

Contents

Chairperson's report	2-3
Manager's report	4
Directors' report	5-10
Financial statements	11-13
Notes to the financial statements	14-24
Directors' declaration	25
Independent audit report	26
Auditor's independence declaration	27
BSX report	28-29

Chairperson's report

For year ending 30 June 2005

Introduction

At the official opening of the Deloraine & Districts Community Bank® Branch on 27 July 2005 I said:

“The purpose of this day is to give a gift to this community. That gift is your very own bank;
a bank for which the profits stay right here in your community.”

That gift has been well received by the community and I am pleased to announce that in the four months since trading commenced, community and business support continues to be strong, trading is brisk and growth is consistent with our planning.

Reporting period

The applicable statutory reporting period is for the year to 30 June 2005. While it would be legitimate to restrict this report to the financial year under review, the opportunity has been taken to convey progress information for the period to 10 November 2005. Note, however, that financial reporting is restricted to the financial year under review.

Shareholders

The transformation of the dream into the present reality owes much to the shareholders of Meander Valley Financial Services Limited. On behalf of the Board of Directors I acknowledge the support and encouragement of the individuals, organizations, businesses and clubs in the Meander Valley whose confidence in buying shares made possible the establishment of this new financial and business service in the community.

The Deloraine & Districts Community Bank® Steering Committee in conjunction with Bendigo Bank set the minimum share capital required for the bank to be established as \$550,000. The maximum was set at \$650,000. The share float was closed when the maximum was reached.

Once profitability is achieved, a dividend will be paid to shareholders. On behalf of the Board of Directors and the community of Deloraine and Districts, I thank all shareholders whose support of the concept and whose assessment of its financial prudence, made possible the establishment of the Community Bank® branch.

Establishment of the Community Bank® branch has been a labour of love by the Steering Committee and Board members. They have been motivated by one thing: a shared commitment to contribute their diverse experience to the development and enhancement of this vibrant, creative, commercially productive community which is home to all Directors. No Director is paid. The massive contribution of time, and many other resources, is their gift to this community in order to achieve this community goal.

Success will ultimately be judged by the support the bank receives from the community. The more business the bank does, the more profit it will distribute as shareholder dividends and as support for community projects, grants and other initiatives. The bank has traded briskly since opening day, with increasing consumer

Chairperson's report continued

confidence and a reassuring market penetration in the vibrant and commercially diverse and creative Meander Valley.

Official opening

Deloraine & Districts Community Bank® Branch was officially opened on 27 July 2005 by Mr Robert Musgrove, Chief Manager Community & Alliance Banking, Bendigo Bank. He outlined the robust performance of Bendigo Bank throughout Australia, and particularly acknowledged the perseverance and support of our community given the long gestation of this project.

Guest speaker was Mr Max Papley, Chairman of Lang Lang Community Bank® Branch, Australia's fourth Community Bank® branch. He gave striking examples of the power of people to turn around struggling rural communities, but also to capitalize on the kinds of attributes a flourishing town like Deloraine already has.

The many thoroughly professional and pleasant people within the burgeoning Bendigo Bank system were acknowledged for their various contributions to a successful outcome for Deloraine and surrounding districts. I wish to particularly recognise the sustained guidance, encouragement and advice of Tracy Wilson and Julie Scullie of Bendigo Bank's Community Bank® Department in Bendigo and of Max Papley from Lang Lang Community Bank® Branch, who acts in the capacity of mentor to the Board.

The premises

A significant proportion of our capital was put toward establishing and fitting out the physical entity in which bank business is conducted. The Board expresses its appreciation for the various contributions of local trades people, service providers and suppliers.

Staff

The Board elected to appoint staff through Bendigo Bank, and to second them to Deloraine. This option offers staff greater career and skill development opportunities in order to serve you better. We believe the staff profile is broadly representative of the community served by the bank.

