

**Rosewood & District  
Financial Services Limited**

**Financial Statements**

**as at**

**31 December 2005**

**Rosewood & District Financial Services Limited**  
**ABN 62 115 218 472**  
**Condensed Financial Statements**  
**Directors' Report**

Your Directors submit the financial report of the company for the half-year ended 31 December 2005.

**Directors**

The names of directors who held office during the half year and until the date of this report are as below:

Clyde Ian Nicoll  
Chairman  
Age 64  
Retired

Eirys Mabel Heit  
Treasurer  
Age 56  
Semi Retired/Shop Assistant

Melissa Kay McGeary  
Company Secretary  
Age 34  
Project & Support Officer

Ivan Aubrey Paul Schindler  
Director  
Age 54  
Veterinarian

Katherine Mary Price  
Director  
Age 24  
Databank Administrator

Kenneth John Savage  
Director  
Age 55  
Retired

Stuart Walton Bede Ross  
Director  
Age 40  
Real Estate Agen

Brian Maxwell Nash  
Director  
Age 54  
Paramedic

Alan Leslie Price  
Director  
Age 54  
Businessman

Kathleen Maree Lenihan  
Director  
Age 21  
Receptionist

**Principal activities**

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

**Review and results of operations**

Operations have continued to perform in line with expectations. The net loss of the company for the financial period was: (\$87,182).

**Matters subsequent to the end of the reporting period**

There are no matters or circumstances that have arisen since the end of the half year reporting period 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.

**Auditor's independence declaration**

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 2.

Signed in accordance with a resolution of the Directors at Rosewood, Queensland  
on 3 March 2006.



Clyde Ian Nicoll, Chairman



Eirys Mabel Heit, Treasurer

### Auditor's Independence Declaration

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Rosewood & District Financial Services Limited.

As lead auditor for the review of the financial statements of Rosewood & District Financial Services Limited for the half-year ended 31 December 2005, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.



David Hutchings  
Auditor

Andrew Frewin & Stewart

Bendigo VIC 3550

Dated: 4 March 2006

**Rosewood & District Financial Services Limited**  
**ABN 62 115 218 472**  
**Condensed Income Statement**  
**for the half-year ended 31 December 2005**

|   | <b>2005</b>      |
|---|------------------|
|   | <b>\$</b>        |
| Revenue from ordinary activities                  | 19,398           |
| Other revenue                                     | 3,629            |
| Salaries and employee benefit expense             | (28,852)         |
| Start up costs                                    | (100,000)        |
| Occupancy and associated costs                    | (918)            |
| Depreciation and amortisation expense             | (980)            |
| Other expenses                                    | (17,615)         |
|   | <hr/>            |
| <b>Loss before income tax expense/credit</b>      | <b>(125,338)</b> |
| Income tax credit                                 | 38,156           |
|   | <hr/>            |
| <b>Loss for the period</b>                        | <b>(87,182)</b>  |
|   | <hr/>            |
| <b>Loss attributable to members of the entity</b> | <b>(87,182)</b>  |
|   | <hr/> <hr/>      |

*The accompanying notes form part of these financial statements.*

**Rosewood & District Financial Services Limited**  
**ABN 62 115 218 472**  
**Condensed Balance Sheet**  
**as at 31 December 2005**

|                                  | <b>31-Dec<br/>2005<br/>\$</b> |
|----------------------------------|-------------------------------|
| <b>Current Assets</b>            |                               |
| Cash assets                      | 153,842                       |
| Trade and other receivables      | 35,302                        |
| <b>Total Current Assets</b>      | <u>189,144</u>                |
| <b>Non-Current Assets</b>        |                               |
| Property, plant and equipment    | 179,515                       |
| Deferred tax asset               | 38,156                        |
| Intangible assets                | 43,623                        |
| <b>Total Non-Current Assets</b>  | <u>261,294</u>                |
| <b>Total Assets</b>              | <u>450,438</u>                |
| <b>Current Liabilities</b>       |                               |
| Trade and other payables         | 21,625                        |
| <b>Total Current Liabilities</b> | <u>21,625</u>                 |
| <b>Total Liabilities</b>         | <u>21,625</u>                 |
| <b>Net Assets</b>                | <u>428,813</u>                |
| <b>Equity</b>                    |                               |
| Issued capital                   | 515,995                       |
| Accumulated losses               | (87,182)                      |
| <b>Total Equity</b>              | <u>428,813</u>                |

