

# **Financial Statements**

**as at**

**30 June 2007**

**Wantirna Community Financial Services Limited**  
**ABN 43 118 000 230**  
**Directors' Report**

Your Directors submit the financial report of the company for the financial year ended 30 June 2007.

**Directors**

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

**Garry Harrison Grace**

Chairman

Age: 53

Lawyer

Holds a Bachelor of Science degree majoring in Chemistry and Mathematics, also holds a Law degree. A number of years experience in city law firms before establishing as a sole practitioner in Wantirna.

Member of the Human Resources sub committee

Interests in shares: 20,002

**Sharon Teresa O'Malley** (Retired 16 August 2007)

Director

Age: 37

Accountant/Consultant

Holds a Diploma of Business majoring in Accounting and is currently completing a Bachelor of Business also majoring in Accounting. Over 6 years experience in public practice accounting and business consulting. Previous Treasurer of Cockatoo Kindergarten Committee.

Member of the Finance/Audit sub committee

Interests in shares: 5,001

**Julianne Mary Spithall**

Director

Age: 52

Administrator

A banking background with experience at both branch and head office level. Current President of 1st Bayswater Scout Group.

Member of the Business Development, Marketing & Sponsorship subcommittee

Interests in shares: 501

**Alan Roy Burney**

Director

Age: 66

Retired

Over 40 years experience in the fluid power industry (hydraulics and pneumatics) with experience in sales, marketing, system design, projects and regional management. Past President of the Fluid Power Society of Vic. Inc. and Sunmaid Association of Vic. Inc. Current member of Wantirna Heights Combined Probus Club, Wantirna Neighbourhood watch and the Derwent Sailing

**Thomas Adrian Spiesser**

Treasurer

Age: 54

Business Proprietor, former banker

Holds a Bachelor of Business Science (Honours), a Master Business Science and Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia. 24 years experience as a banker for 2 global banks in Australia and overseas, currently owns the Wantirna Video Ezy Franchise. Previous Treasurer for 3 years of the Gliding Club of Victoria.

Member of the Finance/Audit sub committee

Interests in shares: 501

**Robert Frederick Scott**

Director

Age: 69

Retired

Served as an RAAF Aircraft Maintenance Engineer for 23 years serving in Australia and overseas, 9 years with the 34 VIP squadron in Canberra, 20 years with the Defence Quality Assurance - Air Force and 10 years as Chief Quality Assurance Supervisor for Dunlop Aerospace and Dunlop Industrial. Current Treasurer and founding member of the Knox 1 Neighbourhood watch, former Scout leader of 1st Studfield Scout Group, a Freemason, Vice President of Boronia Men's Probus Group, a member of Ringwood RSL, RSL angling club and Knox Club.

Interests in shares: 7,501

**Judy Ann Blizzard**

Director

Age: 46

Home Duties

Experience in sales, direct marketing, team management and law, with McEwans, Victoria Police and Homecare Direct Shopping.

Interests in shares: 501

**Gary Tor**

Director

Age: 53

Home Carer

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**Directors' Report**

Squadron (Hobart).

Member of the Human Resources sub committee

Interests in shares: 2,001

Holds a Bachelor of Economics majoring in Economic Statistics. Vast experience in retailing and marketing and has worked for a major global bank in mortgage lending.

Member of the Business Development, Marketing & Sponsorship subcommittee

Interests in shares: 2,001

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**Rowland Skipsey Ward**

Director

Age: 61

Presbyterian Minister

Studied at the Ministry of Edinburgh and was ordained in 1976, in 1987 established the Knox Presbyterian Church in Wantirna. Holds a doctorate of history from the Australian College of Theology and has authored a number of books. Previously chaired the Allocations and Investments Committee of the Presbyterian Ladies' College Foundation Ltd, Committee member of Knox Inner-faith Network, chair of Ramabai Mukti Mission Australia Inc. and covers the Superannuation Committee of his denomination since 1978.

Member of the Finance/Audit sub committee

Interests in shares: 1,000

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

No Directors have material interests in contracts or proposed contracts with the company, except for Rowland Ward who is the Minister of the local Presbyterian Church. The meetings of the Board of Directors are held on the Church premises for a fee.

