have had great support from the Board and my Regional Manager and his team in Bendigo. I would also like to thank my supervisor Jodie and the rest of my staff Marnie, Maree and Heidi for their continuing support throughout the year. It takes a lot off my mind to know that I can leave the branch to introduce myself to new and existing customers knowing that our high level of customer service is affected.

Having had 27 years experience with another major bank, I find it absolutely reassuring the amount of money which is put back into the community through sponsorships and donations,. The Heathcote & District **Community Bank®** Branch will continue to assist as many groups as possible in the coming years, and this will only increase with the community's support of the branch and in turn provide a return to shareholders.

In summarising I have thoroughly enjoyed my past eleven and a half months with the branch.

I wish the Board, the staff, and most of all the community of Heathcote, all the best with our **Community Bank®** branch. Your continued support will ensure significant benefits for the community, and your efforts to promote your branch will only benefit the community of Heathcote and district further.



**Les Owens**  
**Branch Manager**

# Directors' report

---

For year ending 30 June 2008

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

## Directors

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

### **Barry Maxwell Cail**

Chairman

Age: 55

Occupation: Self employed

Experience and expertise: Career in journalism

Interests in shares: 2,001

### **Gregory John Williams**

Director & Treasurer

Age: 45

Occupation: Self employed

Experience and expertise: Aquaculture, former corporate accountant & local government

Interests in shares: 2,001

### **Caroline FitzGerald James**

Director & Secretary

Age: 64

Occupation: Owner/Manager

Experience and expertise: Education & Administration

Interests in shares: 500

### **Keith Macpherson Chambers**

Director

Age: 55

Occupation: Retired

Experience and expertise: Education

Interests in shares: 1,001

### **Patrick Joseph Connally**

Director

Age: 57

Occupation: Real Estate Agent

Experience and expertise: Licenced auctioneer

Interests in shares: 10,001

### **Ian Douglas Cordiner**

Director

Age: 68

Occupation: Director

Experience and expertise: Senior management

Interests in shares: 6,001

### **Colin Bernard Stobaus**

Director

Age: 62

Occupation: Builder

Experience and expertise: Building industry

Interests in shares: 3,001

### **Joseph Zurek**

Director

Age: 60

Occupation: Retired

Experience and expertise: Corporate accountant, Supermarket proprietor

Interests in shares: 10,001

## Directors' report continued

---

### **Gregory Ian Speirs**

Director (Appointed 27 August 2007)

Age: 58

Occupation: Manager

Experience and expertise: Local Government administration

Interests in shares: 5,000

### **Eleanor Louise Johnson Dempster**

Director (Appointed 30 June 2008)

Age: 48

Occupation: Self employed

Experience and expertise: Small business, agriculture

Interests in shares: Nil

### **Danielle Maree Gilmore**

Director (Resigned 29 October 2007)

Age: 35

Interests in shares: 1,001

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

No Directors have material interests in contracts or proposed contracts with the Company, other than those outlined in Note 17 in the Notes to the Financial Statements.

### **Company Secretary**

The Company Secretary is Kathryn Mary Gilmore. Kathryn was appointed to this position on the 1 September 2008 taking over from Caroline FitzGerald James who was Secretary from 28 August 2006. Kathryn has previously held the position and was the initial Secretary from 5 January 2005 until 28 August 2006. She also has extensive administration expertise and works for a Bendigo accountancy firm.

### **Principal activities**

The principal activities of the Company during the course of the financial year were in facilitating **Community Bank®** services under management rights to operate a franchised branch of Bendigo Bank Limited.

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

### **Operating results**

Operations have continued to perform in line with expectations. The profit/(loss) of the Company for the financial year after provision for income tax was:

| <b>Year ended<br/>30 June 2008</b> | <b>Year ended<br/>30 June 2007</b> |
|------------------------------------|------------------------------------|
| <b>\$</b>                          | <b>\$</b>                          |
| 11,936                             | (29,349)                           |

# Directors' report continued

---

## **Remuneration report**

No Director of the Company receives remuneration for services as a Company Director or Committee Member.

The Board's policy in respect of the Branch Manager is to maintain remuneration at parity within the **Community Bank®** network and local market rates for comparable roles.

There are no Company executives who are directly accountable and responsible for the strategic direction and operational management of the entity. This is wholly a Board role (who act in a voluntary capacity).

Therefore the Board is of the view that there are no Senior Managers as defined by the Corporations Act.

## **Dividends**

No dividends were declared or paid for the previous year and the Directors recommend that no dividend be paid for the current year.

## **Significant changes in the state of affairs**

In the opinion of the Directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report or the financial report.

