

Copy of financial statements and reports

If there is insufficient space in any section of the form, you may photocopy the relevant page(s) and submit as part of this lodgement

Company/scheme details

Company/scheme name

UPPER YARRA COMMUNITY ENTERPRISE LTD

ACN/ARBN/ARSN/PIN/ABN

090 252 627

Lodgement details

Who should ASIC contact if there is a query about this form?

Firm/organisation

AICHER PARTNERS

Contact name/position description

MICHAEL AICHER

ASIC registered agent number (if applicable)

3310

Telephone number

03 94975333

Postal address or DX address

PO BOX 170

IVANHOE VIC 3079

1 Reason for lodgement of statement and reports

Tick appropriate box

- | | | |
|-------------------------------------|---|-----|
| <input checked="" type="checkbox"/> | A public company or a disclosing entity which is not a registered scheme or prescribed interest undertaking | (A) |
| <input type="checkbox"/> | A registered scheme | (B) |
| <input type="checkbox"/> | Amendment of financial statements or directors' report (company) | (C) |
| <input type="checkbox"/> | Amendment of financial statements or directors' report (registered scheme) | (D) |
| <input type="checkbox"/> | A large proprietary company that is not a disclosing entity | (H) |
| <input type="checkbox"/> | 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) |
| <input type="checkbox"/> | A small proprietary company that is requested by ASIC to prepare and lodge statements and reports | (J) |
| <input type="checkbox"/> | A prescribed interest undertaking that is a disclosing entity | (K) |

Dates on which financial year begins and ends

Financial year begins

01/07/07
[D] [D] [M] [M] [Y] [Y]

to

Financial year ends

30/06/08
[D] [D] [M] [M] [Y] [Y]

2 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 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?

3 Auditor's report

Were the financial statements audited?

☒ Yes

☐ No

If no, is there a class order exemption current for audit relief?

☐ Yes

☐ No

If yes, does the auditor's report (s308) for the financial year contain a statement of:

Reasons for the auditor not being satisfied as to the matters referred to in s307?

☐ Yes

☒ No

Details of the deficiency, failure or shortcoming concerning any matter referred to in s307?

☐ Yes

☒ No

4 Details of current auditor or auditors

Registered schemes must advise ASIC of the appointment of an auditor on a Form 5137 *Appointment of scheme auditor* within 14 days of the appointment of the auditor.

Auditor registration number (for individual auditor or authorised audit company)

Family name

Given name

or

Company name

ACN/ABN

or

Firm name (if applicable)

4 Continued... Details of current auditor or auditors

Office, unit, level

WOODBURY COURT

Street number and Street name

172 MCIVOR ROAD

Suburb/City

BENDIGO

State/Territory

VICTORIA

Postcode

3550

Country (if not Australia)

Date of appointment

19/11/00
[D] [D] [M] [M] [Y] [Y]

A company may have two appointed auditors, provided that both auditors were appointed on the same date. Otherwise, an appointed auditor must resign, be removed or otherwise ceased before a subsequent appointment may be made.

Auditor registration number (for individual auditor or authorised audit company)

Family name

Given name

or

Company name

ACN/ABN

or

Firm name (if applicable)

Office, unit, level

Street number and Street name

Suburb/City

State/Territory

Postcode

Country (if not Australia)

5 Statements and reports to be attached to this form

Financial statements for the year (as per s295(2) and accounting standards)

Income statement for the year

Balance sheet as at the end of the year

Statement of cash flows for the year

Statement of changes in equity or statement of recognised income and expense for the year

If required by accounting standards - the consolidated income statement, balance sheet, statement of cash flows and statement of changes in equity/statement of recognised income and expense

Notes to financial statements (as per s295(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 s295(4))

The directors' report for the year, including the auditor's independence declaration (as per s298 to s300A)

Auditor's report required under s308 and s314

Concise report (if any) (s314)

Signature

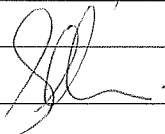
See Guide for details of signatory.