**Company Secretary**

The company secretary is Judy Bizzard. Judy was appointed to the position of secretary on 23 January 2006.

Judy has experience in sales, direct marketing, team management and law, with McEwans, Victoria Police and Homecare Direct Shopping.

**Principal activities**

The principal activities of the company during the course of the financial year were in facilitating community banking services under management rights to operate a franchised branch of Bendigo 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. The loss of the company for the financial year after provision for income tax was:

Year ended 30 June 2007	Year ended 30 June 2006
\$	\$
(124,628)	(77,659)

**Remuneration Report**

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

**Wantirna Community Financial Services Limited**  
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**Directors' Report**

There are no employees who are directly accountable and have responsibility for the strategic direction and operational management of the entity.

There are therefore no specified Executives whose remuneration requires disclosure.

The Branch Manager commenced employment on 1 August 2006. He is employed on a contract which is in line with the standards and remuneration levels applicable to Bendigo Bank staff in similar roles.

#### **Dividends**

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

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

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

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

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

#### **Likely Developments**

The company will continue its policy of facilitating banking services to the community.

#### **Environmental Regulation**

The company is not subject to any significant environmental regulation.

#### **Directors' Benefits**

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

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

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

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**Directors' Report**

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:

	<b><u>Number of Board Meetings eligible to attend</u></b>	<b><u>Number attended</u></b>
Garry Harrison Grace	19	18
Thomas Adrian Spiesser	19	19
Sharon Teresa O'Malley (Retired 16 August 2007)	19	6
Robert Frederick Scott	19	12
Julianne Mary Spithall	19	17
Judy Ann Blizzard	19	8
Alan Roy Burney	19	17
Gary Tor	19	17
Rowland Skipsey Ward	19	17

**Non Audit Services**

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

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

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

all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the auditor;

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**Directors' Report**

none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

**Auditors' independence declaration**

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

Signed in accordance with a resolution of the Board of Directors at Wantirna, Victoria on 13 September 2007.

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**Garry Harrison Grace, Chairman**

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**Thomas Adrian Spiesser, Director**

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**Auditor's Declaration**

Auditor's Independence Declaration

As lead auditor for the audit of Wantirna Community Financial Services Limited for the year ended 30 June 2007, I declare that, to the best of my knowledge and belief, there have been:

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

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

David Hutchings  
Auditor Partner

Andrew Frewin & Stewart  
Bendigo



**Wantirna Community Financial Services Limited**  
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**Income Statement**  
**for the year ended 30 June 2007**

	<u>Notes</u>	<b>2007</b> <b>\$</b>	<b>2006</b> <b>\$</b>
Revenues from ordinary activities	3	120,400	1,500
Salaries and employee benefits expense		(171,795)	(110,000)
Advertising and promotion expenses		(2,879)	-
Occupancy and associated costs		(33,905)	-
Systems costs		(16,386)	-
Depreciation and amortisation expense	4	(17,525)	-
General administration expenses		(57,129)	(4,686)
<b>Loss before income tax credit</b>		<b>(179,218)</b>	<b>(113,186)</b>
Income tax credit	5	54,590	35,527
<b>Loss for the period</b>		<b>(124,628)</b>	<b>(77,659)</b>
<b>Loss attributable to members of the entity</b>		<b>(124,628)</b>	<b>(77,659)</b>
<b>Earnings per share (cents per share)</b>		<u><b>c</b></u>	<u><b>c</b></u>
- basic for profit for the year	19	(13.78)	(9.04)

