

ASIC registered agent number 9984

388

1/2

18 March 2002

lodging party or agent name AFS & ASSOCIATES PTY LTD

office, level, building name or PO Box no.

street number & name 61 - 65 BULL STREET

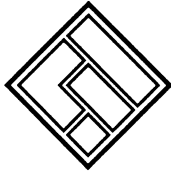
suburb/city BENDIGO state/territory postcode

telephone (03) 5443 0344

facsimile (03) 5443 5304

DX number suburb/city

ASS.	<input type="checkbox"/>	REQ-A	<input type="checkbox"/>
CASH.	<input type="checkbox"/>	REQ-P	<input type="checkbox"/>
PROC.	<input type="checkbox"/>		



Australian Securities & Investments Commission

copy of financial statements and reports

form 388

Corporations Act 2001

294, 295, 298-300, 307, 308, 319, 321, 322

Corporations Regulations

1.0.08

Name Logan Community Financial Services Limited

ACN / ARBN / ARSN/PIN 101 148 430

Reason for lodgement of statements and reports

- tick the appropriate box ☒ A public company or a disclosing entity which is not a registered scheme or prescribed interest undertaking (A)
- ☐ A registered scheme* (B)
- ☐ Amendment of financial statements or directors' report (company) (C)
- ☐ Amendment of financial statements or directors' report (registered scheme)* (D)
- ☐ A large proprietary company that is not a disclosing entity (H)
- ☐ A small proprietary company that is controlled by a foreign company for all or part of the period and where the company's profit or loss for the period is not covered by the statements lodged with ASIC by a registered foreign company, company, registered scheme, or disclosing entity (I)
- ☐ A small proprietary company that is requested by ASIC to prepare and lodge statements and reports (J)
- ☐ A prescribed interest undertaking that is a disclosing entity (K)

Dates on which financial year begins 1 / 7 / 2004 and ends 30 / 6 / 2005 (d/m/y)

Date of Annual General Meeting (if applicable) 07 / 11 / 2005

Details of large proprietary company

If the company is a large proprietary company that is not a disclosing entity, please complete the following information as at the end of the financial year for which the financial statements relate:

- A What is the consolidated gross operating revenue of the large proprietary company and the entities that it controls?
- B What is the value of the consolidated gross assets of the large proprietary company and the entities that it controls?
- C How many employees are employed by the large proprietary company and the entities that it controls?
- D How many members does the large proprietary company have?.....

Auditor report

Were the financial statements audited? Yes ☒ No ☐

If yes: Does the auditor's report (section 308) for the financial year contain a statement of:

* reasons for the auditor not being satisfied as to the matters referred to in section 307? Yes ☐ No ☒* details of the deficiency, failure or shortcoming concerning any matter referred to in section 307? Yes ☐ No ☒If no: Is there a class order exemption current for audit relief? Yes ☐ No ☐

* NOTE: Where a new auditor has been appointed to a Registered Scheme, Form 5137 - Appointment of Scheme Auditor must be lodged

Details of current auditor*

The auditor can be a person or a firm.

If a person

name (family & given names)

Auditor Registration no:

office

level

building name

street number & name

suburb / city

state / territory

postcode

date of appointment (d/m/y)

/ /

or**If a firm**

name of firm

ANDREW FREWIN STEWART

office

level

building name

street number & name

61 - 65 BULL STREET

suburb / city

BENDIGO

state / territory VIC

postcode 3550

Business Registration number

(if applicable)

State / Territory registered in

date of appointment (d/m/y)

1 / 7 / 2002

Statements and reports to be attached to this form

Financial statements for the year (as per ss295(2))

*statement of financial performance for the year (profit and loss statement)**statement of financial position as at the end of the year (balance sheet)**statement of cash flows for the year**if required by accounting standards - consolidated profit & loss statement, balance sheet and statement of cash flows*

Notes to financial statements (as per ss295(3))

*disclosures required by the regulations**notes required by the accounting standards**any other information necessary to give a true and fair view (see s297)*