I certify that the attached documents marked (A) are a true copy of the original reports required to be lodged under s319 of the Corporations Act 2001.

Name

GEOFFREY M. VICKERS

Signature



Capacity

☐ Director

☒ Company secretary

Date signed

[D] [D] [M] [M] [Y] [Y]

Lodgement

Send completed and signed forms to:
Australian Securities and Investments Commission,
PO Box 4000, Gippsland Mail Centre VIC 3841.

Or lodge the form electronically by visiting the ASIC website
www.asic.gov.au

For help or more information

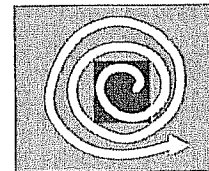
Telephone 1300 300 630

Email info.enquiries@asic.gov.au

Web www.asic.gov.au

Richmond Sinnott & Delahunty

Chartered Accountants



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF UPPER YARRA COMMUNITY ENTERPRISE LIMITED

Partners:
Kenneth J Richmond
Warren J Sinnott
Philip P Delahunty
Brett A Andrews

SCOPE

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for Upper Yarra Community Enterprise Limited, for the year ended 30 June 2008.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are established to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We 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 in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant account estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

INDEPENDENCE

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

AUDIT OPINION

In our opinion, the financial report of Upper Yarra Community Enterprise Limited 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 2008 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

Richmond Sinnott & Delahanty

RICHMOND SINNOTT & DELAHUNTY

Chartered Accountants

W. J. Sinnott

W. J. SINNOTT

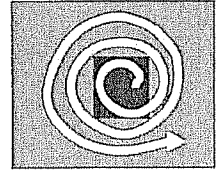
Partner

Bendigo

Date: 8 September 2008

Richmond Sinnott & Delahunty

Chartered Accountants



Partners:
Kenneth J Richmond
Warren J Sinnott
Philip P Delahunty
Brett A Andrews

8 September 2008

The Directors
Upper Yarra Community Enterprise Ltd
P O Box 170
IVANHOE VIC 3079

Dear Directors

Auditor's Independence Declaration

In relation to our audit of the financial report of Upper Yarra Community Enterprise Limited for the year ended 30 June 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

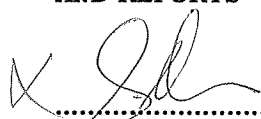
Warren Sinnott
Partner
Richmond Sinnott & Delahunty

UPPER YARRA COMMUNITY ENTERPRISE LTD

ABN 54 090 252 627

**FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2008**

**THIS IS THE ANNEXURE "A"
OF 26 PAGES REFERRED TO IN
FORM 388 COPY OF
FINANCIAL STATEMENTS
AND REPORTS**



.....
**GEOFFREY M VICKERS
11/9/2008**

Upper Yarra Community Enterprise Ltd
(formerly Warburton Community Financial Services Ltd)
ABN 54 090 252 627
Directors' Report

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 are:

Mr G M Vickers Company Secretary	Mrs C L Aulich Account Manager
Mr M Magee Truck Body Builder	Ms E R Fox Student Counsellor
Mr L B Marshall Retired Maintenance Manager	Mr R McKail Governance manager
Mr R J Woods Environmental Consultant	Mr B J Sharman (appointed 18 September 2007) Administrative Officer
Mrs J D Hall (appointed 18 September 2007) Retired Shop Proprietor	

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

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

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 a franchised branch of Bendigo and Adelaide Bank Limited.

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

Operating Results

Operations have continued to perform in line with expectations. During the year the company paid Donations and Community payments of \$124,356 (2007: \$206,574). The profit of the company for the financial year after provision for income tax was \$46,572 (2007: \$69,788).

