Stonnington Community
Financial Services Limited
ABN 31 099 416 092

2008 annualreport

Contents

Chairman's report

For year ending 30 June 2008

Dear Shareholders,

As we head to a sixth birthday it is pleasing to report that our business is strong and growing. By now you would have received the dividend of 7.0 cents per share paid in July, a great achievement, following on from the 5.0 cent dividend paid last year.

The economy is very volatile which is clearly affecting the whole domestic business outlook. This has reflected somewhat on our budget for the year, as we did not reach the business targets we had set. Having said this, we have still managed to have a successful year.

The results are summarised by:

- Loan and deposit footings, $62.9 million at year end.
- Income exceeded budget by $98,500 up 14 per cent.
- Net profit was up $7,100 after allowing for $40,000 placed with Bendigo Bank's Community Enterprise Foundation to commence our Grants Program.
- Cash reserves have increased by $145,000 during the 12 month period.

Within our community we have helped a number of local sporting clubs and organisations with funds to help provide much needed facilities that you and your families use every day.

None of this would be possible without the dedication of our Board and the branch team led by Julian Kennedy and Kate Maloney. Windsor branch records the highest customer transactions on a daily basis of any of the network's branches in the Bayside area and is rated by Bendigo as the most efficient **Community Bank®** branch in this sector. A special thank you goes to Simon, Victoria and Haroula, and our newest team member Esha for a job well done. Our Board believes that rewarding our staff for their efforts is paramount in showing them our appreciation and the Board has recommended issuing them with shares in the Company. You will be asked to vote on this recommendation at the AGM, I trust that you will support this initiative and recognise the efforts of our staff in this way.

The Board of Directors this year also welcomed the addition of Anthony Caneva and Cameron Morcher as Directors, both are extremely qualified in the finance area and bring a new dimension to our Board. Sadly, we said good bye to John Sierakowski and Clive Rodda, two Directors who have been great contributors to our business. In the changes, Guy Vicars took up the role of Company Secretary. At this year's AGM, Anthony and Cameron will seek to have their appointments ratified by the shareholders to officially become Directors. By rotation the re-election of Melina Sehr as Director will also be put forward.

Our business grew this year with the addition of an ATM at Prahran Market. The installation of the ATM at Prahran Market reflects the success of the **Community Bank®** concept as we expand our business into this iconic area in which we live. Our next step in delivering much needed services to this area will be opening a sub-branch of our branch next year at Prahran Market. This is a great opportunity for our business to grow

Chairman's report continued

further and be even more relevant in our community. The addition of the Prahran Market Branch will broaden our reach into the community and will fill a much needed gap in the banking sector in the Commercial Road area. At this time it is understood that the venture will be funded by borrowings for the fit-out and working capital will be provided by the Windsor Branch until break even point is reached. This endeavour should not affect shareholder dividends in the coming years or support for our community through the grants program. It will, however, add greater value for shareholders and strengthen our commitment to those in our community that need our assistance. A presentation will be made at the AGM to outline these plans.

During the past five and a half years, the Board of Directors has performed their duties on an honorary basis. The Directors now seek the approval of the Shareholders to be reimbursed for their time and so this year at the AGM a proposal to remunerate Directors will be put forward. I hope that you will see that the amount is not excessive and guidelines for such remuneration must be met to receive payment. As guardians of the Company, the Directors have shown over the years that they are capable of delivering suitable outcomes to their community and shareholders and I hope that you support the motion to reward those efforts.

I would like to again thank all those involved with the Branch and thank them sincerely for their efforts. As we now move forward to grow this business not only for our future, but that of our families and our community, it is the combined support of all of us that will truly make this business great and a leader for other businesses to emulate. I thank our shareholders for your ongoing support and the trust that has been placed with us to insure the growth and success of our community and business and look forward to even greater support as we now move into this new phase of our growth and development.

Another initiative this year at the AGM will be the presentation of Grants to the successful applicants. I look forward to seeing as many shareholders as possible at this year's AGM to recognise those in our community who do so much and need our support.

Sincerely

Jon Caneva

Chairman

Manager's report

For year ending 30 June 2008

As at 30 June, 2008, the Windsor **Community Bank®** Branch has been trading for just over five and a half years. While slightly slower than our previous year, total accounts have increased by 12% and our total balances have increased by 13%.

Active accounts totalled 3964, with total banking business of $62.91 million current as at 30 June 2008.