The directors' declaration about the statements and notes (as per ss 295(4))

The directors' report for the year (as per s 298 to 300)

Auditor's report required under sections 308 and 314

Certification

I certify that the attached documents marked () are a true copy of the annual reports required under Section 319.

print name

CATHLEEN MARGARET WALLIS

capacity DIRECTOR

sign here



date

27/09/2005

*** NOTE:** Where a new auditor has been appointed to a Registered Scheme, **Form 5137 - Appointment of Scheme Auditor** must be lodged

Small Business (less than 20 employees), please provide an estimate of the time taken to complete this form

Include

- The time actually spent reading the instructions, working on the question and obtaining the information
- The time spent by all employees in collecting and providing this information

hrs

mins

Logan Community Financial Services Limited
ABN 88 101 148 430
Directors' Report

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

Directors

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

Colin Albert Nelson
Chairman
Age 58
Company Director
Diploma Marketing & Business Practice. Business owner for over 20 years.
Chairman

Cathleen Margaret Wallis
Director and Secretary
Age 47
Management Consultant
Qualified Real Estate Agent and C.dec, Founding Director of LCFSL, previous company directorship in real estate.
Company Secretary & Chair of Governance & Audit Comm

Drazen Zen Knezevic
Director
Age 37
Business Consultant
Self employed business consultant for over 15 years.
International sportsman and coach and hotel manager.
Governance & Audit committee member

Scott Francis Elkington
Director (*Resigned 12 November 2004*)
Age 40
Bank Executive
Bachelor of Business and Economics, working in the Banking industry in senior positions since 1985.
No special responsibilities

Patrick Simonis
Director
Age 51
IT Specialist/Managing Director
Specialist in Marketing, Management, PR and IT. Past President of Logan Chamber of Commerce.
Chair of Marketing committee

John Joseph McLaughlin
Director
Age 43
Solicitor
LLB, Solicitor in Logan are for over 15 years, specialising in commercial, retail, leasing, conveyancing and franchising.
Vice Chairman and Governance & Audit committee member

Russell Peter Jenkins
Director
Age 43
Bank Executive
Qualified Chemical Engineer, Head of Bendigo Bank Community Banking since 1998.

Alan Leslie Gough
Director and Treasurer
Age 51
Accountant
B.Bus-Accounting, PNA, NTAA, 30 years accounting experience, own Tax accounting business 14 years.
Treasurer and Governance & Audit committee member

Stephen John Simpson
Director (*Appointed 12 November 2004*)
Age 47
Bank Executive
Over 20 years banking experience in senior positions with Australian banking institutions.

Richard Saad
Director (*Appointed 20 February 2005*)
Age 46
Business Owner
Extensive management and sales experience in major organisations. Owns and runs two Logan businesses.
Marketing committee member

David Michael Manfield
Director (*Appointed 9 November 2004*)
(*Resigned 7 July 2005*)
Age 58
Real Estate Agent
Former Australian Police force, Real Estate Agent and business owner.

Terry James Skene
Director (*Resigned 9 November 2004*)
Age 48
Recreational Owner/Operator
Fellow Australian Institute Company Directors, past President of Logan Chamber of Commerce.

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

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

Logan Community Financial Services Limited
ABN 88 101 148 430
Directors' Report

Company Secretary

The company secretary is Cathleen Wallis. Cathleen was appointed to the position of secretary on 30 July 2004. Cathleen is a founding Director of LCFSL, Chairman of the Governance and Audit committee, Secretary to the Queensland Polo Association, a member of the Community Enterprise Foundation National Advisory Committee, and a member of Women on Boards and a Qualified Real Estate Agent. She has many years experience as a company director and secretary.

Principal Activities

The principal activities of the company during the course of the financial year were in providing community banking services under management rights to operate franchised branches of Bendigo Bank Limited.