Dividends	Year Ended 30 June 2008	
	Cents Per Share	Total \$
Dividends paid in the year:		
- As recommended in the prior year report	12	48,000

Upper Yarra Community Enterprise Ltd
(formerly Warburton Community Financial Services Ltd)
ABN 54 090 252 627
Directors' Report

Significant changes in the state of affairs

The company changed its name from Warburton Community Financial Services Ltd to Upper Yarra Community Enterprise Ltd on 2 November 2007. On 7 November 2007, the company made a bonus issue of shares to its current shareholders at the ratio of 2:1. The total number of bonus shares issued was 800,000. The company opened a second branch in Yarra Junction on 23 February 2008. An issue of 730,250 shares, with a paid up value of \$1 per share was made to raise capital for the new branch. These shares were issued on 13 February 2008. The total number of shares on issue is now 1,930,250. In the opinion of the directors there were no other significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report.

Significant events after the balance date

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 providing banking services to the community.

Directors' Benefits

Other than detailed below 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. 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.

Executive Remuneration

	<u>Primary</u> <u>Benefits</u> Salary & Fees	<u>Post</u> <u>Employment</u> Superannuation	<u>Other</u>	<u>Total</u>
	\$	\$	\$	\$
Darren Pennington (Branch Manager)				
2008	74,730	6,725	-	81,455
2007	71,686	6,147	-	77,833
Adam Whitworth (Branch Manager)				
2008	27,500	2,475	-	29,975
2007	-	-	-	-
Geoffrey Vickers (Company Secretary)				
2008	60,575	5,483	-	66,058
2007	51,695	4,652	-	56,347

Upper Yarra Community Enterprise Ltd
(formerly Warburton Community Financial Services Ltd)
ABN 54 090 252 627
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 Meetings Held: 14

Number of Meetings Attended:

Mr G M Vickers	14
Mrs C L Aulich	12
Mr M Magee	14
Ms E R Fox	10
Mr L B Marshall	13
Mr R McKail	12
Mr R J Woods	12
Mr B J Sharman (appointed 18 September 2007)	8
Mrs J D Hall (appointed 18 September 2007)	10

Company Secretary

Mr G M Vickers has been the company secretary of Upper Yarra Community Enterprise Ltd for 5 1/2 years, he holds qualifications in Hospitality, Horticulture and Community services. He operated his own crop spraying business for 10 years until he sold the business in 2004. Prior to commencing his business he was Operations Manager for Muirfield Plant Protection.

Corporate Governance

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

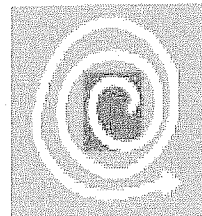
- (a) The establishment of an audit committee. Members of the audit committee are G Vickers (Convenor), M Magee, R McKail and C Aulich;
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

Upper Yarra Community Enterprise Ltd
(formerly Warburton Community Financial Services Ltd)
ABN 54 090 252 627
Directors' Report

Auditor Independence Declaration

The directors received the following declaration from the auditor of the company:

Richmond Sinnott & Delahunty
Chartered Accountants



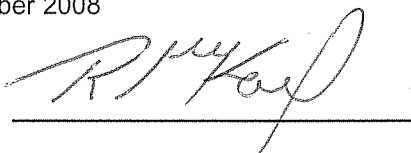
172-176 McIvor Rd
PO Box 30
Bendigo. 3552
Ph. 03 5443 1177
Fax. 03 5444 4344
E-mail:
rsd@rsdadvisors.com.au

Auditor's Independence Declaration

In relation to our audit of the financial report of Upper Yarra Community Enterprise Ltd for the financial year ended 30 June 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Warren Sinnott
Partner
Richmond Sinnott & Delahunty
8 September 2008

Signed in accordance with a resolution of the Board of Directors at Warburton, Victoria on
8 September 2008



Rodney McKail, Chairman

Upper Yarra Community Enterprise Ltd
(formerly Warburton Community Financial Services Ltd)
ABN 54 090 252 627
Income Statement
for the year ended 30 June 2008

