

2007 annual report



Contents

Chairman's report	2
Manager's report	3
Directors' report	4-8
Financial statements	9-12
Notes to the financial statements	13-26
Directors' declaration	27
Independent audit report	28-29
BSX report	30-31

Mission statement

Provide a full banking service, focusing on improving the prospects of our customers, communities and partnerships, in order to develop the business and provide increasing benefits to our communities and shareholders.

Chairman's report

For year ending 30 June 2007

Our Annual General Meeting will be held at the Newhaven Primary School Library on Monday 29 October at 7.30pm.

As expected, our fourth full year of business has produced a year of great benefit to our community. We have contributed in excess of \$24,000 to 29 various organisations in the form of sponsorships. Grants in excess of \$35,000 have also been distributed and our shareholders will also receive their first dividend.

A great result from a difficult year in which we sadly saw the passing, in March, of our Manager Fred Borg. Fred was an inspiration to all and a great believer in the **Community Bank**[®] model.

Michael Scott joined us in December as our new Manager and has exceeded expectations in building the business and becoming part of our great team with Trudy, Di, Sally, Marcia and Kath. Kellie, our youngest staff member, left in March to further her career in other ventures.

On behalf of all Directors and shareholders I thank all the staff for their courteous and diligent service.

Many thanks to our franchise partner Bendigo Bank, for their willing and able support throughout the year. Their training and encouragement offered to the staff has been, as always, first rate.

After four years of business, I reflect back to our mission statement made about four and a half years ago and am grateful that we are meeting all aspects of it. We have a full banking service; we are improving the prospects of our customers, communities and partnerships. We are developing the business with our expansion into Cowes getting closer, and last but not least we are increasing benefits to our wide ranging communities and shareholders.

I thank my fellow Directors who have given freely of their time, expertise and knowledge throughout the year, and also our Company Secretary Catherine.

I extend a warm welcome to all Shareholders to attend the AGM and join us for supper at the conclusion of the meeting.



Terry Ashenden
Chairman

Manager's report

For year ending 30 June 2007

It is with great pleasure that I present my first annual report of the San Remo District Financial Services.

I was appointed Manager in December 2006 whilst Fred was continuing his battle with illness. Unfortunately, as we know, Fred passed away in March of this year which saddened not only all of the staff who had worked with him, but the broader community in general. He was a fantastic bloke who will be sadly missed.

The branch has recently celebrated its fourth Birthday in June this year and the figures at years end were something everyone should be proud of. At the time of writing this report we have over \$66 million in business and over 3,000 accounts.

The push into Cowes continues to grow with pledges around the \$450,000 mark. Hopefully the feasibility study will show that this will be a worthwhile venture. Recently, we have also been approached to open a sub-branch in Grantville and this is gaining momentum rapidly.

As a group we have been able to put back into the community over \$60,000 in sponsorships and grants to numerous clubs, sporting clubs and other organisations. This provides us with a real sense of community spirit.

The Board of the San Remo District Financial Services, the staff and I are excited about what lays ahead in the coming year. We have again set a demanding budget, however one that we believe is achievable.

Finally I would like to thank all of the Bendigo Bank staff for their assistance since joining the group, the Board for their continued and ongoing support, our shareholders and all of our customers. Mostly, a huge thank you to my staff – Trudy, Dianne, Sally, Marcia, Kathleen and Kellie who have all made the last nine months a very memorable and enjoyable experience.



Michael Scott
Manager

Directors' report

For year ending 30 June 2007

Your Directors submit their 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 are:

Terry Ashenden

Chairman
Occupation - Business Proprietor

Bruce Adams

Director
Occupation - Cabinet Maker

Joan Matthews

Director
Occupation - Caravan Park Proprietor

Miranda Sage

Director
Occupation - Pharmacist

Norma Stack-Robinson

Director
Occupation - Retired

Caroline Talbot

Director
Occupation - Business Manager

Janice Rowlingson

Director
Occupation - Self employed

Bruce Procter

Director
Occupation - Retired

Michael Dixon (retired 23 October 2006)

Director
Occupation - Business Proprietor

David Harrison (appointed 23 October 2006)

Director
Occupation - Retired

Directors were in office for this entire year unless otherwise stated. No Directors have material interests in contracts or proposed contracts with the Company. No Directors have acted as a Director of any other listed Company over the last three years.

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 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/(loss) of the Company for the financial year after provision for income tax was \$16,997 (2006: (\$27,926)).

Dividends	Year ended 30 June 2007	
	Cents	\$
Final dividends recommended:	2	13,000

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

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

Joan Matthews is a Director of and Shareholder in Park Accommodation (Vic) Pty Ltd, which owns the premises situated at 103A Marine Parade, San Remo. The Company has entered into a lease arrangement with Park Accommodation (Vic) Pty Ltd with regard to these premises. During the year ended 30 June 2007 \$22,000 (2006: \$22,000) was paid in relation to this lease.

Newhaven Hardware & Plant Hire, of which Terry Ashenden is a partner, received \$1,800 (2006: Nil) in respect of the lease and associated outgoings for the office space for San Remo District Financial Services Limited.