Remuneration Report

(a) Remuneration of Directors

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

(b) Remuneration of Executives

The company secretary is paid for company secretarial duties at the rate of \$50 p.h. plus GST. External quotes for company secretarial work were obtained by the company prior to accepting the rate. General administrative work is remunerated by the company at the rate of \$25 p.h. plus GST, and is performed by the company secretary. There were no added incentives in place as at 30 June 2005. The payments made to the Company Secretary in the reporting period total : \$49,050.25

(c) Remuneration of Area and Branch Managers

The Company aims to provide market competitive compensation by offering a package of fixed pay and benefits. All staff are seconded from Bendigo Bank. As such, the company is guided by Bendigo Bank in determining the remuneration payable. All staff have the opportunity to participate in a bonus scheme operated by Bendigo Bank, where:

- a) the amount of any bonus payment is tied to the outcome of annual performance reviews, such reviews measuring performance against defined objectives noted in the position description, and
- b) the amount of any bonus payment is not directly tied to the company's performance, and
- c) the annual review process has been provided by Bendigo Bank, and
- d) the annual review process does not involve a comparison with factors external to the company

The company has in place a further bonus scheme for the area manager that is:

- a) policy developed by the Governance committee and approved by the Board, and
- b) tied to the company's performance such that the maximum bonus achievable is 15% of salary p.a. subject to the company reaching and/or exceeding its profit KPI's, and
- c) driven by the triple bottom line of 'People, Profit and Planet', such focus being adopted by the Board as appropriate for a business focussed on customers and community, and
- d) measured by KPI's derived from the position description for the role.

There were no payments made to the Area Manager under this scheme as at 30 June 2005.

The payments made to Area and Branch Managers in the reporting period total:

Name	Title	Within a range of	Bonus paid
Darren Cahill - Loganholme:	Area/Branch Manager	\$65,000 - \$75,000	\$4,128
Gavin Pingel - Browns Plains:	Branch Manager	\$50,000 - \$60,000	nil
Simon Reeves - Marsden	Branch Manager	\$50,000 - \$60,000	\$1,560
Steve McCormick - Springwood	Branch Manager	\$40,000 - \$50,000	nil
Heather Scofield - Springwood	Branch Manager	\$0,000 - \$10,000	nil

(note: Heather Scofield commenced at Springwood 1st June 2005.)

Logan Community Financial Services Limited
ABN 88 101 148 430
Directors' Report

Operating Results

Operations have continued to perform in line with expectations. The loss of the company for the financial year was:

Year ended 30 June 2005	Year ended 30 June 2004
\$	\$
(89,368)	(513,826)

Dividends

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

Significant changes in the state of affairs

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

Significant events after the balance date

Ms Jennifer Elizabeth Townend has been appointed as a Director of the company on 11 August 2005.

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

Likely Developments

The company will continue its policy of providing banking services to the community. The company intends to increase its distribution points through the placement of an additional ATM in Woodridge, and is considering other possible ATM and / or Agency sites.

Environmental regulations

The company is not subject to any significant environmental regulations.

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 of, or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate other than interests and benefits disclosed at Note 15 to the Financial Report.

Logan Community Financial Services Limited
ABN 88 101 148 430
Directors' Report

Indemnification and Insurance of Directors and Officers

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

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

Directors Meetings

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

	Number of Board Meetings <u>eligible to attend</u>	<u>Meetings Attended</u>
Colin Albert Nelson (Chairman)	16	14
Cathleen Margaret Wallis (Secretary)	16	16
Alan Leslie Gough (<i>Treasurer</i>)	16	9
Drazen Zen Knezevic	12	4
Scott Francis Elkington (<i>Resigned 12 November 2004</i>)	11	1
John Joseph McLaughlin	16	14
Patrick Simonis	16	11
Russell Peter Jenkins	16	4
Stephen John Simpson (<i>Appointed 12 November 2004</i>)	16	8
Richard Saad (<i>Appointed 20 February 2005</i>)	4	4
David Michael Manfield (<i>Appointed 9 November 2004, Resigned 7</i>	5	5
John Chandler (Alternate for Russell Jenkins)	16	3
Tamara Gae White (Alternate for Russell Jenkins)	16	8
Terry James Skene (<i>Resigned 9 November 2004</i>)	10	9

Signed in accordance with a resolution of the Board of Directors at Logan on the 22nd of August 2005.

