

COMMUNITY FINANCIAL SERVICES VICTORIA LIMITED

A.C.N. 092 756 351

29 Westernport Road

Lang Lang VIC 3984

**FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2003**

COMMUNITY FINANCIAL SERVICES VICTORIA LIMITED
A.C.N. 092 756 351

DIRECTOR'S REPORT

Your directors submit the financial report of Community Financial Services Victoria Limited for the financial year ended 30 June 2003.

COMMITTEE MEMBERS

The names of the directors throughout the year and at the date of this report are:

Michael John Duff
Douglas Hugh Hamilton
Tania Lyn Hansen
Russell Peter Jenkins
Maxwell Arthur John Kneebone
John Munro Lyle
Glenister Malcolm McGregor
Maxwell William Papley (Chairman)
Gordon Lovell Sampson
Ronald James Witney

PRINCIPAL ACTIVITIES

The principal activities of the association during the financial year were:

- to manage and operate community branches of Bendigo Bank in the Lang Lang, Pearcedale and Koo Wee Rup communities.

SIGNIFICANT CHANGES

A sub-agency was established in Bunyip during the year pursuant to an agency agreement. No other significant changes have occurred during the year.

OPERATING RESULT

The profit from ordinary activities after providing for income tax amounted to \$37,412.

FUTURE DEVELOPMENTS

The company is currently considering an opportunity to open a new agency in Narre Warren South.

DIVIDENDS

No dividends of the Company have been paid, declared or recommended.

OPTIONS

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

ENVIRONMENTAL ISSUES

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

SIGNIFICANT EVENTS AFTER YEAR END

There are no events occurring since year end which would significantly impact the financial report.

DIRECTORS REMUNERATION

No directors received remuneration for their services as board members.

AUDITORS REMUNERATION

Audit fees charged in the accounts for the 2003 year are \$3,630.

EMPLOYEES

The number of employees of the Company at 30 June 2003 is 11, with 2 employees on secondment from Bendigo Bank Limited.

COMMUNITY SUPPORT

We are pleased to announce the Company made a contribution/donation to the KooWeeRup/Lang Lang Rotary Club of \$7,500, to assist in financing the local walking track project.

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



DOUGLAS H. HAMILTON - DIRECTOR



MAXWELL W. PAPLEY - DIRECTOR

Dated this 12th day of September 2003

COMMUNITY FINANCIAL SERVICES VICTORIA LIMITED
A.C.N. 092 756 351

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2003

	Note	2003 \$	2002 \$
REVENUES AND EXPENSES			
Operating Revenue	2	858,360	601,735
Interest Received		7,718	3,634
Other Income		7,352	3,281
Employee expenses		(443,659)	(377,683)
Depreciation expenses	2	(25,857)	(32,361)
Amortisation expense	2	(50,683)	(53,449)
Other expenses from ordinary activities		(315,819)	(240,114)
Profit/(loss) from ordinary activities before income tax expense		37,412	(94,957)
Income tax expense relating to ordinary Activities	3	-	-
Net profit/(loss) from ordinary activities after income tax expense		37,412	(94,957)
Net Profit/(Loss)	14	37,412	(94,957)
Total changes in equity of the Company		37,412	(94,957)

The accompanying notes form part of this financial report.

COMMUNITY FINANCIAL SERVICES VICTORIA LIMITED
A.C.N. 092 756 351

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2003

	Note	2003 \$	2002 \$
CURRENT ASSETS			
Cash assets	17	255,779	180,275
Receivables	5	86,096	80,435
Other assets	6	29,144	44,054
TOTAL CURRENT ASSETS		371,019	304,764
NON-CURRENT ASSETS			
Property, plant and equipment	7	138,331	161,347
Goodwill	8	176,080	193,120
TOTAL NON-CURRENT ASSETS		314,411	354,467
TOTAL ASSETS		685,430	659,231
CURRENT LIABILITIES			
Payables	9	53,817	33,457
Interest Bearing Liabilities	10	9,756	10,680
Tax liabilities	11	19,681	17,513
Provisions	12	24,353	30,893
TOTAL CURRENT LIABILITIES		107,607	92,543
NON CURRENT LIABILITIES			
Interest bearing liabilities	10	8,689	34,966
TOTAL NON-CURRENT LIABILITIES		8,689	34,966
TOTAL LIABILITIES		116,296	127,509
NET ASSETS		569,134	531,722
EQUITY			
Contributed Equity	13	732,375	732,375
Retained profits/(accumulated losses)	14	(163,241)	(200,653)
TOTAL EQUITY		569,134	531,722

The accompanying notes form part of this financial report.