Our **Community Bank®** branch continues to grow with the help of shareholders, local residents and traders. The need for a full service bank that provides exceptional service has not waned. In addition to the strong increase in account numbers and total balances, our net profit also exceeded expectations.

The profile of the business continues to grow in Windsor and relationships with key groups such as Stonnington Primary School, Red Stitch Actors Theatre, community and sporting groups continues to strengthen. As our business evolves so does our ability to support the local community.

Our dedicated staff have contributed significantly to our growth over the last 12 months by creating a friendly and professional business environment. Of course our success would not have been achieved without the wonderful efforts of our staff and I would like to thank Kate Maloney, Simon Mangan, Victoria Hooi, Haroula Vagenas and our newest member Esha Shrestha.

I would like to express my appreciation to our Board of Directors for their support and encouragement and also the team at Bendigo Bank for their continued assistance throughout the year.

There are exciting times ahead in the next 12 months with the prospect of opening a new sub-branch at Prahran Market.

The continued growth of the Windsor **Community Bank®** Branch will of course be reliant upon the continued support of the local community. As a shareholder of the business, please continue to lend your support as an advocate for the branch.

Julian Kennedy
Branch Manager

Bendigo Bank Ltd report

For year ending 30 June 2008

Celebrating 10 years of the **Community Bank®** Network

June 2008 marks ten years since Bendigo Bank and the people of Rupanyup and Minyip unveiled the first **Community Bank®** branches in Australia, marking a turning point not only for the two small Victorian wheat belt towns, but for the Bendigo as well.

Today, these two towns have been joined by more than 210 communities to form Australia's fastest growing banking network – the **Community Bank®** concept. It is a significant milestone for Bendigo Bank and our **Community Bank®** partners.

The number of **Community Bank®** branches has doubled in the last four years and in the same time frame, customers have tripled their commitment of banking business to the community network, increasing it to more than $11 billion.

More importantly, in excess of $18 million in **Community Bank®** branch profits have been returned to community projects and $12 million has been paid in dividends to more than 50,000 local shareholders. Behind those numbers are hundreds of stories of **Community Bank®** branches making a real difference to the lives of local people.

Whether it's building a community hall, sponsoring an art prize or even buying new footy jumpers for the local side – these **Community Bank®** branches are helping improve the economic and social prospects of their local communities. Add to those contributions the employment of more than 1000 staff members and daily expenses in the local economy and you have a truly meaningful contribution to those communities and to local prosperity.

As we reflect on the past 10 years, it's with a feeling of great pride and accomplishment for what has been achieved in partnership between our team at the Bendigo and our community partners. The landscape of banking has changed dramatically, but more importantly – so have the communities we partner and our own organisation.

Our partners have taken charge of outcomes locally that will impact positively for many years to come. Likewise, our organisation has built on our community focussed heritage and evolved to become a true partner to community.

Your commitment, enthusiasm and belief in the **Community Bank®** model has been instrumental, and for that we thank you. And here we are, only 10 years into this wonderful journey. Who knows what positive outcomes we'll be talking about in 10 years time, as the **Community Bank®** network matures?

It's an exciting prospect – and we are very proud of what our team and the communities we partner have achieved together.

Russell Jenkins
Chief General Manager Retail & Distribution

Directors' report

For year ending 30 June 2008

Your Directors submit the financial report of the Company for the financial year ended 30 June 2008.

Directors

The names and details of the Company's Directors who held office during or since the end of the financial year are:

Giovanni Jon Caneva
Chairman
Occupation: Company Director

Guy William Vicars
Director/Secretary
Occupation: Psychotherapist

Alistair Keith McLure Trimble
Director
Occupation: Kitchen Builder

Melina Sehr
Director
Occupation: IT consultant

Anthony Caneva (appointed 30 January 2008)
Director
Occupation: Financial Services

Brian Francis Hatswell
Director
Occupation: Retailer

John Frederick Sierakowski (resigned 30 January 2008)
Director/Secretary
Occupation: Lawyer

Clive Leo Rodda (resigned 27 February 2008)
Director
Occupation: Business Consultant

David Rosenberg
Director
Occupation: Retired Retailer

Cameron Morcher (appointed 28 May 2008)
Director
Occupation: Financial Services

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

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

Principal activities

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

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

Directors' report continued

Operating results

Operations have continued to perform in line with expectations. The profit of the Company for the financial year after provision for income tax was $131,322 (2007: $73,294).