We have been fortunate to secure the services of Mr John Tabor as Manager. John has had many years' experience in all facets of banking business and business development, much of it in the Meander Valley.



Dr Christopher Moorhouse
Chairman

Manager's report 30 June 2005

The Deloraine & Districts Community Bank® Branch opened for business on 27 July 2005, although I commenced a little earlier than the official opening, in April. In the early weeks of my appointment, prior to the formal opening of the branch, I was extremely busy in seeing prospective clients, in their homes and/or business settings, planning staff induction, problem-solving during the branch set-up phase in preparation for opening and introducing marketing initiatives.

Our staff commenced earlier than the official opening, gaining training and experience in other Bendigo Branches in Devonport and Launceston. The early stages were not without their difficulties and frustrations but the sense of support and optimism in the community has been very encouraging. On behalf of our staff and myself I would like to thank our shareholders, customers and Board members for their encouragement and support during these first few months. I believe our team will continue to meet the high standards necessary for our continued success.

For our Community Bank® branch to grow and prosper and provide the community and shareholders with the great benefits of the Community Bank® concept, we need each and every one of our shareholders to support and promote the bank to the community. It is important for all of us to encourage friends and family to use the bank. Remember that we have extended trading hours and are open each day from 9am to 5pm and also on Saturdays from 9am to 12 midday!

I look forward with enthusiasm to the challenges ahead in the next year and achieving the ability to support community projects. I know that with the skills, dedication and commitment of our staff, and the strong support of our community we will continue to grow and prosper.



John Tabor
Branch Manager

Directors' report 30 June 2005

Your Directors submit the financial report of the Company for the financial year ended 30 June 2005.

Directors

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

Director	C. P. Moorhouse
Age:	54
Occupation:	Manager/Consultant
Experience and expertise:	Community Development
Other current listed	
Company Directorships:	2
Special responsibilities:	Chairman
Director	L. T. Jones
Age:	44
Occupation :	Clinical Nurse Manager
Experience and expertise:	Medical Administration, Community Service
Special responsibilities:	Deputy Chairman
Director	B. A. Harvey
Age:	47
Occupation:	Business Owner
Experience and expertise:	Business & Food Industry
Special responsibilities:	Accommodation, Bus Dev
Director	D. W. Lee
Age:	47
Occupation:	Youth Services
Experience and expertise:	Management, youth services
Special responsibilities:	Community Development
Director	L. A. Hayward
Age:	55
Occupation:	Community Volunteer
Experience and expertise:	Management, HR
Special responsibilities:	Company Secretary, Public Officer
Director	V. M. De Groot
Age:	55
Occupation:	Risk Manager
Experience and expertise:	Management, Education
Special responsibilities:	Treasurer

Directors' report 30 June 2005 continued

Director

Age: 48
Occupation: Farmer
Experience and expertise: Community Service
Special responsibilities: Recruitment

D. A. Bounds**Director**

Age: 58
Occupation: Business Owner
Experience and expertise: Retail Health
Special responsibilities: PR, Policy

J. M. E. Blakeney**Director**

Age: 26
Occupation: Public Sector Manager
Experience and expertise: Rural Youth Affairs, Agriculture
Special responsibilities: Assistant Secretary

L. J. Richardson**Director**

Age: 40
Occupation: Agriculture
Experience and expertise: Marketing, agriculture
Special responsibilities: Business Development, PR

S. Haywood**Director**

Age: 48
Occupation: Business Owner
Experience and expertise: Business, Food Industry
Special responsibilities: Tourism, Recruitment

G. A. Ward**Director**

Age: 57
Occupation: Craftsman/Farmer
Experience and expertise: Fine Woodwork/Farming
Special responsibilities: Accommodation

A. L. Badcock**Director**

Age: 62
Occupation: Business Owner/Artist
Experience and expertise: Fine woodcraft
Special responsibilities: Business Development

S. A. Blakeney

Directors' report 30 June 2005 continued

Director	G. D. Christie
Age:	78
Occupation:	Retired Farmer
Experience and expertise:	Farming, Comm.Dev
Special responsibilities:	Business Development

Director	G. W. Brookes
Age:	46
Occupation:	Motel Owner
Experience and expertise:	Business, Comm Dev
Special responsibilities:	Business Development

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

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

Company Secretary

The Company Secretary is Lynette Hayward. She has wide experience in the public and higher education sector. Lyn has an M.Ed from the U.of S.A. in Human Resource Management and Development.