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

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company, in future years.

## **Likely developments**

The Company will continue its policy of facilitating banking services to the community. Subsequent to the year end, the Board has resolved to open a sub-agency at Nagambie. This will occur on 13 October 2008.

## **Environmental regulation**

The Company is not subject to any significant environmental regulation.

## **Directors' benefits**

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest except as disclosed in note 17 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Company's accounts, or the fixed salary of a full-time employee of the Company, controlled entity or related body corporate.

## **Indemnification and Insurance of Directors and Officers**

The Company has indemnified all Directors and the Manager in respect of liabilities to other persons (other than the Company or related body corporate) that may arise from their position as Directors or Manager of the Company except where the liability arises out of conduct involving the lack of good faith.

## Directors' report continued

---

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

### Directors' meetings

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

|                                                          | Number of Board meetings<br>eligible to attend | Number<br>attended |
|----------------------------------------------------------|------------------------------------------------|--------------------|
| Barry Maxwell Cail                                       | 10                                             | 7                  |
| Gregory John Williams                                    | 10                                             | 4                  |
| Caroline FitzGerald James                                | 10                                             | 10                 |
| Keith Macpherson Chambers                                | 10                                             | 7                  |
| Patrick Joseph Connally                                  | 10                                             | 4                  |
| Ian Douglas Cordiner                                     | 10                                             | 8                  |
| Colin Bernard Stobaus                                    | 10                                             | 7                  |
| Joseph Zurek                                             | 10                                             | 10                 |
| Gregory Ian Speirs (Appointed 27 August 2007)            | 9                                              | 9                  |
| Eleanor Louise Johnson Dempster (Appointed 30 June 2008) | 1                                              | 1                  |
| Danielle Maree Gilmore (Resigned 29 October 2007)        | 4                                              | 2                  |

### Non Audit services

The Company may decide to employ the Auditor on assignments additional to their statutory duties where the Auditor's expertise and experience with the Company is important. Details of the amounts paid or payable to the Auditor (Andrew Frewin & Stewart) for audit and non audit services provided during the year are set out in the notes to the accounts.

The Board of Directors has considered the position, in accordance with the advice received from the audit committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for Auditors imposed by the Corporations Act 2001.

The Directors are satisfied that the provision of non-audit services by the Auditor, as set out in the notes did not compromise the Auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the Auditor;
- none of the services undermine the general principles relating to Auditor independence as set out in Professional Statement F1, including reviewing or auditing the Auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.



## Directors' report continued

---

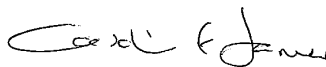
### **Auditors' independence declaration**

A copy of the Auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 11.

Signed in accordance with a resolution of the Board of Directors at Heathcote, Victoria on 17 September 2008.



**Barry Maxwell Cail**  
**Chairman**



**Caroline FitzGerald James**  
**Director**

# Auditor's independence declaration

---



PO Box 454  
Bendigo VIC 3552  
61-65 Bull Street  
Bendigo VIC 3550  
Phone (03) 5443 0344  
Fax (03) 5443 5304  
afs@afsbendigo.com.au  
www.afsbendigo.com.au  
ABN 51 061 795 337

## **Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Heathcote & District Financial Services Limited**

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2008 there have been:

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

**David Hutchings**  
**Auditor**

**Andrew Frewin & Stewart**  
Bendigo, Victoria

Dated this 17<sup>th</sup> day of September 2008

# Financial statements

## Income statement For year ending 30 June 2008

|                                                            | Note | 2008<br>\$    | 2007<br>\$      |
|------------------------------------------------------------|------|---------------|-----------------|
| Revenues from ordinary activities                          | 3    | 402,589       | 312,662         |
| Salaries and employee benefits expense                     |      | (229,155)     | (210,693)       |
| Advertising and promotion expenses                         |      | (8,598)       | (2,390)         |
| Occupancy and associated costs                             |      | (33,053)      | (31,634)        |
| Systems costs                                              |      | (22,986)      | (22,158)        |
| Depreciation and amortisation expense                      | 4    | (19,303)      | (21,388)        |
| General administration expenses                            |      | (70,781)      | (64,455)        |
| <b>Profit/(loss) before income tax expense/credit</b>      |      | <b>18,713</b> | <b>(40,056)</b> |
| Income tax expense/credit                                  | 5    | (6,777)       | 10,707          |
| <b>Profit/(loss) for the period</b>                        |      | <b>11,936</b> | <b>(29,349)</b> |
| <b>Profit/(loss) attributable to members of the entity</b> |      | <b>11,936</b> | <b>(29,349)</b> |
| <b>Earnings per share (cents per share)</b>                |      |               |                 |
|                                                            |      | <b>c</b>      | <b>c</b>        |
| - basic for profit for the year                            | 18   | 2             | (4.9)           |

The accompanying notes form part of these financial statements.