	Year ended 30 June 2008	
Dividends	**Cents per share**	**$**
Dividends paid in the year:	5	32,500

An unfranked dividend of 7 cents per share ($45,500 in total) was paid on 17 July 2008.

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.

Significant events after the balance date

An unfranked dividend of 7 cents per share ($45,500 in total) was paid on 17 July 2008.

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

Likely developments

The Company will continue its policy of providing banking services to the community.

Directors' benefits

Services including bookkeeping, management and marketing were provided by Caneva Management Pty Ltd, a Company of which Giovanni Jon Caneva is a Director. The fees paid during the year ended 30 June 2008 to Caneva Management Pty Ltd amounted to $4,923 (2007: $1,488).

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

Directors' report continued

Indemnification and insurance of Directors and Officers

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

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

Directors meetings

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

Number of meetings held:	**10**
Number of meetings attended:	
Giovanni Jon Caneva	9
Brian Francis Hatswell	9
John Frederick Sierakowski (resigned 30 January 2008)	1
Guy William Vicars	9
Alistair Keith McLure Trimble	10
Clive Leo Rodda (resigned 27 February 2008)	7
Melina Sehr	9
David Rosenberg	8
Anthony Caneva (appointed 30 January 2008)	8
Cameron Morcher (appointed 28 May 2008)	1

Company Secretary

John Sierakowski was the Company Secretary of Stonnington Community Financial Services Ltd from 2004 until his resignation on 30 January 2008. Giovanni Jon Caneva was appointed interim Company Secretary for the period 27 February 2008 to 30 April 2008. Guy William Vicars was appointed Company Secretary on 30 April 2008. Guy Vicars has a Master's degree, Bachelor of Business degree and has worked in financial institutions and owned small businesses for the last 20 years.

Corporate governance

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

(a) Director approval of operating budgets and monitoring of progress against these budgets;

(b) Ongoing Director training; and

(c) Monthly Director meetings to discuss performance and strategic plans.

Auditor independence declaration

The Directors received the following declaration from the Auditor of the Company:

Richmond Sinnott & Delahunty

Chartered Accountants

Richmond Sinnott & Delahunty

Chartered Accountants

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

27 August 2008

The Directors
Stonnington Community Financial Services Limited
111 Chapel Street
WINDSOR VIC 3181

Dear Sirs

Auditor's Independence Declaration

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

Warren Sinnott
Partner
Richmond Sinnott & Delahunty

Signed in accordance with a resolution of the Board of Directors at Prahran, Victoria on 27 August 2008.

Giovanni Jon Caneva

Chairman

Financial statements

Income statement
For year ending 30 June 2008

	Note	2008 $	2007 $
Revenues from ordinary activities	2	809,020	575,595
Employee benefits expense	3	(299,438)	(232,172)
Charitable donations and sponsorship		(38,525)	(3,000)
Depreciation and amortisation expense	3	(43,144)	(42,482)
Finance costs	3	(809)	(1,077)
Administration & other expenses from ordinary activities		(228,919)	(176,576)
Profit before income tax expense		**198,185**	**120,288**
Income tax expense	4	(66,863)	(46,994)
Profit after income tax expense		**131,322**	**73,294**
Earnings per share (cents per share)			
- basic for profit for the year	23	20.20	11.28
- diluted for profit for the year	23	20.20	11.28
- dividends paid per share	22	5.00	-

The accompanying notes form part of these financial statements.

Balance sheet
As at 30 June 2008

	Note	2008 $	2007 $
Current assets			
Cash assets	6	295,824	167,113
Receivables	7	68,730	50,522
Other assets	8	5,928	3,585
Total current assets		**370,482**	**221,220**
Non-current assets			
Property, plant and equipment	9	137,978	167,322
Deferred income tax asset	4	-	40,718
Intangible assets	10	43,845	3,845
Total non-current assets		**181,823**	**211,885**
Total assets		**552,305**	**433,105**
Current liabilities			
Current tax payable	4	26,145	-
Payables	11	32,279	33,374
Interest bearing liabilities	12	4,033	4,400
Provisions	13	16,227	16,498
Total current liabilities		**78,684**	**54,272**
Non current liabilities			
Interest bearing liabilities	12	-	4,034
Total non current liabilities		**-**	**4,034**
Total liabilities		**78,684**	**58,306**
Net assets		**473,621**	**374,799**
Equity			
Share capital	14	647,010	647,010
Accumulated losses	15	(173,389)	(272,211)
Total equity		**473,621**	**374,799**

The accompanying notes form part of these financial statements.

