



2007 annual report



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Chairman's report

For year ended 30 June 2007

I am pleased to present the second annual report for our Acacia Ridge Financial Services Limited for the year ended 30 June 2007.

Our Company's vision is to bring community owned banking into the area, providing a full and competitive service for the benefit of clients, shareholders and the community. We strive to provide a customer focused service to the Acacia Ridge residents and businesses.

Acacia Ridge **Community Bank®** Branch will be two years old on 23 November this year. This has been a year of consolidation. As at 30 June we had 146 shareholders with a total shareholding of \$534,487. Your shares are listed on the Bendigo Stock Exchange (BSX).

The present year

We are on target to reach our budget for our second financial year.

Like most small businesses in Australia, we are operating in a very tight labour market and it is increasingly difficult to recruit staff. Consequently we have had our challenges in personnel changes in the branch. We were without a branch Manager for three months from January until March this year, when we welcomed Scott Northfield to our branch team. Scott has been with Bendigo Bank for seven years and transferred to Acacia Ridge from Geelong.

Our Customer Service Officers Debb and Debbie, led by Kelly, are providing local residents, traders and businesses with professional and friendly face-to-face banking and other financial services which are highly valued and appreciated by our community.

In March this year, we welcomed Marie Jackson to the Board. Marie brings a wealth of experience as a Director. She has been very active in small business and continues to actively contribute to a number of community organisations in Brisbane.

The future

The branch had approximately \$28 million dollars worth of business by the end of the financial year. We have budgeted to write another \$10 million in this current financial year. We need your help and your business to achieve this.

What will this mean to you as shareholders? If we can achieve this, the branch will then be able to meet its overheads and look forward to becoming profitable. Once we repay our set up costs, the Company will then be in a position to return moneys by way of grants to community groups and dividends to you as shareholders in the Company.

Put simply, the bigger our business, the larger the profit, the greater rewards and benefits to you our shareholders and our community.

Invitation to shareholders

Help us to become profitable, return dividends to you as shareholders and enrich our community. I invite any shareholder to identify projects in our local community for your **Community Bank®** branch to support. We need to focus our efforts and spread the benefits of the **Community Bank®** model. You, our shareholders are the key to our growth.

Chairman's report continued

Bank with us and everyone benefits

Our branch offers all services that a major bank offers, including:

- Personal savings and investments
- Residential, business and personal loans
- Business solutions
- Health and travel insurance
- Commercial finance, leasing, financial planning
- Superannuation
- Internet and phone banking

Scott and his staff can help you review your banking needs to ensure you're receiving the best value for money. Generally speaking, the more of your banking business you have with our branch, the lower the fee structure.

As our branch's banking business grows, so too will the profits of our Company to be channelled back into our community by way of sponsorships, grants, and as dividends to our shareholders.

In conclusion

I wish to take this opportunity to thank all our account holders and clients, our staff members and my Board colleagues for their ongoing support in growing our business and meeting our goals. Thanks to you and your investment in this Company, vitality and prosperity has been restored to the Acacia Ridge area.

I invite you all to join us for the Annual General Meeting on Tuesday 20 November at the Ridge Community Church in the Elizabeth St Shopping Centre, beginning at 10.00am. Meet your Directors and Bendigo Bank staff. Morning tea will be served after the meeting.

Our partner Bendigo Bank has the philosophy that - **successful customers create successful communities; create successful banks - in that order.** They have achieved the highest customer satisfaction rating of ANY bank in Australia. Come in to the Acacia Ridge **Community Bank®** Branch and see why.

Do something for good for yourself and your community – do all your banking with the Acacia Ridge **Community Bank®** Branch of Bank Bendigo.



Vicki Maguire

Chairman

Manager's report

For year ended 30 June 2007

With 18 months of trading since our branch doors opened, it is timely reminder to reflect on the achievements of our community's own bank branch – Acacia Ridge **Community Bank®** Branch.

It has been a solid year of growth and consolidation for the business, with the people of the Acacia Ridge clearly welcoming the return of friendly and personal branch banking to their suburb. The fact that the branch is community-owned has no doubt contributed significantly to this success.