Principal activities

The principal activities of the Company during the course of the financial year were in providing Community Bank® 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

The Company commenced trading during the year. The loss of the Company for the financial year after provision for income tax was \$72,107. This predominantly represents the incurring of start up costs.

Remuneration report

No Director of the Company receives remuneration for services as a Company Director or Committee member.

The Board's policy in respect of the Branch Manager is to maintain remuneration at parity within the Community Bank® network and local market rates for comparable roles.

There are no Executives who are directly accountable and responsible for the strategic direction and operational management of the entity. This is wholly a Board role.

There are therefore no specified executives.

John Tabor has been employed as Branch Manager taking up his position on 18 April 2005 at an annual salary in the range of \$60,000 to \$70,000 including superannuation.

Directors' report 30 June 2005 continued

Dividends

No dividends were declared or paid during the 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.

Significant events after the balance date

The Company opened its Community Bank® branch of Bendigo Bank on 25 August 2005. Business continues to grow in line with expectations. 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.

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. 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 Managers of the Company except where the liability arises out of conduct involving the lack of good faith. The premium paid in respect to this policy is \$2,860.

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' report 30 June 2005 continued

Directors meetings

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

	Number eligible	Number attended
C. Moorhouse	7	7
L. Jones	7	4
L. Hayward	7	6
V. De Groot	7	5
J. Blakeney	7	7
S. Blakeney	7	6
D. Bounds	7	6
G. Christie	7	7
S. Haywood	7	5
L. Richardson	7	6
D. Lee	7	5
G. Brookes	7	6
D. Badcock	7	7
B. Harvey	7	6
G. Ward	7	7

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 and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for Auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the Auditor, as set out in the notes, did not compromise the Auditor independence requirements of the Corporations Act 2001 for the following reasons:

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

Directors' report 30 June 2005 continued

- 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.

A copy of the Auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 27.

Signed in accordance with a resolution of the Board of Directors at Deloraine on 27th September 2005.



Dr Chris Moorhouse
Chairman



Lynette Hayward
Director

Financial statements

Statement of financial performance

For year ending 30 June 2005

	Note	2005 \$
Revenues from ordinary activities	2	6,940
<hr/>		
General administration expenses		(14,705)
Salaries and employee benefits expense		(95,189)
Borrowing cost expense	3	(56)
<hr/>		
Loss from ordinary activities before income tax credit		(103,010)
<hr/>		
Income tax credit relating to ordinary activities	4	30,903
<hr/>		
Loss from ordinary activities after income tax credit		(72,107)
<hr/>		
Total changes in equity other than those resulting from transactions with owners as owners		(72,107)
<hr/>		

The accompanying notes form part of these financial statements

Financial statements continued

Statement of financial position

As at 30 June 2005

	Note	2005 \$
CURRENT ASSETS		
Cash assets	5	334,681
Receivables	6	4,323
TOTAL CURRENT ASSETS		339,004
NON-CURRENT ASSETS		
Property, plant and equipment	7	140,138
Intangibles	8	60,000
Deferred tax assets	9	30,903
TOTAL NON-CURRENT ASSETS		231,041
TOTAL ASSETS		570,045
CURRENT LIABILITIES		
Payables	10	23,258
TOTAL CURRENT LIABILITIES		23,258
TOTAL LIABILITIES		23,258
NET ASSETS		546,787
EQUITY		
Contributed equity	13	618,894
Accumulated losses	14	(72,107)
TOTAL EQUITY		546,787