The accompanying notes form part of these financial statements

**Wantirna Community Financial Services Limited**  
**ABN 43 118 000 230**  
**Balance Sheet**  
**as at 30 June 2007**

	<u>Notes</u>	<b>2007</b> <b>\$</b>	<b>2006</b> <b>\$</b>
<b>Current Assets</b>			
Cash assets	6	302,229	689,406
Trade and other receivables	7	15,024	13,094
<b>Total Current Assets</b>		<b><u>317,253</u></b>	<b><u>702,500</u></b>
<b>Non-Current Assets</b>			
Property, plant and equipment	8	267,844	-
Intangible assets	9	31,414	33,000
Deferred tax assets	10	90,117	35,527
<b>Total Non-Current Assets</b>		<b><u>389,375</u></b>	<b><u>68,527</u></b>
<b>Total Assets</b>		<b><u>706,628</u></b>	<b><u>771,027</u></b>
<b>Current Liabilities</b>			
Trade and other payables	11	10,900	2,600
Borrowings	12	-	12,973
Provisions	13	6,790	-
<b>Total Current Liabilities</b>		<b><u>17,690</u></b>	<b><u>15,573</u></b>
<b>Total Liabilities</b>		<b><u>17,690</u></b>	<b><u>15,573</u></b>
<b>Net Assets</b>		<b><u>688,938</u></b>	<b><u>755,454</u></b>
<b>Equity</b>			
Contributed equity	14	891,225	833,113
Accumulated losses	15	(202,287)	(77,659)
<b>Total Equity</b>		<b><u>688,938</u></b>	<b><u>755,454</u></b>

The accompanying notes form part of these financial statements

**Wantirna Community Financial Services Limited**  
**ABN 43 118 000 230**  
**Statement of changes in equity**  
**for the year ended 30 June 2007**

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Total equity at the beginning of the financial year	755,454	-
Net income/expense recognised directly in equity	-	-
Net loss for the year	(124,628)	(77,659)
Total recognised income & expenses for the year	<u>630,826</u>	<u>(77,659)</u>
Shares issued during period	62,210	859,299
Costs of issuing shares	(4,098)	(26,186)
Dividends provided for or paid	-	-
Total equity at the end of the financial year	<u><u>688,938</u></u>	<u><u>755,454</u></u>

The accompanying notes form part of these financial statements

**Wantirna Community Financial Services Limited**  
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**Statement of Cashflows**  
**for the year ended 30 June 2007**

	<u>Notes</u>	<b>2007</b> <b>\$</b>	<b>2006</b> <b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		99,344	-
Receipts from Council Grant		-	1,500
Payments to suppliers and employees		(271,218)	(125,135)
Interest received		23,341	-
Interest paid		-	(45)
<b>Net cash outflow from operating activities</b>	16	<u><b>(148,533)</b></u>	<u><b>(123,680)</b></u>
<b>Cash Flows From Investing Activities</b>			
Payment for intangible assets		-	(10,000)
Payment for purchase of lease		-	(23,000)
Payments for property plant and equipment		(283,783)	-
<b>Net cash outflow from investing activities</b>		<u><b>(283,783)</b></u>	<u><b>(33,000)</b></u>
<b>Cash Flows From Financing Activities</b>			
Proceeds from issue of shares		62,210	859,299
Payment of share issue costs		(4,098)	(26,186)
Payment of Council loan		(12,973)	-
Proceeds from Council loan		-	12,973
<b>Net cash inflow from financing activities</b>		<u><b>45,139</b></u>	<u><b>846,086</b></u>
<b>Net increase/(decrease) in cash held</b>		<b>(387,177)</b>	<b>689,406</b>
Cash at the beginning of the financial year		689,406	-
<b>Cash at the end of the financial year</b>	6(a)	<u><u><b>302,229</b></u></u>	<u><u><b>689,406</b></u></u>

The accompanying notes form part of these financial statements

## **1. Summary of significant accounting policies**

### **Basis of preparation**

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

#### *Compliance with IFRS*

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

#### *Historical cost convention*

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

### **Revenue**

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

### **Goods and services tax**

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

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

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

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

### **Income tax**

#### Current tax

**Wantirna Community Financial Services Limited**

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**Notes to the Financial Statements**

**for the year ended 30 June 2007**

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).