Statement of cash flows
As at 30 June 2008

	Note	2008 $	2007 $
Cash flows from operating activities			
Cash receipts in the course of operations		849,501	607,922
Cash payments in the course of operations		(636,826)	(451,738)
Interest paid		(809)	(1,077)
Interest received		7,546	2,678
Net cash flows from / (used in) operating activities	**16b**	**219,412**	**157,785**
Cash flows from investing activities			
Payments for intangible assets		(50,000)	-
Payments for property, plant and equipment		(3,800)	(353)
Net cash flows used in investing activities		**(53,800)**	**(353)**
Cash flows from financing activities			
Repayment of borrowings		(4,401)	(38,702)
Dividends paid		(32,500)	-
Net cash flows from / (used in) financing activities		**(36,901)**	**(38,702)**
Net increase in cash held		**128,711**	**118,730**
Add opening cash brought forward		167,113	48,383
Closing cash carried forward	**16a**	**295,824**	**167,113**

The accompanying notes form part of these financial statements.

Statement of changes in equity
As at 30 June 2008

	Note	2008 $	2007 $
SHARE CAPITAL			
Ordinary shares			
Balance at start of year		647,010	647,010
Issue of share capital		-	-
Share issue costs		-	-
Balance at end of year		**647,010**	**647,010**
Retained earnings / (accumulated losses)			
Balance at start of year		(272,211)	(345,505)
Profit after income tax expense		131,322	73,294
Dividends paid		(32,500)	-
Balance at end of year		**(173,389)**	**(272,211)**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2008

Note 1. Basis of preparation of the financial report

(a) Basis of accounting

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

The financial report has been prepared on an accruals basis and is based on historical costs (except for land and buildings and available-for-sale financial assets that have been measured at fair value) and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report was authorised for issue by the Directors on 27 August 2008.

(b) Statement of compliance

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

(c) Significant accounting policies

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

Income tax

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

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

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

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

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

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Property, plant and equipment

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

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

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

Class of asset	Depreciation rate
Leasehold improvements	10% to 20%
Computers	25%
Computer software	40%
Plant & equipment	7.5% to 33.3%

Impairment

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

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

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Revaluations

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the balance sheet unless it reverses a revaluation decrease of the same asset previously recognised in the income statement.

Any revaluation deficit is recognised in the income statement unless it directly offsets a previous surplus of the same asset in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve is made to retained earnings for the depreciation relating to the revaluation surplus.

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Recoverable amount of assets

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

Goods and services tax

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

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

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

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

Employee benefits

The provision for employee benefits to wages, salaries and annual leave represents the amount which the Company has a present obligation to pay resulting from employees' services provided up to the balance date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

The Company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

Intangibles

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

Cash

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

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

Comparative figures

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

Note 1. Basis of preparation of the financial report (continued)

Revenue

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

Receivables and payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Interest bearing liabilities

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

Provisions

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

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

Contributed capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

	2008 $	2007 $

Note 2. Revenue from ordinary activities

Operating activities		
- services commissions	801,474	572,917
- other revenue	-	-
Total revenue from operating activities	**801,474**	**572,917**
Non-operating activities:		
- interest received	7,546	2,678
- other revenue	-	-
Total revenue from non-operating activities	**7,546**	**2,678**
Total revenue from ordinary activities	**809,020**	**575,595**

Note 3. Expenses

Employee benefits expense		
- wages and salaries	260,298	202,812
- superannuation costs	22,243	17,723
- workers' compensation costs	737	589
- other costs	16,160	11,048
	299,438	**232,172**
Depreciation of non-current assets:		
- computer software	1,315	-
- plant and equipment	3,343	3,636
- leasehold improvements	28,486	28,846
Amortisation of non-current assets:		
- intangibles	10,000	10,000
	43,144	**42,482**
Finance costs:		
- Interest paid	809	1,077
Bad debts	1,817	1,757

	2008 $	2007 $

Note 4. Income tax expense

The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:

	2008 $	2007 $
Prima facie tax on profit before income tax at 30%	59,455	36,086
Add tax effect of:		
- Non-deductible expenses	7,408	10,908
Current income tax expense	**66,863**	**46,994**
Income tax expense	**66,863**	**46,994**
Tax liabilities		
Current tax payable	26,145	-
Deferred income tax asset		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	**-**	**40,718**