Non Audit Services

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

Logan Community Financial Services Limited
ABN 88 101 148 430
Directors' Report

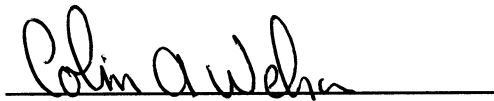
The board of directors has considered the position and, in accordance with the advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

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 Board 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.

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6



Chairman - Colin Nelson



Director / Secretary - Cathleen Wallis



28 September 2005

Auditor's Independence Declaration

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

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

This declaration is in respect of Logan Community Financial Services Limited.

David Hutchings
Auditor

Andrew Frewin & Stewart
Bendigo VIC 3550

Audit Committee

The company has formed an Audit committee to review and manage the Audit Process.

The members of the committee for Governance, Audit, and Human resources for the :
year ended 30 June 2005 were:

Committee Chairman	Cathleen Wallis - Company Secretary
Committee Member	Colin Nelson - Chairman of the board of Directors
Committee Member	Alan Gough - Treasurer
Committee Member	John McLaughlin - Vice Chairman

The committee is satisfied that the Audit process has been completed in accordance with regulatory requirements.

Cathleen Wallis
Chairman - Governance, Audit, and Human Resources Committee

Logan Community Financial Services Limited
ABN 88 101 148 430
Statement of Financial Performance
for the year ended 30 June 2005

	<u>Notes</u>	2005 \$	2004 \$
Revenues from ordinary activities	2	1,710,443	1,418,832
General administration		(317,811)	(351,394)
Start up & training costs expenses		-	(60,000)
Salaries and employee benefits expense		(1,031,541)	(947,149)
Management advisory fee		-	(300,000)
Advertising and promotion		(12,112)	(3,970)
Occupancy and associated costs		(271,881)	(284,686)
Systems costs		(107,993)	(127,505)
Depreciation and amortisation expense	3	(75,839)	(58,875)
Borrowing cost expense	3	<u>-</u>	<u>(5)</u>
Loss from ordinary activities before income tax credit		(106,734)	(714,752)
Income tax credit relating to ordinary activities	4	<u>17,366</u>	<u>200,926</u>
Loss from ordinary activities after income tax credit		<u>(89,368)</u>	<u>(513,826)</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u><u>(89,368)</u></u>	<u><u>(513,826)</u></u>

The accompanying notes form part of these financial statements

Logan Community Financial Services Limited
ABN 88 101 148 430
Statement of Financial Position
as at 30 June 2005

	<u>Notes</u>	2005 \$	2004 \$
Current Assets			
Cash assets	5	625,430	1,183,161
Receivables	6	65,380	46,078
Total Current Assets		<u>690,810</u>	<u>1,229,239</u>
Non-Current Assets			
Property, plant and equipment	7	751,132	319,570
Intangibles	8	145,225	193,225
Deferred tax assets	9	408,801	391,436
Total Non-Current Assets		<u>1,305,158</u>	<u>904,231</u>
Total Assets		<u>1,995,968</u>	<u>2,133,470</u>
Current Liabilities			
Payables	10	3,247	51,381
Total Current Liabilities		<u>3,247</u>	<u>51,381</u>
Total Liabilities		<u>3,247</u>	<u>51,381</u>
Net Assets		<u>1,992,721</u>	<u>2,082,089</u>
Equity			
Contributed equity	11	3,042,211	3,042,211
Accumulated losses	12	(1,049,490)	(960,122)
Total Equity		<u>1,992,721</u>	<u>2,082,089</u>

The accompanying notes form part of these financial statements

Logan Community Financial Services Limited
ABN 88 101 148 430
Statement of Cashflows
for the year ended 30 June 2005