**1. Summary of significant accounting policies (continued)**

**Income tax (continued)**

Deferred tax

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

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

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

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

Current and deferred tax for the period

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

**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.

**Wantirna Community Financial Services Limited**

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**Notes to the Financial Statements  
for the year ended 30 June 2007**

**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.

**1. Summary of significant accounting policies (continued)**

**Cash**

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

**Comparative figures**

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

**Property, plant and equipment**

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

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

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

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

**Goodwill**

**Wantirna Community Financial Services Limited**

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**Notes to the Financial Statements**

**for the year ended 30 June 2007**

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

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

**Critical Accounting Estimates and Judgements**

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

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

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

**1. Summary of significant accounting policies (continued)**

**Critical Accounting Estimates and Judgements (continued)**

*Estimated Impairment of Goodwill*

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

**Impairment of assets**

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

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

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



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**Notes to the Financial Statements**

**for the year ended 30 June 2007**

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

**Payment terms**

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

**Trade Receivables and Payables**

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

**Borrowings**

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

**1. Summary of significant accounting policies (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 of other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

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

**Contributed Equity**

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

**Earnings per Share**

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

**Wantirna Community Financial Services Limited**

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**Notes to the Financial Statements**

**for the year ended 30 June 2007**

**2. Financial Risk Management**

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

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

**(i) Market Risk**

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

**(ii) Price Risk**

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

**(iii) Credit Risk**

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

**2. Financial Risk Management (continued)**

**(iv) Liquidity Risk**

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

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

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

**3. Revenue from ordinary activities**

**Operating activities:**

- services commissions
- other revenue

**Total revenue from operating activities**

<b>2007</b>	<b>2006</b>
<b>\$</b>	<b>\$</b>
89,818	-
-	1,500
<u>89,818</u>	<u>1,500</u>

**Wantirna Community Financial Services Limited**

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**Notes to the Financial Statements**

**for the year ended 30 June 2007**

Non-operating activities:

- interest received

30,582                      -

Total revenue from non-operating activities

30,582                      -

Total revenues from ordinary activities

120,400                      1,500

**4. Expenses**

Depreciation of non-current assets:

- plant and equipment

8,834                      -

- leasehold improvements

7,105                      -

Amortisation of non-current assets:

- franchise agreement

1,586                      -

17,525                      -

Bad debts

11                      -

**5. Income tax credit**

**2007**

**\$**

**2006**

**\$**

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

Operating loss

(179,218)                      (113,186)

Prima facie tax on loss from ordinary activities at 30%

(53,765)                      (33,956)

Add tax effect of:

- non-deductible expenses

476                      (1,571)

- timing difference expenses

517                      -

- blackhole expenses

(1,817)                      -

Income tax expense on operating loss

(54,590)                      (35,527)

**6. Cash assets**

Cash at bank and on hand

22,129                      45,107

**Wantirna Community Financial Services Limited**

**ABN 43 118 000 230**

**Notes to the Financial Statements**

**for the year ended 30 June 2007**

Monies held in trust	100	24,299
Term Deposits	280,000	620,000
	<u>302,229</u>	<u>689,406</u>

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

**6(a) Reconciliation of cash**

Cash at bank and on hand	22,129	45,107
Monies held in trust	100	24,299
Term Deposits	280,000	620,000
	<u>302,229</u>	<u>689,406</u>

**7. Trade and other receivables**

Trade receivables	3,568	13,094
Prepayments	4,215	-
Accrued income	7,241	-
	<u>15,024</u>	<u>13,094</u>

**8. Property, plant and equipment**

*Plant and equipment*

At cost	85,398	-
Less accumulated depreciation	(8,834)	-
	<u>76,564</u>	<u>-</u>

*Leasehold improvements*

At cost	198,385	-
Less accumulated depreciation	(7,105)	-
	<u>191,280</u>	<u>-</u>

Total written down amount	<u>267,844</u>	<u>-</u>
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<b>8. Property, plant and equipment (continued)</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>

**Movements in carrying amounts:**

*Plant and equipment*

Carrying amount at beginning	-	-
Additions	85,398	-
Less: depreciation expense	(8,834)	-
Carrying amount at end	<u>76,564</u>	<u>-</u>

*Leasehold improvements*

Carrying amount at beginning	-	-
Additions	198,385	-
Less: depreciation expense	(7,105)	-

**Wantirna Community Financial Services Limited**

**ABN 43 118 000 230**

**Notes to the Financial Statements**

**for the year ended 30 June 2007**

Carrying amount at end	<u>191,280</u>	<u>-</u>
Total written down amount	<u>267,844</u>	<u>-</u>