	<u>Notes</u>	2008 \$	2007 \$
Revenues from ordinary activities	2	1,009,552	893,751
Employee benefits expense	3	(460,969)	(348,238)
Depreciation and amortisation expense	3	(43,025)	(20,658)
Finance costs	3	(12,394)	(15,583)
Charitable donations and sponsorship		(124,356)	(206,574)
Administration and other expenses from ordinary activities		<u>(290,999)</u>	<u>(193,765)</u>
Profit before income tax		77,809	108,933
Income tax expense	4	<u>31,237</u>	<u>39,145</u>
Profit after income tax expense		<u><u>46,572</u></u>	<u><u>69,788</u></u>
Earnings per share (cents per share)			
- basic for profit for the year	23	3.90	17.45
- diluted for profit for the year	23	3.90	17.45
- dividends paid per share	22	12	9

The accompanying notes form part of these financial statements

Upper Yarra Community Enterprise Ltd
(formerly Warburton Community Financial Services Ltd)
ABN 54 090 252 627
Balance Sheet
As at 30 June 2008

	<u>Notes</u>	2008 \$	2007 \$
Current Assets			
Cash assets	6	376,283	335,913
Current tax refundable	4	176	-
Investments	7	351,624	-
Receivables	8	100,562	81,630
Total Current Assets		<u>828,645</u>	<u>417,543</u>
Non-Current Assets			
Property, plant and equipment	9	822,240	614,782
Intangible assets	10	83,161	5,509
Total Non-Current Assets		<u>905,401</u>	<u>620,291</u>
Total Assets		<u>1,734,046</u>	<u>1,037,834</u>
Current Liabilities			
Payables	11	68,153	41,727
Interest bearing liabilities	12	59,448	59,488
Current tax liability	4	-	3,145
Provisions	13	48,412	39,367
Total Current Liabilities		<u>176,013</u>	<u>143,727</u>
Non-Current Liabilities			
Interest bearing liabilities	12	87,533	135,685
Total Non-Current Liabilities		<u>87,533</u>	<u>135,685</u>
Total Liabilities		<u>263,546</u>	<u>279,412</u>
Net Assets		<u>1,470,500</u>	<u>758,422</u>
Equity			
Share capital	14	1,113,506	400,000
Retained earnings	15	356,994	358,422
Total Equity		<u>1,470,500</u>	<u>758,422</u>

The accompanying notes form part of these financial statements

Upper Yarra Community Enterprise Ltd
(formerly Warburton Community Financial Services Ltd)
ABN 54 090 252 627
Cash Flow Statement
For the year ended 30 June 2008

	<u>Notes</u>	2008 \$	2007 \$
Cash Flows From Operating Activities			
Cash receipts in the course of operations		1,062,678	953,645
Cash payments in the course of operations		(941,799)	(840,139)
Interest received		28,888	19,127
Interest paid		(12,394)	(15,583)
Income tax refunded / (paid)		(34,558)	13,447
Net cash flows from operating activities	16b	<u>102,815</u>	<u>130,497</u>
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(239,680)	(44,547)
Payments for intangible assets		(88,455)	-
Purchase of Investments		(351,624)	-
Net cash flows from investing activities		<u>(679,759)</u>	<u>(44,547)</u>
Cash Flows From Financing Activities			
Repayment of borrowings		(48,192)	(51,170)
Dividends paid		(48,000)	(36,000)
Issue of share capital		730,250	-
Share issue costs		(16,744)	-
Net cash flows from financing activities		<u>617,314</u>	<u>(87,170)</u>
Net increase / (decrease) in cash held		40,370	(1,220)
Add opening cash brought forward		335,913	337,133
Closing cash carried forward	16a	<u>376,283</u>	<u>335,913</u>

The accompanying notes form part of these financial statements

Upper Yarra Community Enterprise Ltd
(formerly Warburton Community Financial Services Ltd)
ABN 54 090 252 627
Statement of Changes in Equity
For the year ended 30 June 2008