# Financial statements continued

## Balance sheet As at 30 June 2008

|                                  | Note | 2008<br>\$     | 2007<br>\$     |
|----------------------------------|------|----------------|----------------|
| <b>Assets</b>                    |      |                |                |
| <b>Current assets</b>            |      |                |                |
| Cash assets                      | 6    | 236,706        | 207,398        |
| Trade and other receivables      | 7    | 17,349         | 9,150          |
| <b>Total current assets</b>      |      | <b>254,055</b> | <b>216,548</b> |
| <b>Non-current assets</b>        |      |                |                |
| Property, plant and equipment    | 8    | 60,975         | 68,278         |
| Intangible assets                | 9    | 32,402         | 44,402         |
| Deferred tax assets              | 10   | 63,405         | 70,182         |
| <b>Total non-current assets</b>  |      | <b>156,782</b> | <b>182,862</b> |
| <b>Total assets</b>              |      | <b>410,837</b> | <b>399,410</b> |
| <b>Liabilities</b>               |      |                |                |
| <b>Current liabilities</b>       |      |                |                |
| Trade and other payables         | 11   | 11,449         | 9,019          |
| Borrowings                       | 12   | -              | 2,940          |
| <b>Total current liabilities</b> |      | <b>11,449</b>  | <b>11,959</b>  |
| <b>Total liabilities</b>         |      | <b>11,449</b>  | <b>11,959</b>  |
| <b>Net assets</b>                |      | <b>399,388</b> | <b>387,451</b> |
| <b>Equity</b>                    |      |                |                |
| Issued capital                   | 13   | 558,357        | 558,357        |
| Accumulated losses               | 14   | (158,969)      | (170,906)      |
| <b>Total equity</b>              |      | <b>399,388</b> | <b>387,451</b> |

The accompanying notes form part of these financial statements.

## Financial statements continued

### Statement of cash flows As at 30 June 2008

|                                                            | Note        | 2008<br>\$     | 2007<br>\$      |
|------------------------------------------------------------|-------------|----------------|-----------------|
| <b>Cash flows from operating activities</b>                |             |                |                 |
| Receipts from customers                                    |             | 383,583        | 319,010         |
| Payments to suppliers and employees                        |             | (363,766)      | (352,431)       |
| Interest paid                                              |             | -              | (3)             |
| Interest received                                          |             | 12,431         | 12,013          |
| <b>Net cash provided by/(used in) operating activities</b> | <b>15</b>   | <b>32,248</b>  | <b>(21,411)</b> |
| <b>Cash flows from financing activities</b>                |             |                |                 |
| Repayment of borrowings                                    |             | (2,940)        | (9,000)         |
| <b>Net cash used in financing activities</b>               |             | <b>(2,940)</b> | <b>(9,000)</b>  |
| <b>Net increase/(decrease) in cash held</b>                |             | <b>29,308</b>  | <b>(30,411)</b> |
| Cash at the beginning of the financial year                |             | 207,398        | 237,809         |
| <b>Cash at the end of the half-year</b>                    | <b>6(a)</b> | <b>236,706</b> | <b>207,398</b>  |

The accompanying notes form part of these financial statements.

## Financial statements continued

---

### Statement of changes in equity As at 30 June 2008

|                                                  | Note | 2008<br>\$     | 2007<br>\$     |
|--------------------------------------------------|------|----------------|----------------|
| Total equity at the beginning of the period      |      | 387,451        | 416,800        |
| Net profit/(loss) for the period                 |      | 11,936         | (29,349)       |
| Net income/expense recognised directly in equity |      | -              | -              |
| Dividends provided for or paid                   |      | -              | -              |
| Shares issued during period                      |      | -              | -              |
| <b>Total equity at the end of the period</b>     |      | <b>399,387</b> | <b>387,451</b> |

The accompanying notes form part of these financial statements.

# Notes to the financial statements

---

For year ending 30 June 2008

## Note 1. Summary of significant accounting policies

### **Basis of preparation**

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001.

### **Compliance with IFRS**

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

### **Historical cost convention**

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

### **Revenue**

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

### **Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable for the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

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

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operation cash flows.

# Notes to the financial statements continued

---

## Note 1. Summary of significant accounting policies (continued)

### **Income tax**

#### Current tax

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

#### Deferred tax

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

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

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

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

#### Current and deferred tax for the period

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



# Notes to the financial statements continued

---

## Note 1. Summary of significant accounting policies (continued)

### Employee entitlements

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

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

### Intangibles

The cost of the Company's franchise fee has been recorded at cost and is amortised on a straight line basis at a rate of 20% per annum.

### Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

### Comparative figures

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

### Property, plant and equipment

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

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

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

|                          |                |
|--------------------------|----------------|
| - leasehold improvements | 40 years       |
| - plant and equipment    | 2.5 - 40 years |
| - furniture and fittings | 4 - 40 years   |

# Notes to the financial statements continued

---

## Note 1. Summary of significant accounting policies (continued)

### **Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired branch/agency at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Company's investment in each branch.

### **Critical accounting estimates and judgements**

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

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

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

### **Estimated impairment of goodwill**

The Company tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(above). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions.

### **Impairment of assets**

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Goodwill is tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

# Notes to the financial statements continued

---

## Note 1. Summary of significant accounting policies (continued)

### **Impairment of assets (continued)**

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

### **Payment terms**

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

### **Trade receivables and payables**

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

### **Borrowings**

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

### **Provisions**

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

### **Contributed equity**

Ordinary shares are recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

### **Earnings per share**

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

# Notes to the financial statements continued

---

## Note 2. Financial risk management

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

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

### **(i) Market risk**

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

### **(ii) Price risk**

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

### **(iii) Credit risk**

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

### **(iv) Liquidity risk**

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

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

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

## Notes to the financial statements continued

|  | 2008<br>\$ | 2007<br>\$ |
|--|------------|------------|
|--|------------|------------|

### Note 3. Revenue from ordinary activities

#### Operating activities:

|                                                |                |                |
|------------------------------------------------|----------------|----------------|
| - services commissions                         | 353,929        | 272,406        |
| - other revenue                                | 35,417         | 27,917         |
| <b>Total revenue from operating activities</b> | <b>389,346</b> | <b>300,323</b> |

#### Non-operating activities:

|                                                    |                |                |
|----------------------------------------------------|----------------|----------------|
| - interest received                                | 13,243         | 12,339         |
| <b>Total revenue from non-operating activities</b> | <b>13,243</b>  | <b>12,339</b>  |
| <b>Total revenues from ordinary activities</b>     | <b>402,589</b> | <b>312,662</b> |

### Note 4. Expenses

#### Depreciation of non-current assets:

|                          |       |       |
|--------------------------|-------|-------|
| - plant and equipment    | 4,132 | 4,621 |
| - leasehold improvements | 3,171 | 4,767 |

#### Amortisation of non-current assets:

|                       |               |               |
|-----------------------|---------------|---------------|
| - franchise agreement | 12,000        | 12,000        |
|                       | <b>19,303</b> | <b>21,388</b> |

### Note 5. Income tax expense

The components of tax expense comprise:

|                                                    |              |               |
|----------------------------------------------------|--------------|---------------|
| - Current tax                                      | -            | -             |
| - Recoupment of prior year tax losses              | 6,777        | -             |
| - Future income tax benefit attributable to losses | -            | 10,707        |
|                                                    | <b>6,777</b> | <b>10,707</b> |

## Notes to the financial statements continued

|  | 2008<br>\$ | 2007<br>\$ |
|--|------------|------------|
|--|------------|------------|

### Note 5. Income tax expense (continued)

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

|                                                                  |              |                 |
|------------------------------------------------------------------|--------------|-----------------|
| Operating profit/(loss)                                          | 18,713       | (40,056)        |
| Prima facie tax on profit/(loss) from ordinary activities at 30% | 5,614        | (12,017)        |
| Add tax effect of:                                               |              |                 |
| - non-deductible expenses                                        | 3,600        | 3,600           |
| - timing difference expenses                                     | (244)        | (97)            |
| - other deductible expenses                                      | (2,193)      | (2,193)         |
| <b>Income tax expense on operating profit/(loss)</b>             | <b>6,777</b> | <b>(10,707)</b> |

### Note 6. Cash assets

|                          |                |                |
|--------------------------|----------------|----------------|
| Cash at bank and on hand | 35,169         | 30,890         |
| Term Deposits            | 201,537        | 176,508        |
|                          | <b>236,706</b> | <b>207,398</b> |

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cashflows as follows:

#### 6(a) Reconciliation of cash

|                          |                |                |
|--------------------------|----------------|----------------|
| Cash at bank and on hand | 35,169         | 30,890         |
| Term deposit             | 201,537        | 176,508        |
|                          | <b>236,706</b> | <b>207,398</b> |