**9. Intangible assets**

*Franchise Fee*

At cost	10,000	10,000
Less: accumulated amortisation	(1,586)	-

*Goodwill*

23,000	23,000
<u>31,414</u>	<u>33,000</u>

**10. Deferred Tax**

Deferred Tax Asset

Tax losses - revenue	<u>90,117</u>	<u>35,527</u>
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**11. Trade and other payables**

Trade Creditors	7,900	-
Other creditors & accruals	3,000	2,600
	<u>10,900</u>	<u>2,600</u>

**12. Borrowings**

Interest free Council loan	<u>-</u>	<u>12,973</u>
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**13. Provisions**

Employee provisions	<u>6,790</u>	<u>-</u>
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Number of employees at year end	<u>3</u>	<u>0</u>
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**14. Contributed equity**

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
921,509 Ordinary shares fully paid of \$1 each (2006: 859,299)	921,509	859,299
Less: equity raising expenses	(30,284)	(26,186)
	<u>891,225</u>	<u>833,113</u>

**15. Accumulated losses**

Balance at the beginning of the financial year	(77,659)	-
Net loss from ordinary activities after income tax	(124,628)	(77,659)

**Wantirna Community Financial Services Limited**

**ABN 43 118 000 230**

**Notes to the Financial Statements**

**for the year ended 30 June 2007**

Balance at the end of the financial year	<u>(202,287)</u>	<u>(77,659)</u>
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**16. Statement of cashflows**

*Reconciliation of loss from ordinary activities after tax to net cash used in operating activities*

Loss from ordinary activities after income tax	(124,628)	(77,659)
Non cash items:		
- depreciation	15,939	-
- amortisation	1,586	-
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(1,930)	(13,094)
- (increase)/decrease in other assets	(54,590)	(35,527)
- increase/(decrease) in payables	8,300	2,600
-increase/(decrease) in provisions	6,790	-
Net cashflows used in operating activities	<u>(148,533)</u>	<u>(123,680)</u>

**17. Auditors' remuneration**

Amounts received or due and receivable by the auditor of the company for:

- audit & review services	4,000	2,600
- non audit services	1,400	14,800
	<u>5,400</u>	<u>17,400</u>

**18. Director and Related party disclosures**

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

Garry Harrison Grace

Thomas Adrian Spiesser

**Wantirna Community Financial Services Limited**

**ABN 43 118 000 230**

**Notes to the Financial Statements**

**for the year ended 30 June 2007**

Sharon Teresa O'Malley (Retired 16 August 2007)

Robert Frederick Scott

Julianne Mary Spithall

Judy Ann Blizzard

Alan Roy Burney

Gary Tor

Rowland Skipsey Ward

No director's fees have been paid as the positions are held on a voluntary basis.

Except for Rowland Ward no director or related entity has entered into a material contract with the company.

Rowland Ward is the Minister of the local Presbyterian Church. The Presbyterian Church charges the company a fee for the use of the premises for the meetings of the Directors. During the financial year the total benefit the local Presbyterian Church received was \$510.00.

<b>Directors shareholdings</b>	<b><u>2007</u></b>	<b><u>2006</u></b>
Garry Harrison Grace	20,002	20,002
Thomas Adrian Spiesser	501	501
Sharon Teresa O'Malley (Retired 16 August 2007)	5,001	5,001
Robert Frederick Scott	7,501	7,501
Julianne Mary Spithall	501	501
Judy Ann Blizzard	501	1
Alan Roy Burney	2,001	2,001
Gary Tor	2,001	2,001
Rowland Skipsey Ward	1,000	1,000

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

<b>19. Earnings per Share</b>	<b><u>2007</u></b>	<b><u>2006</u></b>
	<b>\$</b>	<b>\$</b>

**Wantirna Community Financial Services Limited**

**ABN 43 118 000 230**

**Notes to the Financial Statements**

**for the year ended 30 June 2007**

(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	(124,628)	(77,659)
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<b><u>2007</u></b>	<b><u>2006</u></b>
<b><u>Number</u></b>	<b><u>Number</u></b>

(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	904,711	859,059
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**20. Events occurring after the balance sheet date**

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

**21. Contingent liabilities**

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

**22. Segment reporting**

The economic entity operates in the service sector where it facilitates community banking services pursuant to a franchise agreement with Bendigo Bank Limited. The economic entity operates in one geographic area being Wantirna in Melbourne, Victoria.