	2008 \$	2007 \$
SHARE CAPITAL		
<i>Ordinary shares</i>		
Balance at start of year	400,000	400,000
Issue of share capital	730,250	-
Share issue costs	<u>(16,744)</u>	<u>-</u>
Balance at end of year	<u><u>1,113,506</u></u>	<u><u>400,000</u></u>
 RETAINED EARNINGS		
Balance at start of year	358,422	324,634
Profit after income tax expense	46,572	69,788
Dividends paid	<u>(48,000)</u>	<u>(36,000)</u>
Balance at end of year	<u><u>356,994</u></u>	<u><u>358,422</u></u>

The accompanying notes form part of these financial statements

Upper Yarra Community Enterprise Ltd
(formerly Warburton Community Financial Services Ltd)
ABN 54 090 252 627
Notes to the Financial Statements
for the year ended 30 June 2008

1. Basis of preparation of the Financial Report

(a) Basis of accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards and other mandatory professional reporting requirements.

The financial report has been prepared on an accruals basis and is based on historical costs (except for land and buildings and available-for-sale financial assets that have been measured at fair value) 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 financial report was authorised for issue by the directors on 8 September 2008.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS'). Australian Accounting Standards that have been recently issued or amended, but are not yet effective, have not been adopted in the preparation of this financial report.

(c) Significant accounting policies

The following is a summary of the material accounting policies adopted. The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2007 financial statements.

Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

Upper Yarra Community Enterprise Ltd
(formerly Warburton Community Financial Services Ltd)
ABN 54 090 252 627
Notes to the Financial Statements
for the year ended 30 June 2008

1. Basis of preparation of the Financial Report (continued)

Property, plant and equipment

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

<u>Class of Asset</u>	<u>Depreciation Rate</u>
Computers	15-50%
Plant & Equipment	10-25%
Building	2.5%

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater 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.

Recoverable amount of assets

At each reporting date, the company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

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 Balance Sheet. Cash flows are included in the Cash Flow Statement 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.

Upper Yarra Community Enterprise Ltd
(formerly Warburton Community Financial Services Ltd)
ABN 54 090 252 627
Notes to the Financial Statements
for the year ended 30 June 2008

1. Basis of preparation of the Financial Report (continued)

Employee Benefits

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

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 10% per annum. Franchise fees have been amortised on a straight line basis at a rate of 20%

Cash

Cash on hand and in banks are stated at nominal value.

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

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 fee revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).

Receivables and Payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. 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.

Interest Bearing Liabilities

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

Investments

Investments are recorded at cost.

Upper Yarra Community Enterprise Ltd
(formerly Warburton Community Financial Services Ltd)
ABN 54 090 252 627
Notes to the Financial Statements
for the year ended 30 June 2008

1. Basis of preparation of the Financial Report (continued)

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.

2. Revenue from ordinary activities	2008	2007
	\$	\$
Operating activities		
- services commissions	978,541	874,039
- other revenue	2,123	585
Total revenue from operating activities	<u>980,664</u>	<u>874,624</u>
Non Operating Activities		
- interest received	28,888	19,127
- other revenue	-	-
Total revenue from non-operating activities	<u>28,888</u>	<u>19,127</u>
Total revenue from ordinary activities	<u>1,009,552</u>	<u>893,751</u>
3. Expenses		
Employee benefits expense		
- wages and salaries	413,969	309,469
- superannuation costs	36,808	26,446
- workers' compensation costs	1,148	975
- other costs	9,044	11,348
	<u>460,969</u>	<u>348,238</u>
Depreciation of non-current assets:		
- plant and equipment	16,647	10,356
- buildings	15,575	8,204
Amortisation of non-current assets:		
- intangibles	10,803	2,098
	<u>43,025</u>	<u>20,658</u>
Finance Costs:		
- interest paid	12,394	15,583
Bad debts	779	940