### Note 7. Trade and other receivables

|                   |               |              |
|-------------------|---------------|--------------|
| Trade receivables | 12,143        | 5,568        |
| Prepayments       | 5,206         | 3,582        |
|                   | <b>17,349</b> | <b>9,150</b> |

## Notes to the financial statements continued

|                                              | 2008<br>\$    | 2007<br>\$    |
|----------------------------------------------|---------------|---------------|
| <b>Note 8. Property, plant and equipment</b> |               |               |
| <b>Plant and equipment</b>                   |               |               |
| At cost                                      | 38,794        | 38,794        |
| Less accumulated depreciation                | (18,081)      | (14,911)      |
|                                              | <b>20,713</b> | <b>23,883</b> |
| <b>Leasehold improvements</b>                |               |               |
| At cost                                      | 54,557        | 54,557        |
| Less accumulated depreciation                | (14,295)      | (10,163)      |
|                                              | <b>40,262</b> | <b>44,394</b> |
| <b>Total written down amount</b>             | <b>60,975</b> | <b>68,277</b> |
| <b>Movements in carrying amounts:</b>        |               |               |
| <b>Plant and equipment</b>                   |               |               |
| Carrying amount at beginning                 | 23,884        | 28,505        |
| Additions                                    | -             | -             |
| Disposals                                    | -             | -             |
| Less: depreciation expense                   | (3,171)       | (4,621)       |
| <b>Carrying amount at end</b>                | <b>20,713</b> | <b>23,884</b> |
| <b>Leasehold improvements</b>                |               |               |
| Carrying amount at beginning                 | 44,394        | 49,161        |
| Additions                                    | -             | -             |
| Disposals                                    | -             | -             |
| Less: depreciation expense                   | (4,132)       | (4,767)       |
| <b>Carrying amount at end</b>                | <b>40,262</b> | <b>44,394</b> |
| <b>Total written down amount</b>             | <b>60,975</b> | <b>68,278</b> |

## Notes to the financial statements continued

|                                  | 2008<br>\$    | 2007<br>\$    |
|----------------------------------|---------------|---------------|
| <b>Note 9. Intangible assets</b> |               |               |
| <b>Franchise fee</b>             |               |               |
| At cost                          | 60,000        | 60,000        |
| Less: accumulated amortisation   | (36,000)      | (24,000)      |
| Goodwill (purchase of agency)    | 8,402         | 8,402         |
|                                  | <b>32,402</b> | <b>44,402</b> |

## Note 10. Deferred tax

|                             |               |               |
|-----------------------------|---------------|---------------|
| <b>Deferred tax asset</b>   |               |               |
| <b>Tax losses - revenue</b> | <b>63,405</b> | <b>70,182</b> |

## Note 11. Trade and other payables

|                            |               |              |
|----------------------------|---------------|--------------|
| Trade creditors            | 6,949         | 4,619        |
| Other creditors & accruals | 4,500         | 4,400        |
|                            | <b>11,449</b> | <b>9,019</b> |

## Note 12. Borrowings

|                                          |          |              |
|------------------------------------------|----------|--------------|
| <b>Loan from City of Greater Bendigo</b> | <b>-</b> | <b>2,940</b> |
|------------------------------------------|----------|--------------|

\* Loan was repayable quarterly and the final instalment was paid on 26 August 2007. Interest is recognised at an average rate of 0%.

The loan was not secured by any charge over the Company's assets

## Note 13. Contributed equity

|                                                                |                |                |
|----------------------------------------------------------------|----------------|----------------|
| 594,910 Ordinary shares fully paid of \$1 each (2007: 594,910) | 594,910        | 594,910        |
| Less: equity raising expenses                                  | (36,553)       | (36,553)       |
|                                                                | <b>558,357</b> | <b>558,357</b> |



## Notes to the financial statements continued

|                                                             | 2008<br>\$       | 2007<br>\$       |
|-------------------------------------------------------------|------------------|------------------|
| <b>Note 14. Accumulated losses</b>                          |                  |                  |
| Balance at the beginning of the financial year              | (170,906)        | (141,557)        |
| Net profit/(loss) from ordinary activities after income tax | 11,936           | (29,349)         |
| Dividends Paid                                              | -                | -                |
| <b>Balance at the end of the financial year</b>             | <b>(158,969)</b> | <b>(170,906)</b> |