During the past 12 months we have seen our total business book grow by approximately \$7 million bringing it to a total of \$28 million. Our customer numbers continue to grow with an average of 80 customers per month opening new accounts. We continue to track well against our prospectus targets and would like to think we will be in a break-even position later this year or early next year.

There are many people in our community who have contributed to this success. Our obvious partners are you, the shareholders, and in particular those shareholders who have shown total commitment by transferring their personal and/or business accounts to the branch.

If you haven't already done so, I urge you to consider the move - the quicker we grow our book, the sooner we will reach profitability and the sooner we can return a dividend on your investment.

Should you wish to discuss any of your banking requirements please feel free to contact me.

I would like to acknowledge the efforts and support of Chairman Vicki and her team of Directors. Many people don't realise the many hours of work that they have put in, not only in establishing the branch but also in getting it to this level of business.

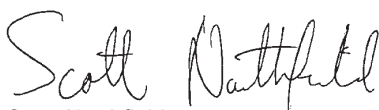
It's a huge commitment, made all the more significant because it's an unpaid position. The position is very difficult at times as Directors are asked to run a Company of which they are given little information, and absolutely no customer information, due to privacy legislation.

Our Board is not permitted to see any personal accounts of any nature and have access only to normal Company reports and public information such as our share register from which they work from.

In conclusion, I would like to thank my staff, Kelly, Debbie and Debra - they are the face of your **Community Bank®** branch and without their continued support, commitment and effort the branch would not have been able to report to you the success it has achieved to date.

I look forward to the opportunity to steer Acacia Ridge **Community Bank®** Branch into another busy and successful 12 months.

Let your family and friends in on the Bendigo way of banking, I'm sure they'll be pleasantly surprised.



Scott Northfield

Branch Manager

Directors' report

For year ended 30 June 2007

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:

Victoria Louise Maguire

Chairman

Age: 58

Licenced Post Office Operator

Involved in small businesses since 1982.

MA in Psychology from University of Sydney. Member of the Governance, Administration, and Human Resources Committee and Member of Marketing Committee.

Interest in 50,001 shares

Peter Geoffrey Henderson

Treasurer

Age: 61

Accountant

Involved in banking, finance and accounting since 1962.

Small business owner for 17 years. Bachelor of Business degree, as well as Graduate Diplomas in Finance and Investment and Business. Chairman of DrugArm Australasia and a Director of the IOR Group Ltd and the IOR Friendly Society Ltd Chairman of the Governance, Administration, and Human Resources Committee.

Interest in 25,501 shares

Linda Anne Beaumont

Secretary

Age: 48

Phamacist

Small business operator since 1999.

Bachelor in Pharmacy from the University of Queensland. Member of the Governance, Administration, and Human Resources Committee and Member of Marketing Committee.

Interest in 7,501 shares

Paul Douglas Knight

Director

Age: 33

Chiropractor

Small business owner since 1998.

Double degree in Chiropractic at RMIT in Melbourne. Member of the Governance, Administration, and Human Resources Committee

Interest in 15,001 shares

Trevor Maurice Loft

Director

Age: 65

Minister of Religion

Involved with small business and experience in pastoring to people.

Interest in 901 shares

Joan Margaret Rae

Director

Age: 60

Small business proprietor

Small business operator since 1973.

Interest in 501 shares

Mark Ledwidge

Director

Age: 50

Optometrist

Small business owner for 14 years.

Bachelor in Optometry from Queensland University of Technology. Member of the Governance, Administration, and Human Resources Committee

Interest in 26,001 shares

Marie Jackson (appointed 13/03/2007)

Director

Age: 56

Medical practice Manager

Small business owner since 1989.

MBA, a Graduate Certificate in Management, Diploma in Real Estate, and a Diploma in Nursing. Chairman of the Marketing Committee.

Interest in nil shares.

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 Victoria Maguire who is the sole Director of the landlord of the premises occupied by the bank; and Peter Henderson whose firm provides accounting services to the Company.

Directors' report continued

Company Secretary

The Company Secretary is Linda Anne Beaumont. Linda was appointed to the position of Secretary on 2 September 2005.

Linda is an accredited Community Pharmacist focussing on Home Medicine Reviews. She has started her own pharmacy business.