The accompanying notes form part of these financials statements

Financial statements continued

Statement of cash flows

For the year ending 30 June 2005

	Note	2005 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received in the course of operations		819
Cash paid in the course of operations		(90,958)
Interest received		6,121
Interest paid		(56)
Net cash provided by/(used in) operating activities	15(a)	(84,075)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for intangible assets		(60,000)
Net cash provided by/(used in) investing activities		(60,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of share issues		650,000
Payment of share issue costs		(31,106)
Net cash provided by financing activities		618,894
Net increase/(decrease) in cash held		474,819
Cash at the beginning of the financial year		-
Cash at the end of the financial year	15(b)	334,681

The accompanying notes form part of these financial statements

Notes to the financial statements

For year ending 30 June 2005

Note 1: Summary of significant accounting policies

Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 including applicable Accounting Standards.

Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial report has been prepared on an accruals basis and is based on historical costs 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.

Comparatives have not been provided as the Company was incorporated during the financial year.

Income tax

Income tax has been brought to account using the liability method of tax effect accounting whereby income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expenses are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised.

Goods and services tax

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

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

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

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

Notes to the financial statements continued

Note 1: Summary of significant accounting policies continued

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.

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.

Property, plant and equipment

Property, plant and equipment are carried at cost or at independent or Directors' valuation, less where applicable any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the assets employment and subsequent disposal.

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on a straight line basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of fixed assets	Depreciation rate (%)
Plant and equipment	2.5 - 25
Furniture and fittings	2.5 - 25

Comparative figures

Comparatives have not been provided as the Company was incorporated during the financial year.

Notes to the financial statements continued

Note 1: Summary of significant accounting policies continued

Revenue

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

Payment terms

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

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.

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.

Notes to the financial statements continued

2005
\$

Note 2: Revenue from ordinary activities

OPERATING ACTIVITIES:

- margin income	380
- commissions	396
- other revenue	43
Total revenue from operating activities	819

NON-OPERATING ACTIVITIES:

- interest received	6,121
Total revenue from non-operating activities	6,121
Total revenues from ordinary activities	6,940

Note 3: Expenses

BORROWING EXPENSES:

- interest paid	56
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Note 4: Income tax expense

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

Operating profit/(loss)	(103,010)
Prima facie tax on profit/(loss) from ordinary activities at 30%	(30,903)
Income tax expense on operating profit/(loss)	(30,903)

Note 5: Cash assets

Cash at bank and on hand	334,681
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Notes to the financial statements continued

	2005 \$
Note 6: Receivables	
Trade receivables	4,323
	4,323

Note 7: Property, plant and equipment

OFFICE FURNITURE AND EQUIPMENT

At cost	3,774
Less accumulated depreciation	-
	3,774

LEASEHOLD IMPROVEMENTS

At cost	136,364
Less accumulated depreciation	-
	136,364
Total written down amount	140,138

MOVEMENTS IN CARRYING AMOUNTS:

OFFICE FURNITURE AND EQUIPMENT

Carrying amount at beginning	-
Additions	3,774
Disposals	-
Less: depreciation expense	-
Carrying amount at end	3,774

LEASEHOLD IMPROVEMENTS

Carrying amount at beginning	-
Additions	136,364
Disposals	-
Less: depreciation expense	-
Carrying amount at end	136,364

Notes to the financial statements continued

2005
\$

Note 8: Intangible assets

FRANCHISE FEE

At cost	60,000
Less: accumulated amortisation	-
	60,000

Note 9: Deferrred tax benefit

FUTURE INCOME TAX BENEFIT

Tax losses - revenue	30,903
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Note 10: Payables

Trade creditors	23,258
Other creditors & accruals	23,258

Note 11: Contributed equity

650,000 Ordinary shares fully paid of \$1 each	650,000
Less preliminary expenses	(31,106)
	618,894