## Note 15. Statement of cash flows

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

|                                                                  |               |                 |
|------------------------------------------------------------------|---------------|-----------------|
| Profit/(Loss) from ordinary activities after income tax          | 11,936        | (29,349)        |
| <b>Non cash items:</b>                                           |               |                 |
| - depreciation                                                   | 7,303         | 9,388           |
| - amortisation                                                   | 12,000        | 12,000          |
| <b>Changes in assets and liabilities:</b>                        |               |                 |
| - increase in receivables                                        | (8,198)       | (1,950)         |
| - (increase)/decrease in other assets                            | 6,777         | (10,704)        |
| - increase/(decrease) in payables                                | 2,430         | (796)           |
| <b>Net cash flows provided by/(used in) operating activities</b> | <b>32,248</b> | <b>(21,411)</b> |

## Note 16. Auditors' remuneration

Amounts received or due and receivable by the Auditor of the Company for:

|                           |              |              |
|---------------------------|--------------|--------------|
| - audit & review services | 4,000        | 4,000        |
| - non audit services      | 150          | 150          |
|                           | <b>4,150</b> | <b>4,150</b> |

# Notes to the financial statements continued

---

## Note 17. Director and related party disclosures

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

Barry Maxwell Cail

Gregory John Williams

Caroline FitzGerald James

Keith Macpherson Chambers

Patrick Joseph Connally

Ian Douglas Cordiner

Colin Bernard Stobaus

Joseph Zurek

Gregory Ian Speirs (Appointed 27 August 2007)

Eleanor Louise Johnson Dempster (Appointed 30 June 2008)

Danielle Maree Gilmore (Resigned 29 October 2007)

The Company has entered into an agreement with Mitbro Trust to lease the property at 2/119 High St. Heathcote for a five year period terminating on 25 August 2010. Director Joseph Zurek is a trustee of the Mitbro Trust. The contract was approved by the Board with Mr Zurek declaring a pecuniary interest and excluding himself from Board discussions and approval processes undertaken by the Board. Total payments made under this contract were \$19,674 (2007: \$18,079).

The Company has also entered into an agreement with Cherax Pty Ltd for Accounting Services for a two year period terminating on 30 June 2009. Director Gregory John Williams is a shareholder and Director of Cherax Pty Ltd. The contract was approved by the Board with Mr Williams declaring a pecuniary interest and excluding himself from Board discussions and approval processes undertaken by the Board. Total payments made under this contract were \$2,750 (2007: Nil).

No other Directors or related entity has entered into a material contract with the Company. No Director's fees have been paid as the positions are held on a voluntary basis.

## Notes to the financial statements continued

### Note 17. Director and Related party disclosures (continued)

| <b>Directors shareholdings</b>                           | <b>2008</b> | <b>2007</b> |
|----------------------------------------------------------|-------------|-------------|
| Barry Maxwell Cail                                       | 2,001       | 2,001       |
| Gregory John Williams                                    | 2,001       | 2,001       |
| Caroline FitzGerald James                                | 500         | 500         |
| Keith Macpherson Chambers                                | 1,001       | 1,001       |
| Patrick Joseph Connally                                  | 10,001      | 10,001      |
| Ian Douglas Cordiner                                     | 6,001       | 6,001       |
| Colin Bernard Stobaus                                    | 3,001       | 3,001       |
| Joseph Zurek                                             | 10,001      | 10,001      |
| Gregory Ian Speirs (Appointed 27 August 2007)            | 5,000       | 5,000       |
| Eleanor Louise Johnson Dempster (Appointed 30 June 2008) | -           | -           |
| Danielle Maree Gilmore (Resigned 29 October 2007)        | 1,001       | 1,001       |

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

|  | <b>2008</b> | <b>2007</b> |
|--|-------------|-------------|
|  | <b>\$</b>   | <b>\$</b>   |

### Note 18. Earnings per share

(a) Profit attributable to the ordinary equity holders of the Company  
used in calculating earnings per share

|        |          |
|--------|----------|
| 11,936 | (29,349) |
|--------|----------|

|  | <b>2008</b>   | <b>2007</b>   |
|--|---------------|---------------|
|  | <b>Number</b> | <b>Number</b> |

(b) Weighted average number of ordinary shares used as the  
denominator in calculating basic earnings per share

|         |         |
|---------|---------|
| 594,910 | 594,910 |
|---------|---------|

### Note 19. Events occurring after the balance sheet date

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

# Notes to the financial statements continued

---

## Note 20. Contingent liabilities

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

## Note 21. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank®** services pursuant to a franchise agreement with Bendigo Bank Limited. The economic entity operates in one geographic area being Heathcote district of Victoria.

## Note 22. Registered office/principal place of business

The registered office and principal place of business is:

| Registered office                              | Principal place of business                    |
|------------------------------------------------|------------------------------------------------|
| Shop 2, 119 High Street,<br>Heathcote VIC 3523 | Shop 2, 119 High Street,<br>Heathcote VIC 3523 |

## Note 23. Financial instruments

### Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. The Company does not have any unrecognised financial instruments at the year end.