**23. Registered office/Principal place of business**

The registered office and principal place of business is:

**Registered office**

Suite 30/Wantirna Mall  
348 Mountain Highway  
Wantirna VIC 3152

**Principal place of business**

Shop 5 & 6/Wantirna Mall  
348 Mountain Highway  
Wantirna VIC 3152



**Wantirna Community Financial Services Limited**  
**ABN 43 118 000 230**  
**Notes to the Financial Statements for the year ended 30 June 2007**

## 24. Financial Instruments

### Net fair values

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

### Credit risk

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

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

### Interest rate risk

Financial instrument	Floating interest rate		Fixed interest rate maturing in						Non interest bearing		Weighted average effective interest rate	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$	2007 %	2006 %
Financial assets												
Cash assets	22,129	45,107	-	-	-	-	-	-	-	-	0.05	0.05
Trust Account	100	24,229	-	-	-	-	-	-	-	-	Nil	Nil
Term Deposit	-	-	280,000	620,000	-	-	-	-	-	-	5.80	5.70
Receivables	-	-	-	-	-	-	-	-	15,024	13,094	N/A	N/A
Financial liabilities												
Interest bearing liabilities	-	-	-	12,973	-	-	-	-	-	-	-	Nil
Payables	-	-	-	-	-	-	-	-	10,900	2,600	N/A	N/A

# **WANTIRNA COMMUNITY FINANCIAL SERVICES LTD**

## **Chairman's Report**

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For the year ending 30<sup>th</sup> June 2007

Welcome to the second annual report of Wantirna Community Financial Services Ltd. Our first annual report was delivered for the year ending the 30<sup>th</sup> June 2006, but at that stage, our bank branch had not yet opened. Our bank branch opened with great fanfare on the 18<sup>th</sup> September 2006. It follows that this second annual report, includes the period from our branch opening to the 30<sup>th</sup> June 2007, a period of approximately nine and a half months. We raised \$921,000.00 in capital which was just \$9,000.00 short of our maximum target of \$930,000.00. We have 327 local shareholders.

When we opened, we had \$2 million worth of business on the books. At the 30<sup>th</sup> June 2007, we had \$16,423,000.00 worth of business. The last few weeks of June 2007 took a dip because of the one off Commonwealth Government concession on placing assets in superannuation funds. Since then, business has bounced back, such that we are nudging \$20 million as I write this report.

The prospectus forecast spelt out that it was unlikely that the branch would be profitable for upwards of 3 years. The raised capital of the company was planned to cover expected losses. The loss reported in our annual report for the year ending the 30<sup>th</sup> June 2007 was \$124,628.00. That is well within the financial plan in the prospectus.

We expect to be in profit well within the 3-year time line.

The branch staff has remained stable. Staff receive continual training, and that has led to an adjustment in staff duties. Karen has undertaken further training, and she combines her duties as a customer service officer with that of a customer relations officer. That is intended to assist the branch manager Steve Wright in managing his duties on attracting and managing business of the bank branch.

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Our company has supported a number of community activities. We have signed a sponsorship agreement with the Bayswater Park Cricket Club. We have also participated in a Bayswater Rotary Club fundraising golf day.

Our branch is developing close relationships with local sporting clubs.

Our Board of Directors has remained the same, except for the unfortunate resignation of Sharon O'Malley due to ill health. The Board of Directors is united and hard working. On a sad note, Alan Burney has indicated that he wishes to resign as a board director. Alan has been a tireless worker since before commencement of the awareness campaign. Alan has indicated that he is happy to continue to assist where needs be and a phone call is all that is needed. We wish to thank Alan for his efforts.

Frank Kruize an architect, and John Katselas, a local Real Estate Agent have agreed to join the Board of Directors. We are looking forward to their participation and the skills which they can bring to the Board of Directors. There are some formalities which need to be completed, and we expect Frank and John to join the board in January or February 2008.

Our thanks also go to Bendigo Bank Ltd and their State Support Unit. When we need invitations prepared, information posters or printing of a newsletter, then State Support is there to assist. Alison Burr is the area manager, responsible for the whole of the Yarra Valley. She has kept a watchful eye on our activities. She is always a welcome member at our monthly board meetings. Our thanks also go to Alison.