Note 12: Retained earnings / accumulated losses

Balance at the beginning of the financial year	-
Net profit/(loss) from ordinary activities after income tax	(72,107)
Balance at the end of the financial year	(72,107)

Notes to the financial statements continued

2005

\$

Note 13: Statement of cash flows

(a) Reconciliation of cash

Cash at bank and on hand	334,681
	334,681

(b) Reconciliation of loss from ordinary activities after tax to net cash provided by/(used in) operating activities

Profit/(loss) from ordinary activities after income tax	(72,107)
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CHANGES IN ASSETS AND LIABILITIES:

- (increase)/decrease in receivables	(4,323)
- (increase)/decrease in other assets	(30,903)
- increase/(decrease) in payables	23,258
Net cash flows provided by/(used in) operating activities	(84,075)

Note 14: Auditors' remuneration

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

- audit & review services	1,800
- other services in relation to the Company (prior to listing on BSX)	13,999
	15,799

Notes to the financial statements continued

Note 15: Director and related party disclosures

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

C. Moorhouse	G. Ward
L. Jones	B. Harvey
L. Hayward	A.L.Badcock
V. De Groot	L. Richardson
J. Blakeney	
S. Blakeney	
D. Bounds	
D. Lee	
G. Christie	
S. Haywood	
G. Brookes	

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

Name	Shares	Name	Shares
Dr. C.P. Moorhouse	3001	G.A. Ward)	jntly 4002
L.J. Jones	501	B.A. Harvey)	
L.A. Hayward	3001	A.L. Badcock	1001
V.M. De Groot	501	L. Richardson	501
J.M.E. Blakeney	5001		
S.A. Blakeney	10001		
D.A. Bounds	5001		
D.W. Lee	5001		
G.D. Christie	501		
S. Haywood	2401		
G. Brookes	as Zamar Trust 2001		

Each share held is valued at \$1 and is fully paid.

Notes to the financial statements continued

2005

\$

Note 16: Earnings per share

Earnings per share for the financial year have not been calculated as the Company did not commence trading after the end of the financial year

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Note 17: International Financial Reporting Standards - Impact of adopting Australian equivalents to IFRS

Entities complying with AIFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of AIFRS to that comparative period. Most adjustments required on transition to AIFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

The Company has established a project team to manage the transition to AIFRS, including training of staff and internal control changes necessary to gather all the required financial information. The transition is currently on schedule.

In the Company's opinion, no material impacts are expected in relation to the financial report for the year ended 30 June 2005. There are no impacts to be disclosed.

Impact on the statements of financial performance	Nil
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Impact on the statements of financial position	Nil
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Note explaining the impacts on the statements of financial performance and statements of financial position.

17 (a) Income tax

Under AASB 112 Income Taxes, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity.

If the policy required by AASB 112 had been applied during the year ended 30 June 2005, there would have been no impact on the value of deferred tax assets or liabilities.

Notes to the financial statements continued

Note 18: Subsequent events

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 where it provides banking services to its clients. The economic entity operates in one geographic area being the Meander Valley District of Tasmania.

Note 21: Registered office/principal place of business

The registered office and principal place of business is:

49 Emu Bay Road, Deloraine, TAS 7304

Notes to the financial statements continued

Note 22: Financial instruments

Net fair values

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

Credit risk

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

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

Interest rate risk

Financial instrument	Floating interest rate		Fixed interest rate maturing in						Non interest bearing		Weighted average effective interest rate	
			1 year or less		Over 1 to 5 years		Over 5 years					
			2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$				
FINANCIAL ASSETS												
Cash assets	30,605	N/A	304,076	N/A	-	N/A	-	N/A	-	N/A	5.25	N/A
Receivables	-	N/A	-	N/A	-	N/A	-	N/A	4,323	N/A	-	N/A
FINANCIAL LIABILITIES												
Interest bearing liabilities	-	N/A	-	N/A	-	N/A	-	N/A	-	N/A	-	N/A
Payables	-	N/A	-	N/A	-	N/A	-	N/A	23,258	N/A	-	N/A

Directors' declaration

In the Directors opinion:

- (1) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards the Corporations Regulations 2001; and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's financial position as at 30 June 2005 and of its performance as represented by the results of its operations and its cash flows for the financial year ended on that date; and
- (2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



Dr Chris Moorhouse
Chairman



Lynette Hayward
Director

Signed on 27th of September 2005.