COMMUNITY FINANCIAL SERVICES VICTORIA LIMITED
A.C.N. 092 756 351

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2003

	Note	2003 \$	2002 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from operations		838,990	568,460
Other receipts		7,352	3,281
Payments to suppliers and employees		(735,509)	(590,079)
Interest received		5,241	3,634
Net GST Collected		611	4,745
Net cash provided by (used in) operating activities	17b	116,685	(9,959)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds From Sale of Fixed Assets		22,045	-
Payment for property, plant and equipment		(33,311)	(14,696)
Payment for Business	17c	-	-
Start up costs associated with acquisition of Business		-	(2,750)
Net cash provided (used) by investing activities		(11,266)	(17,446)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		-	67,650
Repayment of borrowings		(49,915)	(13,453)
Proceeds from borrowings		20,000	-
Net cash used in financing activities		(29,915)	54,197
Net increase in cash held		75,504	26,792
Cash at the beginning of the financial year		180,275	153,483
Cash at the end of the financial year	17a	255,779	180,275

The accompanying notes form part of this financial report.

COMMUNITY FINANCIAL SERVICES VICTORIA LIMITED
A.C.N. 092 756 351

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

Note 1: Statement of Significant Accounting Policies

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Associations Incorporations Act, 1981.

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

(c) Income Tax

The Company adopts the liability method of tax-effect accounting whereby the income tax expense shown in the statement of financial performance is based on the profit from ordinary activities before income tax adjusted for any permanent differences.

(d) Property, Plant and Equipment

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

Plant and Equipment

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

COMMUNITY FINANCIAL SERVICES VICTORIA LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

Note 1: Statement of Significant Accounting Policies (cont'd)

Depreciation

The depreciable amount of all property, plant and equipment is depreciated on a straight line or diminishing value basis over the useful lives of the assets to the Company commencing from the time the asset is held ready for use.

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

Class of Property, Plant & Equipment	Depreciation Rate
Motor Vehicles	22.5%
Plant and equipment	10%-50%

(e) Leases

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

(f) Employee Entitlements

Provision is made for the Company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave, long service leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Contributions are made by the Company to an employee superannuation fund and are recognised as expenses when incurred.

(g) Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand, at banks and on deposit.

(h) Revenue

Revenue from the sale of goods and services is recognised upon the delivery of goods and/or provision of service to members and customers.

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

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

COMMUNITY FINANCIAL SERVICES VICTORIA LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

Note 1: Statement of Significant Accounting Policies (cont'd)

(i) Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business exceeds the fair value attributed to its net assets at the date of acquisition. Purchased goodwill is amortised on a straight line basis over the period of 13 years based on the options for continued support via franchise agreements from Bendigo Bank. The balance is reviewed annually and any balance representing future benefits for which the realisation is considered to be no longer probable is written off.

(j) Financial Reporting Period

The reporting period is the twelve month period from 1 July 2002 to 30 June 2003.

2003	2002
\$	\$

Note 2: Statement of Financial Performance Items

Profit/(loss) from ordinary activities is after crediting the following revenues:

- Franchise Income Share	858,360	601,735
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Profit/(loss) from ordinary activities is after charging the following expenses:

Depreciation of:

- Motor Vehicles	8,311	11,018
- Plant & Equipment	17,546	21,343

Amortisation of:

- Goodwill	17,040	17,040
- Prospectus Costs	11,076	11,076
- Listing Fees	567	-
- Other	22,000	25,333

Other operating expenses:

- Bad Debts Written off	1,737	4,474
- Provision for Employee Entitlements	(6,539)	15,098

COMMUNITY FINANCIAL SERVICES VICTORIA LIMITED
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

Note 3: Income Tax Expense	2003 \$	2002 \$
Prima facie tax payable on profit / (loss) from ordinary activities before income tax at 30%	11,224	(28,487)
Tax effect of:		
- amortisation of intangible assets	8,075	8,075
Income tax liability	19,299	(20,412)

Income tax liability has not been brought to account as it reduces the prior years income tax benefits not brought to account.