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	Year ended
30 June 2007	30 June 2006
\$ (97,362)	\$ (148,429)

Remuneration report

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

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.

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.

Directors' report continued

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.

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

Directors meetings

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

	Number of Board meetings eligible to attend	Number attended
Victoria Louise Maguire	12	12
Peter Geoffrey Henderson	12	11
Linda Anne Beaumont	12	11
Paul Douglas Knight	12	11
Trevor Maurice Loft	10	9
Joan Margaret Rae	12	7
Mark Ledwidge	12	9
Marie Jackson (appointed 13/03/2007)	3	2

Directors' report continued

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:

- a) 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;
- b) 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 9.

Signed in accordance with a resolution of the Board of Directors at Acacia Ridge, Queensland on 12 September 2007.



Victoria Louise Maguire, Chairman



Peter Geoffrey Henderson, Director

Auditor's independence declaration



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Auditor's Independence Declaration

As lead auditor for the audit of the financial statements of Acacia Ridge 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
12 September 2007

Financial statements

Income statement

For year ended 30 June 2007

	Note	2007 \$	2006 \$
Revenues from ordinary activities	3	267,325	103,241
Salaries and employee benefits expense		(201,134)	(130,353)
Advertising and promotion expenses		(8,804)	(4,414)
Occupancy and associated costs		(65,884)	(7,701)
Systems costs		(22,477)	-
Depreciation and amortisation expense	4	(22,522)	(16,424)
General administration expenses		(87,158)	(156,994)
Loss before income tax credit		(140,654)	(212,645)
Income tax credit	5	43,292	64,217
Loss for the period		(97,362)	(148,428)
Loss attributable to members of the entity		(97,362)	(148,428)
Earnings per share (cents per share)		c	c
- basic for profit for the year	18	(18.22)	(27.98)

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet

For year ended 30 June 2007

	Note	2007 \$	2006 \$
Current assets			
Cash assets	6	25,524	139,695
Trade and other receivables	7	11,380	6,374
Total current assets		36,904	146,069
Non-current assets			
Property, plant and equipment	8	128,846	144,714
Intangible assets	9	6,827	8,831
Deferred tax assets	10	107,509	64,217
Total non-current assets		243,182	217,762
Total assets		280,086	363,832
Current liabilities			
Trade and other payables	11	11,193	2,703
Borrowings	12	2,311	1,185
Total current liabilities		13,504	3,888
Total liabilities		13,504	3,888
Net assets		266,582	359,944
Equity			
Contributed equity	13	512,373	508,373
Accumulated losses	14	(245,791)	(148,429)
Total equity		266,582	359,944

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flow

For year ended 30 June 2007

	Note	2007 \$	2006 \$
Cash flows from operating activities			
Receipts from customers		255,086	91,881
Payments to suppliers and employees		(376,927)	(291,519)
Interest received		7,233	2
Interest paid		(39)	(257)
Net cash outflow from operating activities	15	(114,647)	(199,893)
Cash flows from investing activities			
Payment for intangible assets		-	(10,000)
Payments for property plant and equipment		(4,650)	(159,970)
Net cash outflow from investing activities		(4,650)	(169,970)
Cash flows from financing activities			
Proceeds from issue of shares		4,000	530,487
Payment of share issue costs		-	(22,114)
Net cash inflow from financing activities		4,000	508,373
Net increase/(decrease) in cash held		(115,297)	138,510
Cash at the beginning of the financial year		138,510	-
Cash at the end of the financial year	6(a)	23,213	138,510

The accompanying notes form part of these financial statements.

Financial statements continued

Equity statement

For year ended 30 June 2007

	Note	2007 \$	2006 \$
Total equity at the beginning of the financial year		359,944	-
Net income/expense recognised directly in equity		-	-
Net loss for the year		(97,362)	(148,429)
Total recognised income & expenses for the year		262,582	(148,429)
Shares issued during period		4,000	508,373
Costs of issuing shares		-	-
Dividends provided for or paid		-	-
Total equity at the end of the financial year		266,582	359,944

The accompanying notes form part of these financial statements.

Notes to the financial statements

Note 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

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).

Notes to the financial statements continued

Note 1: Summary of significant accounting policies 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.