### Credit risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

## Notes to the financial statements continued

### Note 23. Financial instruments (continued)

#### Interest rate risk

| Financial instrument         | Fixed interest rate maturing in |        |                |        |                   |      |              |      |                      |       |                                          |      |
|------------------------------|---------------------------------|--------|----------------|--------|-------------------|------|--------------|------|----------------------|-------|------------------------------------------|------|
|                              | Floating interest rate          |        | 1 year or less |        | Over 1 to 5 years |      | Over 5 years |      | Non interest bearing |       | Weighted average effective interest rate |      |
|                              | 2008                            | 2007   | 2008           | 2007   | 2008              | 2007 | 2008         | 2007 | 2008                 | 2007  | 2008                                     | 2007 |
|                              | \$                              | \$     | \$             | \$     | \$                | \$   | \$           | \$   | \$                   | \$    | %                                        | %    |
| Financial assets             |                                 |        |                |        |                   |      |              |      |                      |       |                                          |      |
| Cash assets                  | 62,677                          | 30,778 | 173,988        | 176508 | -                 | -    | -            | -    | 41                   | 112   | 6.6                                      | 6.25 |
| Receivables                  | -                               | -      | -              | -      | -                 | -    | -            | -    | 17,349               | 9,150 | N/A                                      | N/A  |
| Financial liabilities        |                                 |        |                |        |                   |      |              |      |                      |       |                                          |      |
| Interest bearing liabilities | -                               | -      | -              | -      | -                 | -    | -            | -    | -                    | 2,940 | Nil                                      | Nil  |
| Payables                     | -                               | -      | -              | -      | -                 | -    | -            | -    | 11,449               | 9,019 | N/A                                      | N/A  |

# Director's declaration

---

In accordance with a resolution of the Directors of Heathcote & District Financial Services Limited, we state that:

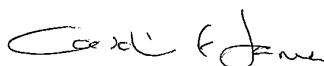
In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Company's financial position as at 30 June 2008 and of its performance for the financial year ended on that date; and
  - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the Directors' report comply with Accounting Standard AASB174 Related Party Disclosures and the Corporations Regulations 2001.

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



**Barry Maxwell Cail**  
**Chairman**



**Caroline FitzGerald James**  
**Director**

Signed on 17 September 2008.

# Independent audit report

---



PO Box 454  
Bendigo VIC 3552  
61-65 Bull Street  
Bendigo VIC 3550  
Phone (03) 5443 0344  
Fax (03) 5443 5304  
afs@afsbendigo.com.au  
www.afsbendigo.com.au  
ABN 51 061 795 337

## INDEPENDENT AUDITOR'S REPORT

To the members of Heathcote & District Financial Services Limited

We have audited the accompanying financial report of Heathcote & District Financial Services Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the director's declaration.

The company has disclosed information as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard 124 Related Party Disclosures ("Remuneration disclosures"), under the heading "Remuneration Report" in the directors' report, as permitted by Corporations Regulation 2M.6.04.

### Directors Responsibility for the Financial Report

The Directors 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 designing, implementing and maintaining internal controls 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 that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards. The directors are also responsible for the remuneration disclosures contained in the director's report.

### 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 and that the remuneration disclosures comply with Accounting Standards AASB 124 Related Party Disclosures.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# Independent audit report continued

---

## Independence

In conducting our audit we have met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the director's report. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

## Auditor's Opinion

In our opinion:

- 1) The financial report is in accordance with the Corporations Act 2001 including giving a true and fair view of the financial position of Heathcote & District Financial Services Limited as of 30 June 2008 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- 2) The financial report also complies with International financial reporting standards as disclosed in Note 1.
- 3) The remuneration disclosures that are contained in the director's report comply with Accounting Standards AASB 124 Related Party Disclosures.



**DAVID HUTCHINGS**  
**ANDREW FREWIN & STEWART**  
61-65 Bull Street, Bendigo, 3550

Dated this 17<sup>th</sup> day of September 2008



# BSX report

## Share information

In accordance with Bendigo Stock Exchange listing rules the Company provides the following information as at 24 September 2008, which is within 6 weeks of this report being sent to shareholders.

The following table shows the number of shareholders, broken into various categories showing the total number of shares held.

| Number of shares held     | Number of shareholders |
|---------------------------|------------------------|
| 1 to 1,000                | 212                    |
| 1,001 to 5,000            | 78                     |
| 5,001 to 10,000           | 25                     |
| 10,001 to 100,000         | 1                      |
| 100,001 and over          | 0                      |
| <b>Total Shareholders</b> | <b>316</b>             |

Each of the above shareholders are entitled to 1 vote, irrespective of the number of shares held.