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	2008 \$	2007 \$
4. Income Tax Expense		
The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 30%	23,343	32,680
Add tax effect of:		
- Non-deductible expenses / (other deductible expenses)	7,894	6,465
<i>Current income tax expense</i>	<u>31,237</u>	<u>39,145</u>
Income tax expense	<u>31,237</u>	<u>39,145</u>
Tax liabilities / assets		
Current tax refundable	<u>176</u>	<u>-</u>
Current tax payable	<u>-</u>	<u>3,145</u>
5. Auditors' Remuneration		
Amounts received or due and receivable by Richmond, Sinnott & Delahunty for:		
- Audit or review of the financial report of the company	<u>3,650</u>	<u>3,650</u>
6. Cash Assets		
Cash at bank and on hand	<u>376,283</u>	<u>335,913</u>
7. Investments		
Listed shares at cost	101,624	-
Managed Investment	<u>250,000</u>	<u>-</u>
	<u>351,624</u>	<u>-</u>
8. Receivables		
Commission receivable	99,562	81,630
Sundry debtors	<u>1,000</u>	<u>-</u>
	<u>100,562</u>	<u>81,630</u>
9. Property, Plant and Equipment		
<i>Plant and equipment</i>		
At cost	127,605	81,727
Less accumulated depreciation	<u>(38,497)</u>	<u>(25,827)</u>
	<u>89,108</u>	<u>55,900</u>
<i>Furniture and fittings</i>		
At cost	63,352	42,676
Less accumulated depreciation	<u>(21,482)</u>	<u>(17,505)</u>
	<u>41,870</u>	<u>25,171</u>

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	2008 \$	2007 \$
9. Property, Plant and Equipment (continued)		
<i>Land</i>		
At cost	200,000	200,000
	<u>200,000</u>	<u>200,000</u>
<i>Buildings & Leasehold Improvements</i>		
At cost	515,041	341,915
Less accumulated depreciation	(23,779)	(8,204)
	<u>491,262</u>	<u>333,711</u>
Total written down amount	<u>822,240</u>	<u>614,782</u>
Movements in carrying amounts		
<i>Plant and equipment</i>		
Carrying amount at beginning of year	55,900	42,502
Additions	45,878	20,398
Depreciation expense	(12,670)	(7,000)
Carrying amount at end of year	<u>89,108</u>	<u>55,900</u>
<i>Furniture and fittings</i>		
Carrying amount at beginning of year	25,171	18,091
Additions	20,676	10,436
Depreciation expense	(3,977)	(3,356)
Carrying amount at end of year	<u>41,870</u>	<u>25,171</u>
<i>Land</i>		
Carrying amount at beginning of year	200,000	200,000
Additions	-	-
Carrying amount at end of year	<u>200,000</u>	<u>200,000</u>
<i>Buildings & Leasehold Improvements</i>		
Carrying amount at beginning of year	333,711	328,202
Additions	173,126	13,713
Depreciation expense	(15,575)	(8,204)
Carrying amount at end of year	<u>491,262</u>	<u>333,711</u>
10. Intangible Assets		
<i>Franchise Fee</i>		
At cost	90,000	10,000
Less accumulated amortisation	(14,834)	(4,834)
	<u>75,166</u>	<u>5,166</u>
<i>Preliminary Expenses</i>		
At cost	9,435	980
Less accumulated amortisation	(1,440)	(637)
	<u>7,995</u>	<u>343</u>
	<u>83,161</u>	<u>5,509</u>

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11. Payables	2008 \$	2007 \$
Trade creditors	<u>68,153</u>	<u>41,727</u>

12. Interest Bearing Liabilities

<i>Current</i>		
Secured loans		
- Land & Buildings	<u>59,488</u>	<u>59,488</u>
<i>Non-Current</i>		
Secured loans		
- Land & Buildings	<u>87,533</u>	<u>135,685</u>

The Land & Buildings loan is secured by a charge over the freehold title for which the loan was incurred. Interest is recognised at an average rate of 7.2% (2007: 7.2%).