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.

Notes to the financial statements continued

Note 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

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:

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.

Notes to the financial statements continued

Note 1: Summary of significant accounting policies continued

Borrowings

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

Provisions

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

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

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.

Note 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.

Notes to the financial statements continued

Note 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.

	2007 \$	2006 \$
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Note 3: Revenue from ordinary activities

Operating activities:

- services commissions	260,092	102,008
Total revenue from operating activities	260,092	102,008

Non-operating activities:

- interest received	7,233	1,233
Total revenue from non-operating activities	7,233	1,233
Total revenues from ordinary activities	267,325	103,241

Note 4: Expenses

Depreciation of non-current assets:

- plant and equipment	5,922	4,172
- leasehold improvements	14,596	11,083

Amortisation of non-current assets:

- franchise agreement	2,004	1,169
	22,522	16,424

Finance costs:

- interest paid	39	-
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Notes to the financial statements continued

	2007 \$	2006 \$
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Note 5: Income tax credit

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

Operating loss	(140,654)	(212,645)
Prima facie tax on loss from ordinary activities at 30%	(42,196)	(63,794)
Add tax effect of:		
- non-deductible expenses	601	(423)
- blackhole expenses	(1,327)	-
- prior year tax adjustment	(371)	-
Income tax expense on operating loss	(43,293)	(64,217)

Note 6: Cash assets

Cash at bank and on hand	524	39,695
Overdraft	(2,311)	(1,185)
Term deposits	25,000	100,000

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	524	39,695
Overdraft	(2,311)	(1,185)
Term deposit	25,000	100,000
	23,213	138,510

Note 7: Trade and other receivables

Trade receivables	7,941	3,918
Prepayments	3,439	2,456
	11,380	6,374

Notes to the financial statements continued

	2007 \$	2006 \$
Note 8: Property, plant and equipment		
Plant and equipment		
At cost	24,207	24,207
Less accumulated depreciation	(10,094)	(4,172)
	14,113	20,035
Leasehold improvements		
At cost	140,412	135,762
Less accumulated depreciation	(25,679)	(11,083)
	114,733	124,679
Total written down amount	128,846	144,714
Movements in carrying amounts		
<i>Plant and equipment</i>		
Carrying amount at beginning	20,035	-
Additions	-	24,207
Less: depreciation expense	(5,922)	(4,172)
Carrying amount at end	14,113	20,035
<i>Leasehold improvements</i>		
Carrying amount at beginning	124,679	-
Additions	4,650	135,762
Less: depreciation expense	(14,596)	(11,083)
Carrying amount at end	114,733	124,679
Total written down amount	128,846	144,714

Notes to the financial statements continued

	2007 \$	2006 \$
Note 9: Intangible assets		
Franchise fee		
At cost	10,000	10,000
Less: accumulated amortisation	(3,173)	(1,169)
	6,827	8,831

Note 10: Deferred tax asset

Tax losses - revenue	107,509	64,217
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Note 11: Trade and other payables

Trade creditors	8,193	303
Other creditors & accruals	3,000	2,400
	11,193	2,703

Note 12: Interest bearing liabilities

Bank overdraft	2,311	1,185
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Note: The Company has an unsecured \$50,000 overdraft facility which currently does not incur interest until 5 January 2008 at which time interest will be charged the current commercial interest rates as per agreement with Franchisor.

Note 13: Contributed equity

534,487 Ordinary shares fully paid of \$1 each (2006: 530,487)	534,487	530,487
Less: equity raising expenses	(22,114)	(22,114)
	512,373	508,373

Note 14: Accumulated losses

Balance at the beginning of the financial year	(148,429)	-
Net loss from ordinary activities after income tax	(97,362)	(148,429)
Balance at the end of the financial year	(245,791)	(148,429)

Notes to the financial statements continued

	2007 \$	2006 \$
Note 15: Statement of cash flows		
Reconciliation of loss from ordinary activities after tax to net cash provided by operating activities		
Loss from ordinary activities after income tax	(97,362)	(148,429)
Non cash items:		
- depreciation	20,518	15,255
- amortisation	2,004	1,169
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(5,006)	(6,374)
- (increase)/decrease in other assets	(43,292)	(64,217)
- increase/(decrease) in payables	8,491	2,703
- increase/(decrease) in liabilities	-	-
Net cashflows provided by operating activities	(114,647)	(199,893)