*The accompanying notes form part of these financial statements.*

**Rosewood & District Financial Services Limited**  
**ABN 62 115 218 472**  
**Condensed Statement of Changes in Equity**  
**for the half-year ended 31 December 2005**

|  | <b>2005</b>     |
|--|-----------------|
|  | <b>\$</b>       |
| <u>Retained Earnings</u>                                       |                 |
| Retained earnings at the beginning of the period               | -               |
| Net loss attributable to members of the parent entity          | (87,182)        |
| <b>Retained earnings at the end of the period</b>              | <b>(87,182)</b> |
|  | <hr/>           |
| <u>Earnings</u>  |                 |
| Net loss attributable to members of the parent entity          | (87,182)        |
| Net income/expense recognised directly in equity               | -               |
| <b>Total recognised income &amp; expense for the period</b>    | <b>(87,182)</b> |
|  | <hr/>           |
| <u>Share Capital</u>   |                 |
| Share capital at the beginning of the period                   | -               |
| Shares issued during period                                    | 536,160         |
| <b>Share capital at the end of the period (536,150 shares)</b> | <b>536,160</b>  |
|  | <hr/>           |

*The accompanying notes form part of these financial statements.*

**Rosewood & District Financial Services Limited**  
**ABN 62 115 218 472**  
**Condensed Cash Flows Statements**  
**for the half-year ended 31 December 2005**

|  | <b>2005</b>           |
|--|-----------------------|
|  | <b>\$</b>             |
| <b>Cash Flows From Operating Activities</b>      |                       |
| Receipts from customers                          | -                     |
| Receipts from donation                           | 3,501                 |
| Payments to suppliers and employees              | (153,406)             |
| Interest received                                | 128                   |
| <b>Net cash used in operating activities</b>     | <u>(149,777)</u>      |
| <b>Cash Flows From Investing Activities</b>      |                       |
| Payments for property, plant and equipment       | (180,495)             |
| Payments for purchase of business                | (33,790)              |
| Payments for intangible assets                   | (10,000)              |
| <b>Net cash used in investing activities</b>     | <u>(224,285)</u>      |
| <b>Cash Flows From Financing Activities</b>      |                       |
| Proceeds from issues of equity securities        | 536,150               |
| Payment for share issue costs                    | (8,246)               |
| <b>Net cash provided by financing activities</b> | <u>527,904</u>        |
| <b>Net increase in cash held</b>                 | 153,842               |
| Cash at the beginning of the financial year      | -                     |
| <b>Cash at the end of the half-year</b>          | <u><u>153,842</u></u> |

*The accompanying notes form part of these financial statements.*

## **1. Basis of preparation of the Half-Year Financial Statements**

### **Basis of accounting**

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent financial report.

The consolidated entity changed its accounting policies on 11 July 2005 to comply with A-IFRS. The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards', with 11 July 2005 as the date of transition. An explanation of how the transition from superseded policies to A-IFRS has affected the consolidated entity's financial position, financial performance and cash flows is discussed in Note 2.

The accounting policies set out below have been applied in preparing the financial statements for the half-year ended 31 December 2005, the comparative information presented in these financial statements, and in the preparation of the opening A-IFRS balance sheet at 1 July 2005 the entity's date of transition. As these are the first financial statements for the company, the accounting policies adopted in preparing these accounts are set out in full below. Comparatives are not provided.