13. Provisions

Employee benefits	<u>48,412</u>	<u>39,367</u>
Number of employees at year end	<u>13</u>	<u>8</u>

14. Share Capital

400,000 Ordinary Shares fully paid of \$1 each	400,000	400,000
800,000 Ordinary Shares fully paid of \$1 each	-	-
730,250 Ordinary Shares fully paid of \$1 each	730,250	-
Less shares issue costs	<u>(16,744)</u>	<u>-</u>
	<u>1,113,506</u>	<u>400,000</u>

- 800,000 shares were issued on 7 November, 2007 as a bonus at the ratio of 2:1.
- 730,250 shares were issued on 13 February, 2008 to raise capital.

15. Retained Earnings

Balance at the beginning of the financial year	358,422	324,634
Profit after income tax	46,572	69,788
Dividends	<u>(48,000)</u>	<u>(36,000)</u>
Balance at the end of the financial year	<u>356,994</u>	<u>358,422</u>

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	2008 \$	2007 \$
16. Cash Flow Statement		
<i>(a) Reconciliation of cash</i>		
Cash assets	<u>376,283</u>	<u>335,913</u>
<i>(b) Reconciliation of profit after tax to net cash provided from/(used in) operating activities</i>		
Profit after income tax	46,572	69,788
Non cash items		
- Depreciation	32,222	18,560
- Amortisation	10,803	2,098
Changes in assets and liabilities		
- (Increase) decrease in receivables	(18,932)	(8,384)
- (Increase) decrease in tax refundable	(3,321)	-
- Increase (decrease) in payables	26,426	37,088
- Increase (decrease) in provisions	9,045	11,347
Net cashflows from / (used in) operating activities	<u>102,815</u>	<u>130,497</u>

17. Director and Related Party Disclosures

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

Mr G M Vickers
Mrs C L Aulich
Mr M Magee
Ms E R Fox
Mr L B Marshall
Mr R McKail
Mr R J Woods
Mr B J Sharman (appointed 18 September 2007)
Mrs J D Hall (appointed 18 September 2007)

No director or related entity has entered into a material contract with the company. Other than stated below no director's fees have been paid as the positions are held on a voluntary basis.

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17. Director and Related Party Disclosures (continued)

Directors shareholdings	2008	2007
Mr G M Vickers	2,000	500
Mrs C L Aulich	1,000	100
Mr M Magee	12,000	2,000
Ms E R Fox	-	-
Mr L B Marshall	-	-
Mr R McKail	1,000	-
Mr R J Woods	1,000	-
Mr B J Sharman (appointed 18 September 2007)	3,000	-
Mrs J D Hall (appointed 18 September 2007)	30,000	-

In addition to the 2:1 bonus share issue on 7 November 2007 the movement in directors shareholdings during the year can be seen above. All shares have a paid up value of \$1 and are fully paid.

Executive Remuneration

	Primary <u>Benefits</u> Salary & Fees \$	Post <u>Employment</u> Superannuation \$	<u>Other</u> \$	<u>Total</u> \$
Darren Pennington (Branch Manager)				
2008	74,730	6,725	-	81,455
2007	71,686	6,147	-	77,833
Adam Whitworth (Branch Manager)				
2008	27,500	2,475	-	29,975
2007	-	-	-	-
Geoffrey Vickers (Company Secretary)				
2008	60,575	5,483	-	66,058
2007	51,695	4,652	-	56,347

18. Subsequent Events

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

19. Contingent Liabilities

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

20. Segment Reporting

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in one geographic area being Warburton, Victoria.

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21. Corporate Information

Warburton Community Financial Services Ltd is a company limited by shares incorporated in Australia whose shares are publicly traded on the Bendigo Stock Exchange.