Note 16: Auditors' remuneration

Amounts received or due and receivable by the Auditor of the Company for:

- audit & review services	4,000	3,750
- non audit services	1,100	3,365
	5,100	7,115

Note 17: Director and related party disclosures

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

Victoria Louise Maguire

Peter Geoffrey Henderson

Linda Anne Beaumont

Paul Douglas Knight

Trevor Maurice Loft

Joan Margaret Rae

Mark Ledwidge

Marie Jackson (appointed 13/03/2007)

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

Notes to the financial statements continued

Note 17: Director and related party disclosures continued

Except for Victoria McGuire and Peter Henderson no Director or related entity has entered into a material contract with the Company.

Victoria McGuire is a Director of J Lander Pty Ltd, J Lander Pty Ltd own the premises occupied by the bank. During the financial year the total benefit J Lander Pty Ltd received was \$55,044.36.

Peter Henderson is a Partner at Peter Henderson & Associates accounting firm, Acacia Ridge Financial Services Limited used the services of Peter Henderson & Associate's during the financial year, the total benefit Peter Henderson & Associates received for the financial year was \$4,140.80.

Directors shareholdings	2007	2006
Victoria Louise Maguire	50,001	50,001
Peter Geoffrey Henderson	25,501	25,501
Linda Anne Beaumont	7,501	7,501
Paul Douglas Knight	15,001	15,001
Trevor Maurice Loft	901	901
Joan Margaret Rae	501	501
Mark Ledwidge	26,001	26,001
Marie Jackson (appointed 13/03/2007)	-	-

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

Note 18: Earnings per share

	2007	2006
	\$	\$
<i>(a) Basic earnings per share</i>		
Profit attributable to the ordinary equity holders of the Company	(97,362)	(148,428)
<i>(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share</i>		
	2007	2006
	Number	Number
	534,487	530,487

Note 19: 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.

Note 20: Contingent liabilities

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

Notes to the financial statements continued

Note 21: 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 Acacia Ridge, Queensland.

Note 22: Registered office/Principal place of business

The registered office and principal place of business is:

<u>Registered office</u>	<u>Principal place of business</u>
Shop 5, 28 Elizabeth Street Acacia Ridge, QLD 4110	Shop 5, 28 Elizabeth Street Acacia Ridge, QLD 4110

Notes to the financial statements continued

Note 23: 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

Fixed interest rate maturing in												
Financial instrument	Floating interest rate		1 year or less		Over 1 to 5 years		Over 5 years		Non interest bearing		Weighted average effective interest rate	
	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$	2007 %	2006 \$
Financial assets												
Cash assets	524	39,695	-	-	-	-	-	-	-	-	0.05	0.05
Term Deposit	-	-	25,000	100,000	-	-	-	-	-	-	5.75	5.35
Receivables	-	-	-	-	-	-	-	-	11,380	6,374	N/A	N/A
Financial liabilities												
Interest bearing liabilities	2,311	-	-	-	-	-	-	-	-	-	10.50	-
Payables	-	-	-	-	-	-	-	-	11,193	2,103	N/A	N/A

Director's declaration

In accordance with a resolution of the Directors of Acacia Ridge Financial Services Limited, we state that:

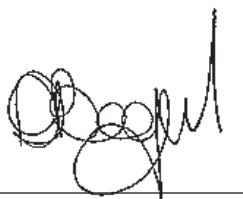
In the opinion of the Directors:

- (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.

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



Victoria Louise Maguire, Chairman



Peter Geoffrey Henderson, Director

Signed on 12 September 2007.

BSX report

Share information

In accordance with Bendigo Stock Exchange listing rules the Company provides the following information as at 28 September 2007, which is within 6 weeks of this report being sent to shareholders.

The following table shows the number of shareholders, broken into various categories showing the total number of shares held.