Independent audit report



INDEPENDENT AUDIT REPORT

PO Box 454
Bendigo VIC 3552
61-65 Bull Street
Bendigo VIC 3550
Phone (03) 5443 0344
Fax (03) 5443 5304
afs@afsbendigo.com.au
www.afsbendigo.com.au
ABN 51 061 795 337

To the members of Meander Valley Financial Services Limited

Scope

We have audited the financial report of Meander Valley Financial Services Limited for the financial year ended 30 June 2005 including the Directors' Declaration. The company's Directors are responsible for the financial report. We have 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 to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements in Australia, so as to present a view which is consistent with our understanding of the company's financial position and performance as presented by the results of its operations and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In our opinion the financial report of Meander Valley 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 2005 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.

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

Dated 28 September 2005

Auditor's independence declaration

As lead Auditor for the audit of Meander Valley Financial Services Limited for the year ended 30 June 2005, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Meander Valley Financial Services Limited.



David Hutchings
Auditor

Andrew Frewin & Stewart

Bendigo

VIC 3550

BSX report

Additional information required by the Bendigo Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 13 November 2005.

A. Corporate Governance statement

The Board guides and monitors the business and affairs on behalf of the shareholders to whom they are accountable.

The Board recognises the importance of a strong corporate governance focus and methodology. The Board is currently working towards adopting policies and procedures that will govern our Company into the future. We believe that building policy framework will assist clarify the future direction of our local Company, provide accountability and transparency and ensure there are guiding principles in place for future decision making.

The Board does have an audit committee.

B. Substantial shareholders – ten largest shareholders

	Ordinary shares	Number of Ord Shares
1. Mr. Nigel and Mrs Jo-Anne Burfitt	20000	3.08%
2. Mr Barry Hickman (Meander Valley Online A/C)	20000	3.08%
3. The Rev Helen P. Smith	10500	1.62%
4. Mr Henry Smith	10500	1.62%
5. Mr Stephen Blakeney	10001	1.54%
6. Ms Gloria Barlow & Mr Bart Radings	10000	1.54%
7. Mrs Eileen Belkner	10000	1.54%
8. Mr Joseph Belkner	10000	1.54%
9. Mr Jeffrey Booker	10000	1.54%
10. Darrel J Green Pty Ltd	10000	1.54%
	121001	18.61%

C. Voting rights

Each shareholder has one vote.

BSX report continued

D. Distribution of shareholders

The number of shareholders, by size of holding, is:

	Number of Holders	Ordinary Shares Number of Shares
1 - 1,000	230	148,004
1,001 - 5,000	99	278,492
5,001 - 10,000	17	152,503
10,001 - 100,000	5	71,001
100,001 and over	-	-
Total	351	650,000

There are no shareholders holding less than a marketable parcel of shares.

E. Monitoring of the Board's performance and communication to shareholders

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Directors will be reviewed annually by the chairperson. Directors whose performance is unsatisfactory will be asked to retire.

The Board and Directors aim to ensure that shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors.

F. Address and telephone number of the office which securities register is kept:

Bendigo Bank Limited
Share Registry Office
Fountain Court
BENDIGO 3552
Telephone: 03 5433 9339

G. Company Secretary & registered office

Lynette A Hayward
Company Secretary
49 Emu Bay Road
Deloraine, TAS 7304
Telephone: 03 6368 1432

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