Note 5. Auditors' remuneration

Amounts received or due and receivable by Richmond, Sinnott & Delahunty for:

	2008 $	2007 $
- Audit or review of the financial report of the Company	**3,650**	**3,650**

Note 6. Cash assets

	2008 $	2007 $
Cash at bank and on hand	**295,824**	**167,113**

Note 7. Receivables

	2008 $	2007 $
Trade debtors	**68,730**	**50,522**

Note 8. Other assets

	2008 $	2007 $
Prepayments	**5,928**	**3,585**

	2008 $	2007 $

Note 9. Property, plant and equipment

	2008 $	2007 $
Leasehold Improvements		
At cost	285,579	285,579
Less accumulated depreciation	(163,520)	(135,034)
	122,059	**150,545**
Plant and equipment		
At cost	24,107	24,107
Less accumulated depreciation	(10,673)	(7,330)
	13,434	**16,777**
Computer software		
At cost	3,800	-
Less accumulated depreciation	(1,315)	-
	2,485	**-**
Total written down amount	**137,978**	**167,322**
Movements in carrying amounts		
Leasehold improvements		
Carrying amount at beginning of year	150,545	179,391
Additions	-	-
Disposals	-	-
Depreciation expense	(28,486)	(28,846)
Carrying amount at end of year	**122,059**	**150,545**
Plant and equipment		
Carrying amount at beginning of year	16,777	20,060
Additions	-	353
Disposals	-	-
Depreciation expense	(3,343)	(3,636)
Carrying amount at end of year	**13,434**	**16,777**

Notes to the financial statements continued

	2008 $	2007 $

Note 9. Property, plant and equipment (continued)

Computer software		
Carrying amount at beginning of year	-	-
Additions	3,800	-
Disposals	-	-
Depreciation expense	(1,315)	-
Carrying amount at end of year	**2,485**	**-**

Note 10. Intangible assets

Franchise fee		
At cost	100,000	50,000
Less accumulated amortisation	(56,155)	(46,155)
	43,845	**3,845**

Note 11. Payables

Trade creditors	8,340	5,282
Other creditors and accruals	23,939	28,092
	32,279	**33,374**

Note 12. Interest bearing liabilities

Current		
Hire purchase - coffee machine	**4,033**	**4,400**
Non current		
Hire purchase - coffee machine	**-**	**4,034**

Note 13. Provisions

Employee benefits	16,227	16,498
Number of employees at year end	**6**	**5**

Notes to the financial statements continued

	2008 $	2007 $

Note 14. Share capital

650,000 Ordinary Shares*	**647,010**	**647,010**

* Comprises 620,100 ordinary shares fully paid to $1 and 29,900 shares, issued at a discount price of $0.90, fully paid to $1.

Note 15. Retained earnings/ (accumulated losses)

Balance at the beginning of the financial year	(272,211)	(345,505)
Profit after income tax	131,322	73,294
Dividends paid	(32,500)	-
Balance at the end of the financial year	**(173,389)**	**(272,211)**

Note 16. Cash flow statement

(a) Reconciliation of cash

Cash assets	**295,824**	**167,113**

(b) Reconciliation of profit after tax to net cash from / (used in) operating activities

Profit after income tax	131,322	73,294
Non cash items		
- Depreciation	33,144	32,482
- Amortisation	10,000	10,000
Changes in assets and liabilities		
- (Increase) decrease in receivables	(20,551)	(14,473)
- Increase (decrease) in payables	(1,095)	4,360
- Increase (decrease) in provisions	(271)	5,128
- Increase (decrease) in current tax payable	26,145	-
- (Increase) decrease in deferred tax asset	40,718	46,994
Net cashflows from / (used in) operating activities	**219,412**	**157,785**

Note 17. Director and related party disclosures

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

Giovanni Jon Caneva

Brian Francis Hatswell

John Frederick Sierakowski (resigned 30 January 2008)

Guy William Vicars

Alistair Keith McLure Trimble

Clive Leo Rodda (resigned 27 February 2008)

Melina Sehr

David Rosenberg

Anthony Caneva (appointed 30 January 2008)

Cameron Morcher (appointed 28 May 2008)

Services including bookkeeping, management and marketing were provided by Caneva Management Pty Ltd, a Company of which Giovanni Jon Caneva is a Director. The fees paid during the year ended 30 June 2008 to Caneva Management Pty Ltd amounted to $4,923 (2007: $1,488).