Note 4: Earning Per Share

Basic Earnings Per Share (cents per share)	5.11	(13.0)
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Note 5: Receivables

Trade debtors	83,619	73,835
Accrued Interest	2,477	-
Other debtors	-	6,600
	86,096	80,435

Note 6: Other Assets

Insurance Claims Outstanding	14,449	-
Prepaid GST	1,557	-
Prepayments	13,138	44,054
	29,144	44,054

Note 7: Property, Plant and Equipment

Motor Vehicles, at cost	29,289	57,548
Less accumulated depreciation	(830)	(19,597)
Total Motor Vehicles	28,459	37,951
Plant and Equipment, at cost	164,290	160,268
Less accumulated depreciation	(54,418)	(36,872)
Total Plant and Equipment	109,872	123,396
Total Property, Plant and Equipment	138,331	161,347

COMMUNITY FINANCIAL SERVICES VICTORIA LIMITED
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

Note 7: Property, Plant and Equipment (cont'd)

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year	Motor Vehicles \$	Plant and Equipment \$
Balance at the beginning of year	37,950	123,396
Additions	29,289	4,022
Disposals	(22,045)	-
Profit/(Loss) On Disposals	(8,424)	-
Depreciation expense current Year	(8311)	(17,546)
Carrying amount at the end of year	<u>28,459</u>	<u>109,874</u>

2003
\$ **2002**
\$

Note 8: Intangible Asset

Goodwill	221,500	221,500
Less: Accumulated Amortisation	(45,440)	(28,400)
	<u>176,080</u>	<u>193,120</u>

Note 9: Payables

Trade creditors and accruals	45,023	25,880
Other creditors	8,794	7,577
	<u>53,817</u>	<u>33,457</u>

Note 10: Interest Bearing Liabilities

CURRENT

Hire purchase liabilities	<u>9,756</u>	<u>10,680</u>
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NON-CURRENT

Hire purchase liabilities	<u>8,968</u>	<u>34,966</u>
	<u>18,445</u>	<u>45,646</u>

Note 11: Tax Liabilities

Net GST Payable	<u>19,681</u>	<u>17,513</u>
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Note 12: Provisions

Provision for employee entitlements	<u>24,353</u>	<u>30,893</u>
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COMMUNITY FINANCIAL SERVICES VICTORIA LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	2003	2002
	\$	\$
Note 13: Contributed Equity		
Ordinary shares issued beginning of year	732,375	664,725
Ordinary shares issued during the year	-	67,650
Ordinary shares issues end of year	<u>732,375</u>	<u>732,375</u>

Note 14: Retained Profits

Retained profits/(losses) at the beginning of the financial year	(200,653)	(105,696)
Net profit/(loss)	37,412	(94,957)
Retained profits/(losses) at the end of the Financial year	<u>(163,241)</u>	<u>(200,653)</u>

	2003	2002
	\$	\$
Note 15: Capital Commitments		
(a) Hire Purchase liabilities payable		
- not later than one year	10,761	13,453
- later than one year but not later than 5 years	<u>8,968</u>	<u>35,941</u>
Less future finance charges	<u>(1,284)</u>	<u>(3,748)</u>
Total Hire Purchase liability	<u>18,445</u>	<u>45,646</u>

Note 16: Segment Reporting

Geographic Segments	Total Revenue	Profit/(loss) from Ordinary Activities after Income Tax	Total Assets
	2003	2003	2003
	\$	\$	\$
Lang Lang Branch			
- External	493,566	108,984	511,460
Pearcedale Branch			
- External	298,946	23,348	119,509
Koo Wee Rup			
- External	<u>65,848</u>	<u>(94,920)</u>	<u>54,461</u>
	<u>858,360</u>	<u>37,412</u>	<u>685,430</u>

The Company operates solely within the financial services industry in the above geographic segments.