	<u>Notes</u>	2005 \$	2004 \$
Cash Flows From Operating Activities			
Cash receipts in the course of operations		1,657,259	1,460,201
Cash payments in the course of operations		(1,801,187)	(2,122,920)
Interest received		45,598	91,375
Interest paid		-	(5)
Net cash used in operating activities	13 (b)	<u>(98,330)</u>	<u>(571,349)</u>
Cash Flows From Investing Activities			
Purchase of property, plant and equipment		(459,401)	(333,445)
Payment for franchise agreement		-	(60,000)
Net cash used in investing activities		<u>(459,401)</u>	<u>(393,445)</u>
Cash Flows From Financing Activities			
Proceeds of share issues		-	336,023
Net cash provided by financing activities		<u>-</u>	<u>336,023</u>
Net decrease in cash held		(557,731)	(628,771)
Cash at the beginning of the financial year		1,183,161	1,811,932
Cash at the end of the financial year	13 (a)	<u>625,430</u>	<u>1,183,161</u>

The accompanying notes form part of these financial statements

Logan Community Financial Services Limited
ABN 88 101 148 430
Notes to the Financial Statements
for the year ended 30 June 2005

1. Summary of significant accounting policies

Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 including applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The accounting policies are consistent with the previous year.

Income tax

Income tax has been brought to account using the liability method of tax effect accounting whereby income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expenses are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised.

Goods and services tax

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

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

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

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

Logan Community Financial Services Limited
ABN 88 101 148 430
Notes to the Financial Statements
for the year ended 30 June 2005

1. Summary of significant accounting policies (continued)

Employee entitlements

The provision for employee entitlements 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 at nominal amounts based on current wage and salary rates and includes related on-costs.

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

No employee entitlements were recorded as at 30 June 2005 as the branch staff are seconded by Logan CFSL from Bendigo Bank Ltd. As per the secondment agreement employee entitlements are paid each month.

Intangibles

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

Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Property, plant and equipment

Property, plant and equipment are carried at cost or at independent or directors' valuation, less where applicable any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the assets employment and subsequent disposal.

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on a straight line basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or estimated useful lives of the improvements.

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

<u>Class of fixed assets</u>	<u>Depreciation rate (%)</u>
Leasehold improvements	2.5 - 15
Plant and equipment	2.5 - 25

Comparative figures

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

Revenue

Interest and commission fees revenue is recognised when earned. All revenue is stated net of the amount of Goods and Services Tax (GST).

Logan Community Financial Services Limited
ABN 88 101 148 430
Notes to the Financial Statements
for the year ended 30 June 2005

1. Summary of significant accounting policies (continued)

Payment terms

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

Receivables and payables

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

Provisions

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

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

Contributed Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

	2005 \$	2004 \$
2. Revenue from ordinary activities		
Operating activities:		
- services commissions	1,662,587	1,327,457
- other revenue	2,258	-
Non-operating activities:		
- interest received	45,598	91,375
Total revenues from ordinary activities	<u>1,710,443</u>	<u>91,375</u>
3. Expenses		
Depreciation of non-current assets:		
- leasehold improvements	11,453	5,843
- plant & equipment	16,386	8,032
Amortisation of non-current assets:		
- intangibles	48,000	45,000
	<u>75,839</u>	<u>58,875</u>
Borrowing expenses:		
- interest paid	<u>-</u>	<u>5</u>

Logan Community Financial Services Limited
ABN 88 101 148 430
Notes to the Financial Statements
for the year ended 30 June 2005

4. Income tax credit

The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:	2005	2004
	\$	\$
Operating Loss	(106,734)	(714,752)
Prima facie tax on loss from ordinary activities at 30%	(32,020)	(214,426)
Add tax effect of:		
- non-deductible expenses	14,654	13,500
Income tax credit on operating loss	<u>(17,366)</u>	<u>(200,926)</u>

5. Cash assets

Cash at bank and on hand	<u>625,430</u>	<u>1,183,161</u>
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6. Receivables

Trade receivables	<u>65,380</u>	<u>46,078</u>
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7. Property, plant and equipment