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

Directors shareholdings	**2008**	**2007**
Giovanni Jon Caneva	40,000	40,000
Brian Francis Hatswell	15,000	15,000
John Frederick Sierakowski (resigned 30 January 2008)	500	500
Guy William Vicars	2,750	2,750
Alistair Keith McLure Trimble	500	500
Clive Leo Rodda (resigned 27 February 2008)	600	600
Melina Sehr	500	500
David Rosenberg	10,000	10,000
Anthony Caneva (appointed 30 January 2008)	500	500
Cameron Morcher (appointed 28 May 2008)	Nil	Nil

There was no movement in Directors' shareholdings during the year. Each share held is valued at $1 and is fully paid. The above holdings are held personally or in associated entities.

Notes to the financial statements continued

Note 18. Subsequent events

Other than the dividend paid in July 2008 as detailed in note 22, there have been no events after the end of the financial year that would materially affect the financial statements.

Note 19. Contingent liabilities

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

Note 20. Segment reporting

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

Note 21. Corporate information

Stonnington Community Financial Services Ltd is a Company limited by shares incorporated in Australia.

The registered office and principal place of business is:
111 Chapel Street, Windsor VIC 3181

	2008 $	2008 $

Note 22. Dividends paid or provided for on ordinary shares

Dividends paid during the year		
Unfranked dividends - 5 cents per share (2007: nil)	32,500	-

An unfranked dividend of 7 cents per share ($45,500 in total) was paid on 17 July 2008.

	2008 $	2007 $

Note 23. Earnings per share

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

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

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

	2008 $	2007 $
Profit after income tax expense	**131,322**	**73,294**
Weighted average number of ordinary shares for basic and diluted earnings per share	**650,000**	**650,000**

Note 24. Financial risk management

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

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

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board is assisted in the area of risk management by an internal audit function.

(a) Credit risk

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

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

	Carrying amount	
	2008 $	**2007 $**
Cash assets	295,824	167,113
Receivables	68,730	50,522
	364,554	**217,635**

Notes to the financial statements continued

Note 24. Financial risk management (continued)

(a) Credit risk (continued)

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

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

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

(b) Liquidity risk

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

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

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

	Carrying amount $	Contractual cash flows $	1 year or less $	over 1 to 5 years $	more than 5 years $
30 June 2008					
Payables	32,279	(32,279)	(32,279)	-	-
Interest bearing liabilities	4,033	(4,775)	(4,775)	-	-
	36,312	**(37,054)**	**(37,054)**	**-**	**-**
30 June 2007					
Payables	33,374	(33,374)	(33,374)	-	-
Interest bearing liabilities	8,434	(9,984)	(5,209)	(4,775)	-
	41,808	**(43,358)**	**(38,583)**	**(4,775)**	**-**

(c) Market risk

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

Interest rate risk

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

Note 24. Financial risk management (continued)

Sensitivity analysis

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

	Carrying amount 2008 $	Carrying amount 2007 $
Fixed rate instruments		
Financial assets	204,260	100,000
Financial liabilities	(4,033)	(8,434)
	200,227	**91,566**
Variable rate instruments		
Financial assets	91,564	67,113
Financial liabilities	-	-
	91,564	**67,113**

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

(d) Net fair values

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

(e) Capital management

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

Note 24. Financial risk management (continued)

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

(i) the Distribution Limit is the greater of:

  (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and

  (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

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

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

Director's declaration

In accordance with a resolution of the Directors of Stonnington Community Financial Services Limited, I state that:

In the opinion of the Directors:

(a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the Company's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

  (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001; 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.

Giovanni Jon Caneva
Chairman

Signed at Prahran, Victoria on 27 August 2008.

Independent audit report

Richmond Sinnott & Delahunty

Chartered Accountants

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

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

SCOPE

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

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

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

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

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

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

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

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

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ABN 60 616 244 309

INDEPENDENCE

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

AUDIT OPINION

In our opinion, the financial report of Stonnington Community Financial Services Limited is in accordance with:

(a) the Corporations Act 2001 including:

(i) giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

Richmond Sinnott & Delahunty

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W. Sinnott

W. J. SINNOTT
Partner
Bendigo

Date: 27 August 2008

Windsor **Community Bank**® Branch
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