	Number of shares Held	Number of shareholders
	1 to 1,000	86
	1,001 to 5,000	43
	5,001 to 10,000	14
	10,001 to 100,000	6
	100,001 and over	nil
	Total shareholders	149

Each of the above shareholders are entitled to 1 vote, irrespective of the number of shares held.

There are no substantial shareholders (holding more than 10% of voting rights) as each shareholder is entitled to 1 vote. Normally holding more than 10% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the Company.

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to \$1 per share. There are no unquoted equity securities.

The following table shows the 10 largest shareholders.

Shareholder	Number of shares	Percentage of capital
Bruce Andrew Chadfield <Medidraft Super Fund>	50,000	9.39
Genereale Pty Ltd <Antonieff Family Super Fund>	50,000	9.39
Victoria Louise Maguire & Dr James Lewis Lander <Tennyson Super Fund A/C>	48,000	9.01
Michael O'Hagan & Linda O'Hagan <O'Hagan Family S/F A/C>	20,000	3.76
Peter Douglas Smith & Robyn Deneice Smith	20,000	3.76
Linda Anne Beaumont & Philip Richard Whiteoak <Elizabeth St Pharmacy, Acacia Ridge A/C>	15,000	2.82
Samuel Ancri & Aliza Ancri	10,000	1.88
Bardera Pty Ltd	10,000	1.88
Ronald James Butler	10,000	1.88
Jennifer Lindell Curtis	10,000	1.88
	243,000	46

BSX report continued

Registered office and principal administrative office

The registered office of the Company is located at:

28 Elizabeth Street
Acacia Ridge, QLD 4110
Phone: 07 3255 6773

The principal administrative office of the Company is located at:

28 Elizabeth Street
Acacia Ridge, QLD 4110
Phone: 07 3255 6773

Security register

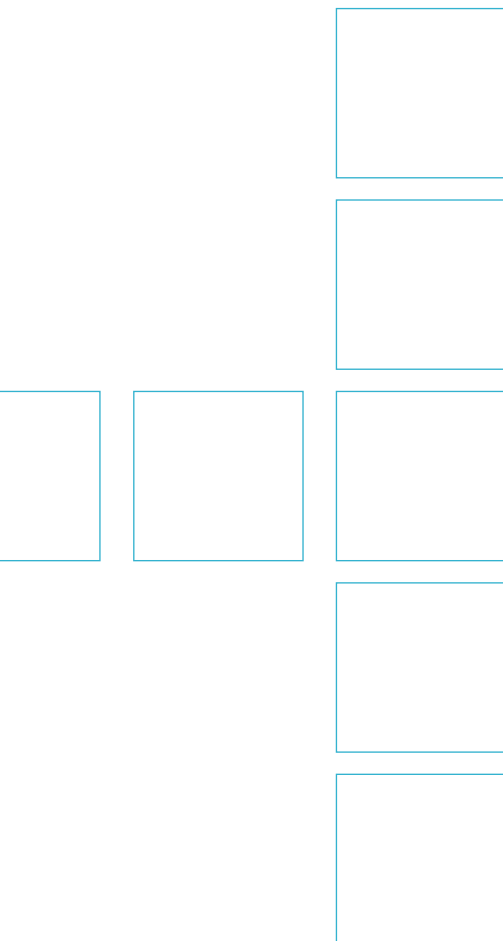
The security register (share register) is kept at:

Computershare Investor Services Pty Ltd.,
Yarra Falls, 452 Johnston Street
Melbourne, VIC 3001
Phone: 03 9415 5000

Other Information

Please refer to the Directors report, within the annual report, for details of the Company Secretary and main corporate governance practices of the entity.

There are no material differences between the information in the Company's Annexure 3A and the information in the financial documents in its annual report.



Acacia Ridge **Community Bank**[®] Branch
Shop 5, 11-28 Elizabeth Street, Acacia Ridge, QLD 4110
Phone: (07) 3255 6773 Fax: (07) 3255 6997

Franchisee: Acacia Ridge Financial Services Limited
28 Elizabeth Street, Acacia Ridge, QLD 4110
ABN 73 116 060 916

www.bendigobank.com.au
Bendigo Bank Limited, Fountain Court, Bendigo, VIC 3550
ABN 11 068 049 178. AFSL 237879 (KKQAR7004) (08/07)