COMMUNITY FINANCIAL SERVICES VICTORIA LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

Note 17: Cash Flow Information

	2003	2002
	\$	\$
(a) Reconciliation of Cash		
Cash at bank	255,779	180,275
(b) Reconciliation of net cash provided		
By operating activities to profit from		
Ordinary activities after income tax		
Profit/(loss) from ordinary activities after		
Income tax	37,412	(94,957)
<i>Non-cash flows in profit from Ordinary activities:</i>		
- Depreciation	25,857	32,361
- Amortisation of Goodwill	17,040	17,040
- Hire Purchase Charges	2,714	4,568
<i>Changes in assets and liabilities:</i>		
- (Increase)/Decrease in receivables	(20,110)	(29,308)
- (Increase)/Decrease in prepayments	30,916	36,412
- Increase/(Decrease) in payables	20,360	1,273
- Increase/(Decrease) in holiday pay provisions	(6,539)	17,907
- Increase/(Decrease) in GST provisions	611	4,745
- (Profit)/Loss On Sale Of Fixed Assets	8,424	-
Net cash provided by operating activities	116,685	(9,959)

Note 18: Financial Instruments

(a) Interest Rate Risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate 2003	Floating Interest Rate 2003	Fixed Interest 2003
	%	\$000	\$000
FINANCIAL ASSETS			
Cash at Bank	3.54	3.54	
FINANCIAL LIABILITIES			
Hire purchase liabilities	8.47		8.47

COMMUNITY FINANCIAL SERVICES VICTORIA LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

(b) Credit Risk

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

The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Company.

(c) Net Fair Values

For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded and the Company intends to hold these to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the notes to and forming part of the financial statements.

Note 19: Related Party Transactions

(i) Directors

1. The company made payments of \$16,639 to Maxwell Arthur John Kneebone for rental of the business premises at Lang Lang. The terms and conditions of this rental arrangement are on a commercial basis.
2. The company made payments of \$2,400 to Tania Hansen for services performed as Treasurer, including but not limited to, bookkeeping, accounts liaison and finance administration duties.
3. In the normal course of business operations, Community Financial Services Victoria Ltd utilised services offered by the respective local community businesses. Some of these transactions included businesses which some directors have a direct or indirect interest. These transactions are not material, are considered to be on arms length basis and on normal commercial terms.

(ii) Share Transactions of Directors

Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in the Company:

Ordinary Shares

Michael John Duff	30,000
Douglas Hugh Hamilton	8,050
Maxwell Arthur John Kneebone	52,500
John Munro Lyle	15,850
Glenister Malcolm McGregor	56,000
Maxwell William Papley	5,250
Gordon Lovell Sampson	5,700
Ronald James Witney	11,200
Tania Hansen	500

COMMUNITY FINANCIAL SERVICES VICTORIA LIMITED
A.C.N. 092 756 351

DIRECTORS' DECLARATION

In the opinion of the directors the financial report as set out on pages 1 to 13:

1. presents fairly the financial position of Community Financial Services Victoria Limited as at 30 June 2003 and its performance for the year ended on that date in accordance with Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board.
2. at the date of this statement, there are reasonable grounds to believe that Community Financial Services Victoria Limited will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of directors and is signed for and on behalf of the Board of Directors by:



DOUGLAS HUGH HAMILTON



MAXWELL WILLIAM PAPLEY

Dated this twelfth day of September 2003.

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF COMMUNITY FINANCIAL SERVICES VICTORIA LIMITED

Scope

We have audited the financial report being the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, notes to and forming part of the Financial Statements and the Directors' Declaration of Community Financial Services Victoria Limited as set out on pages 1 to 14 for the year ended 30 June 2003. 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.

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 so as to present a view which is consistent with our understanding of the association's financial position, 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 presents fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements the financial position of Community Financial Services Victoria Limited as at 30 June 2003, and the results of its operations and cash flows for the year then ended.



DUNCAN F. SMITH
Partner

12th September 2003