For the purpose of preparing the half year financial statements the half year has been treated as a discrete reporting period.

### **Revenue**

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

### **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.

### **Interest and dividends**

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.



**Rosewood & District Financial Services Limited**  
**ABN 62 115 218 472**  
**Notes to the financial statements**  
**for the half-year ended 31 December 2005**

**1. Basis of preparation of the Half-Year Financial Statements (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 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 in respect of 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 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 they related to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current 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.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

**Rosewood & District Financial Services Limited**  
**ABN 62 115 218 472**  
**Notes to the financial statements**  
**for the half-year ended 31 December 2005**

**1. Basis of preparation of the Half-Year Financial Statements (continued)**

**Receivables**

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.

**Payment terms**

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

**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

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   |

**Impairment of assets**

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets 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.

**Rosewood & District Financial Services Limited**  
**ABN 62 115 218 472**  
**Notes to the financial statements**  
**for the half-year ended 31 December 2005**

**1. Basis of preparation of the Half-Year Financial Statements (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.

**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.

**Payables**

Trade payables and other accounts payable are recognised when the company becomes obliged to make future payments resulting from the purchase of goods and services. 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.

**Payment terms**

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

**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.

**Interest bearing liabilities**

All loans are 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.

**Rosewood & District Financial Services Limited**  
**ABN 62 115 218 472**  
**Notes to the financial statements**  
**for the half-year ended 31 December 2005**

**1. Basis of preparation of the Half-Year Financial Statements (continued)**

**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.

**Debt and equity instruments**

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual agreement.

**2. Impacts of adoption of Australian equivalents to International Financial Reporting Standards**

Correction of errors v changes in accounting policies

If the entity becomes aware of errors made under previous GAAP, the reconciliations of equity at the date of transition to A-IFRS and of reported profit or loss for the latest period presented in the entity's most recent annual financial report under Australian GAAP shall distinguish the correction of those errors from changes in accounting policies.

The consolidated entity changed its accounting policies on 11 July 2005 to comply with Australian equivalents to International Financial Reporting Standards ('A-IFRS'). The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards', with 11 July 2004 as the date of transition.

There has been no impact to the Financial Statements of Rosewood & District Financial Services Limited from the adoption of the Australian equivalents to International Financial Reporting Standards.

Revenue

Under superseded policies, the consolidated entity recognised the gain or loss on disposal of property, plant and equipment on a 'gross' basis by recognising the proceeds from sale as revenue, and the carrying amount of the property, plant and equipment disposed as an expense. Under A-IFRS, the gain or loss on disposal is recognised on a 'net' basis, and is classified as income, rather than revenue.

**Rosewood & District Financial Services Limited**  
**ABN 62 115 218 472**  
**Directors' Declaration**


The directors declare that:

- (a) in the directors opinion, there are reasonable grounds to believe that the disclosing entity will be able to pay its debts as and when they become due and payable; and
- (b) in the directors opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed In accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors

  
Clyde Ian Nicoll, Chairman

  
Elrys Mabel Helt, Treasurer

Dated this 3rd day of March 2006

## **Independent Review Report to the Members of Rosewood & District Financial Services Limited**

### ***Scope***

#### ***The financial report and directors' responsibility***

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity, accompanying notes to the financial statements and the directors' declaration for the entity for the half-year ended 31 December 2005.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

### ***Review Approach***

We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001, Accounting Standards AASB 134 'Interim Financial Reporting' and AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' and other mandatory professional reporting requirements in Australia, so as to present a view which is consistent with our understanding of the entity's financial position, and performance as presented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

### ***Statement***

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Rosewood & District Financial Services Limited is not in accordance with:

- a) the Corporations Act 2001, including:
  - i. giving a true and fair view of the entity's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and
  - ii. complying with Accounting Standards AASB 134 'Interim Financial Reporting' and AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements in Australia.



David Hutchings

Partner

BENDIGO 4 March 2006