The registered office and principal place of business is:
3399 Warburton Highway
Warburton VIC 3799

	2008	2007
	\$	\$
22. Dividends paid or provided for on ordinary shares		
(a) Dividends paid during the year		
Previous year final		
Franked dividends - 12 cents per share (2007: 9 cents franked per share)	<u>48,000</u>	<u>36,000</u>
(b) Dividends proposed and not recognised as a liability		
Franked dividends - nil cents per share (2007: 12 cents per share)	<u>-</u>	<u>48,000</u>
(c) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
- Franking account balance as at the end of the financial year at 30%	238,508	224,521
- Franking credits that will arise from the payment of income tax payable as at the end of the financial year	-	3,145
- Franking debits that will arise from the refund of income tax as at the end of the financial year	<u>(176)</u>	<u>-</u>
	<u>238,332</u>	<u>227,666</u>

The tax rate at which dividends have been franked is 30% (2007: 30%).
Dividends proposed will be franked at a rate of 30% (2007: 30%).

23. Earnings per share

Basic earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Profit after income tax expense	<u>46,572</u>	<u>69,788</u>
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>1,193,373</u>	<u>400,000</u>

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24. Financial risk management

The Company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

(a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the Company it arises from receivables and cash assets.

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Balance Sheet and notes to the financial statements. The Company's maximum exposure to credit risk at reporting date was:

	<u>Carrying Amount</u>	
	<u>2008</u>	<u>2007</u>
	<u>\$</u>	<u>\$</u>
Cash assets	376,283	335,913
Receivables	100,562	81,630
	<u>476,845</u>	<u>417,543</u>

The Company's exposure to credit risk is limited to Australia by geographic area. The entire balance of receivables is due from Bendigo and Adelaide Bank Ltd.

None of the assets of the Company are past due (2007: nil past due) and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Ltd.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the Company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

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24. Financial risk management (continued)

The following are the estimated contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount \$	Contractual cash flows \$	1 year or less \$	over 1 to 5 years \$	more than 5 years \$
30 June 2008					
Payables	68,153	(68,153)	(68,153)	-	-
Interest bearing liabilities	146,981	(161,958)	(59,488)	(102,470)	-
	<u>215,134</u>	<u>(230,111)</u>	<u>(127,641)</u>	<u>(102,470)</u>	<u>-</u>
30 June 2007					
Payables	41,727	(41,727)	(41,727)	-	-
Interest bearing liabilities	195,173	(222,804)	(59,488)	(163,316)	-
	<u>236,900</u>	<u>(264,531)</u>	<u>(101,215)</u>	<u>(163,316)</u>	<u>-</u>

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Interest Rate Risk

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company reviews the exposure to interest rate risk as part of the regular board meetings.

Sensitivity analysis

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	Carrying Amount	
	2008	2007
	\$	\$
Fixed rate instruments		
Financial assets	9,430	310,382
Financial liabilities	-	-
	<u>9,430</u>	<u>310,382</u>
Variable rate instruments		
Financial assets	366,853	25,531
Financial liabilities	(146,981)	(195,173)
	<u>219,872</u>	<u>(169,642)</u>

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. For the analysis performed on the same basis as at 30 June 2007 there was also no impact. As at both dates this assumes all other variables remain constant.

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24. Financial risk management (continued)

(d) Net fair values

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

(e) Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the Company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Balance Sheet.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the Distribution Limit.

- (i) the Distribution Limit is the greater of:
 - (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
 - (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and
- (ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2008 can be seen in the Income Statement.

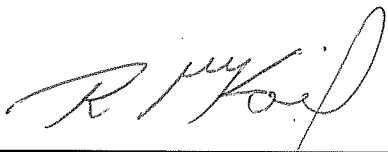
There were no changes in the Company's approach to capital management during the year.

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Directors Declaration

In accordance with a resolution of the directors of Warburton Community Financial Services Limited, I 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 their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001;
- (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; and
- (c) this declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2008.



Rodney McKail, Chairman

Signed at Warburton, Victoria on 8 September 2008.