There are no substantial shareholders (holding more than 5% of voting rights) as each shareholder is entitled to 1 vote. Normally holding more than 5% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the Company.

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to \$1 per share. There are no unquoted equity securities.

The following table shows the largest shareholders.

| Shareholder                                 | Number of shares | Percentage of capital |
|---------------------------------------------|------------------|-----------------------|
| Mr Richard Mark Watson                      | 20,000           | 3.36%                 |
| Compton Heights Pty Ltd (Super Fund A/C)    | 10,000           | 1.68%                 |
| Jasper Hill Vineyard Pty Ltd Super Fund A/C | 10,000           | 1.68%                 |
| FJ & HF Granter (Granter Family Account)    | 10,000           | 1.68%                 |
| Mrs Helena Ferrier Granter                  | 10,000           | 1.68%                 |
| Mr Frederick James Granter                  | 10,000           | 1.68%                 |
| Mrs Hazel Eastlake                          | 10,000           | 1.68%                 |
| Height Insurance Pty Ltd (Super Fund A/C)   | 10,000           | 1.68%                 |
| Mr Colin Thomas Stephens                    | 10,000           | 1.68%                 |
| Mr David Geoffrey Stephens                  | 10,000           | 1.68%                 |
| RJ & J Downing (Downing Estate Super A/C)   | 10,000           | 1.68%                 |

## BSX report continued

| Shareholder                                      | Number of shares | Percentage of capital |
|--------------------------------------------------|------------------|-----------------------|
| Mr CJ & Mrs JH Duff                              | 10,000           | 1.68%                 |
| Connally's Real Estate & Stock Agency Pty Ltd    | 10,000           | 1.68%                 |
| JM & D Barnes Prt Ltd (DW Barnes Super Fund A/C) | 10,000           | 1.68%                 |
| BMS Retail Group Pty Ltd                         | 10,000           | 1.68%                 |
| Mrs Deanhna & Mr David Culshaw                   | 10,000           | 1.68%                 |
| Mr Ray Ingleby                                   | 10,000           | 1.68%                 |
| Ms Elizabeth Kate Secomb                         | 10,000           | 1.68%                 |
| Derek Viner Pty Ltd                              | 10,000           | 1.68%                 |
| The Gordon Sloan Super Fund A/C                  | 10,000           | 1.68%                 |
| Chrilyn Pty Ltd                                  | 10,000           | 1.68%                 |
| Mr Gary Scott (Belgair Superannuation Fund)      | 10,000           | 1.68%                 |
|                                                  | <b>230,000</b>   | <b>38.64%</b>         |

### Registered office and principal administrative office

The registered office of the Company is located at:

Shop 2, 119 High Street,  
Heathcote VIC 3523  
Phone: (03) 5433 3115

The principal administrative office of the Company is located at:

Shop 2, 119 High Street,  
Heathcote VIC 3523  
Phone: (03) 5433 3115

### Security register

The security register (share register) is kept at:

Computershare Investor Services  
Yarra Falls  
452 Johnson Street,  
Abbotsford VIC 3067  
Phone: 1300 85 05 05

# BSX report continued

---

## **Company Secretary**

The Company Secretary is Kathryn Mary Gilmore. Kathryn was appointed to this position on the 1 September 2008 taking over from Caroline FitzGerald James who was Secretary from 28 August 2006. Kathryn has previously held the position and was the initial Secretary from 5 January 2005 until 28 August 2006. She also has extensive administration expertise and works for a Bendigo accountancy firm.

## **Corporate governance**

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

- (a) The establishment of an audit committee. Members of the audit committee are Joseph Zurek (Chair), Ian Cordiner, and Gregory Williams
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

## **Annexure 3A**

There are no material differences between the information in the Company's Annexure 3A and the information in the financial documents in its annual report.





Heathcote & District **Community Bank**<sup>®</sup> Branch  
Shop 2, 119 High Street, Heathcote VIC 3523  
Phone: (03) 5433 3115 Fax: (03) 5433 3442

Franchisee: Heathcote & District Financial Services Limited  
Shop 2, 119 High Street, Heathcote VIC 3523  
Phone: (03) 5433 3115 Fax: (03) 5433 3442  
ABN 44 112 376 986

[www.bendigobank.com.au](http://www.bendigobank.com.au)

Bendigo and Adelaide Bank Limited, The Bendigo Centre, Bendigo VIC 3550  
ABN 11 068 049 178. AFSL 237879. (BMPAR8055) (09/08)