This Bendigo Bank branch not only provides banking services for Bendigo Bank Ltd but we are also supported by a business unit of Bendigo Bank at Boronia. Nick Coker and Katie Helpmann. are always on hand if needs be.

What are we going to do in the future?

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Well you will see more of us. We are going to continue to develop and cement relationships with local sporting clubs and school organisations. We are looking to grow the deposit book and the loan book of the branch. Steve and his team continue to have the full support of the Board of Directors, and the board wishes to thank Steve and his team for their continued efforts.

Finally the board wishes to thank the shareholders for their support for the company during the year. We want to go on and make this community banking company a banking force in the eastern suburbs. Any shareholders who have yet to open accounts, are invited to talk to Steve or Karen. Any business which can be brought to the bank branch will enhance the profitability of Wantirna Community Financial Services Ltd, and will lead to distribution of dividends to shareholders as well as financially supporting local community groups. This is one acorn that will grow into an oak tree.

Garry H. Grace  
Chairman  
Wantirna Community Financial Services Ltd.

**Wantirna Community Financial Services Limited**  
**ABN 43 118 000 230**  
**Directors' Report**

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

	<b>Number of Board Meetings eligible to attend</b>	<b>Number attended</b>
Garry Harrison Grace	19	18
Thomas Adrian Spiesser	19	19
Sharon Teresa O'Malley (Retired 16 August 2007)	19	6
Robert Frederick Scott	19	12
Julianne Mary Spithall	19	17
Judy Ann Blizzard	19	8
Alan Roy Burney	19	17
Gary Tor	19	17
Rowland Skipsey Ward	19	17

**Non Audit Services**

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

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

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

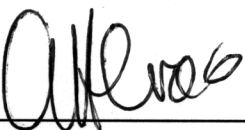
all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the auditor;

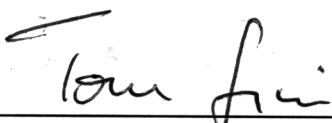
none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

**Auditors' independence declaration**

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

Signed in accordance with a resolution of the Board of Directors at Wantirna, Victoria on 13 September 2007.

  
\_\_\_\_\_  
Garry Harrison Grace, Chairman

  
\_\_\_\_\_  
Thomas Adrian Spiesser, Director

### **Auditor's Independence Declaration**

As lead auditor for the audit of the financial statements of Wantirna Community Financial Services Limited the year ended 30 June 2007, 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 audit; and
- b) any applicable code of professional conduct in relation to the audit.



David Hutchings  
Auditor  
Andrew Frewin & Stewart

Bendigo  
13 September 2007

**Wantirna Community Financial Services Limited**  
**ABN 43 118 000 230**  
**Directors' Declaration**

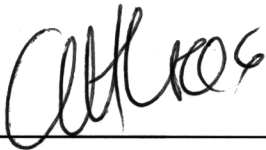
In accordance with a resolution of the directors of Wantirna Community Financial Services Limited, we state that:

In the opinion of the directors:

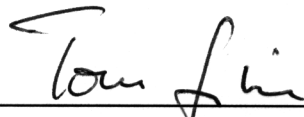
- (a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2007 and of its performance for the financial year ended on that date; and
  - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB174 Related Party Disclosures and the Corporations Regulations 2001.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by section 295A of the Corporations Act.

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



**Garry Harrison Grace, Chairman**



**Thomas Adrian Spiesser, Director**

Signed on the 13th of September 2007.

## INDEPENDENT AUDITOR'S REPORT

To the members of Wantirna Community Financial Services Limited

We have audited the accompanying financial report of Wantirna Community Financial Services Limited which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the Directors' Declaration.

### Directors Responsibility for the Financial Report

The Directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report so that that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility


Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

### Independent Auditor's Opinion

In our opinion, the financial report of Balmain Wantirna Community Financial Services Limited is in accordance with the Corporations Act 2001 including giving a true and fair view of the financial position of Wantirna Community Financial Services Limited as of 30 June 2007, and of its financial performance and its cash flows for the year then ended and Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.



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

Dated this 13<sup>th</sup> day of September 2007