Leasehold improvements @ cost

At cost	527,228	191,059
Less: accumulated depreciation	(17,296)	(5,843)
Total written down amount	<u>509,932</u>	<u>185,216</u>

Plant & equipment @ cost

At cost	265,618	142,386
Less: accumulated depreciation	(24,418)	(8,032)
Total written down amount	<u>241,200</u>	<u>134,354</u>
	<u>751,132</u>	<u>319,570</u>

Movements in carrying amounts:

Leasehold improvements @ cost

Carrying amount at beginning	185,216	-
Additions	336,169	191,059
Disposals	-	-
Less: depreciation expense	(11,453)	(5,843)
Carrying amount at end	<u>509,932</u>	<u>185,216</u>

Plant & equipment @ cost

Carrying amount at beginning	134,354	-
Additions	123,232	142,386
Disposals	-	-
Less: depreciation expense	(16,386)	(8,032)
Carrying amount at end	<u>241,200</u>	<u>134,354</u>
	<u>751,132</u>	<u>319,570</u>

Logan Community Financial Services Limited
ABN 88 101 148 430
Notes to the Financial Statements
for the year ended 30 June 2005

	2005	2004
	\$	\$
8. Intangible assets		
<i>Franchise Fee</i>		
At cost	240,000	240,000
Less: accumulated amortisation	(94,775)	(46,775)
	<u>145,225</u>	<u>193,225</u>
9. Deferred Tax Benefit		
Future income tax benefit		
Tax losses - revenue	<u>408,801</u>	<u>391,436</u>
10. Payables		
Trade creditors	<u>3,247</u>	<u>51,381</u>
11. Contributed equity		
Balance at beginning of the year	3,042,211	2,706,188
Fully paid ordinary shares issued	-	336,023
Balance at end of the financial year	<u>3,042,211</u>	<u>3,042,211</u>
12. Accumulated losses		
Balance at the beginning of the financial year	(960,122)	(446,296)
Net losses from ordinary activities after income tax credit	(89,368)	(513,826)
Balance at the end of the financial year	<u>(1,049,490)</u>	<u>(960,122)</u>
13. Statement of cashflows		
(a) Reconciliation of cash		
Cash at bank and on hand	625,430	483,161
Term Deposit	-	700,000
	<u>625,430</u>	<u>1,183,161</u>
(b) Reconciliation of profit from ordinary activities after tax to net cash used in operating activities		
Loss from ordinary activities after income tax	(89,368)	(513,826)
Non cash items:		
- amortisation	48,000	45,000
- depreciation	27,839	13,875
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(19,302)	35,098
- increase in other assets	(17,365)	(200,926)
- increase/(decrease) in payables	(48,134)	49,430
Net cashflows used in operating activities	<u>(98,330)</u>	<u>(571,349)</u>

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14. Auditors' remuneration

	2005	2004
	\$	\$
Amounts received or due and receivable by the auditor of the company for:		
- audit & review services	3,300	2,700
- other services in relation to the entity	460	650
	<u>3,760</u>	<u>3,350</u>

15. Director and Related party disclosures

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

Colin Albert Nelson (Chairman)
Cathleen Margaret Wallis (Secretary)
Alan Leslie Gough (*Treasurer*)
Drazen Zen Knezevic
Scott Francis Elkington
John Joseph McLaughlin
Patrick Simonis
Russell Peter Jenkins
Richard Saad
Stephen John Simpson (*Appointed 29 November 2004*)
Terry James Skene (*Resigned 9 November 2004*)
David Michael Manfield (*Resigned 7 July 2005*)

No Directors' remuneration has been paid as the positions are held on a voluntary basis.

Logan Community Financial Services Limited was entered into an rolling lease agreement with Simcom Enterprises for Unit D/7 Curban Street Underwood. This has now ceased. The entity is majority owned by Director - Patrick Simonis.

Logan Community Financial Services Limited is using Simcom Enterprises for computer systems, maintenance and repairs. The entity is majority owned by Director - Patrick Simonis.

During the financial year management consulting services were provided by Director - Cathleen Wallis.

Logan Community Financial Services Limited has entered into a lease agreement with Lawgold Pty Ltd for the use of 11 Vanessa Boulevard, Springwood. The entity is a company owned by Director - John McLaughlin.

McLaughlin & Associates Lawyers are used as professional legal advisors for the entity when and where required. McLaughlin & Associates Lawyers is a company owned by Director - John McLaughlin.

Directors shareholdings	<u>2005</u>	<u>2004</u>
Colin Albert Nelson (Chairman)	29,001	49,001
Cathleen Margaret Wallis (Secretary)	4,001	4,001
Alan Leslie Gough (<i>Treasurer</i>)	5,001	5,001
Drazen Zen Knezevic	4,001	4,001
Scott Francis Elkington (<i>Resigned 12 November 2004</i>)	-	-
John Joseph McLaughlin	7,501	7,501
Patrick Simonis	20,001	20,001
Russell Peter Jenkins	-	-
Richard Saad (<i>Appointed 20 February 2005</i>)	-	-
Stephen John Simpson (<i>Appointed 12 November 2004</i>)	-	-
Terry James Skene (<i>Resigned 9 November 2004</i>)	25,001	25,001
David Michael Manfield (<i>Appointed 9 November 2004, Resigned 7 July 2005</i>)	2,500	-

Colin Nelson sold 20,000 shares in 5 separate parcels during the year. There was no other movement in directors shareholding during the year. Each share held is valued at \$1 and is fully paid.

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

Entities complying with AIFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of AIFRS to that comparative period. Most adjustments required on transition to AIFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

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

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

16 (a) Income Tax

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

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

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

17. Subsequent events

There are other 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.

18. Contingent liabilities

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

19. Earnings per Share

	<u>2005</u>	<u>2004</u>
	<u>€</u>	<u>€</u>
Losses per share for the financial year were:	(3)	(17)

20. Segment reporting

The economic entity facilitates community banking services under management rights to operate a franchised branch of Bendigo Bank Limited. The economic entity operates in one geographic area being Logan, Queensland.

21. Registered office/Principal place of business

The registered office and principal place of business is:

Registered office

61 Bull Street
BENDIGO VIC 3550

Principal place of business

11 Vanessa Boulevard
SPRINGWOOD QLD 4127

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Notes to the Financial Statements
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22. Financial Instruments

Net fair values

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

Credit risk

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

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

Interest rate risk

Financial instrument	Floating interest rate		Fixed interest rate maturing in						Non interest bearing		Weighted average effective interest rate		
			1 year or less		Over 1 to 5 years		Over 5 years						
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%	
Financial assets													
Cash assets	625,430	483,161	-	-	-	-	-	-	-	-	.05	.05	
Investment	-	-	-	700,000	-	-	-	-	-	-	N/A	4.4	
Receivables	-	-	-	-	-	-	-	-	65,381	46,078	N/A	N/A	
Financial liabilities													
Payables	-	-	-	-	-	-	-	-	3,247	48,793	N/A	N/A	

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Directors' Declaration


In accordance with a resolution of the directors of Logan Community 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) complying with Accounting Standards and Corporations Regulations 2001, and other mandatory reporting requirements; and
 - (ii) giving a true and fair view of the company's financial position as at 30 June 2005 of its performance as represented by the results of its operations and its cashflows for the financial year ended on that date; 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.

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

On behalf of the Board:



Chairman - Colin Nelson



Director / Secretary - Cathleen Wallis

Signed at Logan on the 22nd day of August 2005.

INDEPENDENT AUDIT REPORT

To the members of Logan Community Financial Services Limited

Scope

We have audited the financial report of Logan Community Financial Services Ltd for the financial year ended 30 June 2005 including the Directors' Declaration. The company's Directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.


Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements in Australia, so as to present a view which is consistent with our understanding of the company's financial position and performance as presented by the results of its operations and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In our opinion the financial report of Logan Community Financial Services Ltd is in accordance with:

- (a) the Corporations Act 2001 including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2005 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.



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

Dated this 28th day of September 2005