Other than 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

Executive remuneration

	Primary benefits salary & fees \$	Post employment superannuation \$	Other * \$	Total \$
Michael Scott (Branch Manager)				
2007	42,923	3,863	6,885	53,671
Fred Borg (Branch Manager)				
2007	15,037	1,128	2,951	19,116
2006	42,869	5,271	9,434	57,574

* Other payments represent the total of monthly car lease payments. This vehicle is used by the Branch Manager and other staff during the year.

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:	13
Number of meetings attended:	
Terry Ashenden	13
Bruce Adams	9
Joan Matthews	10
Miranda Sage	6
Norma Stack-Robinson	10
Caroline Talbot	13
Janice Rowlingson	11
Bruce Procter	12
Michael Dixon (retired 23 October 2006)	3
David Harrison (appointed 23 October 2006)	8

Directors' report continued

Company Secretary

Catherine Rogerson has been the Company Secretary of San Remo District Financial Services Ltd for 2 years. Catherine Rogerson's qualifications and experience include administration in Commonwealth Government Primary and Secondary schools, and as a Committee Member of various clubs, preschools and school council.

Corporate governance

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

- (a) The establishment of an audit committee. Members of the audit committee are B. Adams, J. Rowlingson, T. Ashenden and F. Borg/M. Scott;
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

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



10 Forest Street
PO Box 30
Bendigo, 3552
Ph. 03 5443 1177
Fax. 03 5444 4344
E-mail: rsd@rsdadvisors.com.au

Auditor's independence declaration

In relation to our audit of the financial report of San Remo District Financial Services Ltd for the financial year ended 30 June 2007, 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.

A handwritten signature in black ink, appearing to read 'W Sinnott'.

Warren Sinnott
Partner
Richmond Sinnott & Delahunty
Bendigo

7 September 2007

Signed in accordance with a resolution of the Board of Directors at San Remo on 7 September 2007.

A handwritten signature in black ink, appearing to read 'T Ashenden'.

Terry Ashenden
Chairman

Financial statements

Income statement

For year ending 30 June 2007

	Note	2007 \$	2006 \$
Revenues from ordinary activities	2	549,249	410,800
Employee benefits expense	3	(232,659)	(205,412)
Depreciation and amortisation expense	3	(49,164)	(49,322)
Finance costs	3	(1,055)	(1,400)
Other expenses from ordinary activities		(232,374)	(183,368)
Profit/(loss) before income tax expense		33,997	(28,702)
Income tax expense/(benefit)	4	17,000	(776)
Profit/(loss) after income tax expense		16,997	(27,926)
Earnings per share (cents per share)			
- basic for profit / (loss) for the year	23	2.61	(4.30)
- diluted for profit / (loss) for the year	23	2.61	(4.30)

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet

As at 30 June 2007

	Note	2007 \$	2006 \$
Current assets			
Cash assets	6	273,277	192,918
Receivables	7	44,031	40,500
Prepayments	8	4,944	8,000
Total current assets		322,252	241,418
Non-current assets			
Property, plant and equipment	9	128,212	147,167
Deferred income tax asset	4	47,036	64,036
Intangibles	10	30,209	60,418
Total non-current assets		205,457	271,621
Total assets		527,709	513,039
Current liabilities			
Payables	11	30,759	31,194
Interest bearing liabilities	12	11,490	5,312
Provisions	13	17,996	14,576
Total current liabilities		60,245	51,082
Non-current liabilities			
Interest bearing liabilities	12	-	11,490
Total non-current liabilities		-	11,490
Total liabilities		60,245	62,572
Net assets		467,464	450,467
Equity			
Share capital	14	650,000	650,000
Accumulated losses	15	(182,536)	(199,533)
Total equity		467,464	450,467

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows

As at 30 June 2007

	Note	2007 \$	2006 \$
Cash flows from operating activities			
Cash receipts in the course of operations		580,034	418,309
Cash payments in the course of operations		(504,000)	(402,728)
Interest paid		(1,055)	(1,400)
Interest received		10,692	7,257
Net cash flows from operating activities	16b	85,671	21,438
Cash flows from financing activities			
Repayment of borrowings		(5,312)	(3,973)
Net cash flows used in financing activities		(5,312)	(3,973)
Net increase in cash held		80,359	17,465
Add opening cash brought forward		192,918	175,453
Closing cash carried forward	16a	273,277	192,918

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity

As at 30 June 2007

	Note	2007 \$	2006 \$
Share capital			
Ordinary shares			
Balance at start of year		650,000	650,000
Issue of share capital		-	-
Share issue costs		-	-
Balance at end of year		650,000	650,000
Accumulated losses			
Balance at start of year		(199,533)	(171,607)
Profit/(loss) after income tax expense		16,997	(27,926)
Balance at end of year		(182,536)	(199,533)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2007

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 7 September 2007.

(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 2006 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 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
Furniture and fittings	20%
Motor vehicles	15%
Plant and equipment	13%
Property improvements	13%

Impairment

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

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

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

Recoverable amount of assets

At each reporting date, the Company assesses whether there is any indication that an asset is impaired.

Where an indicator of impairment exists, the Company makes a formal estimate of the recoverable amount.

Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Goods and services tax

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

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

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

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

Notes to financial statements continued

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

Employee benefits

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

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

Intangibles

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

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.

Notes to financial statements continued

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

Provisions

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

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

Contributed capital

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

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

	2007	2006
	\$	\$

Note 2. Revenue from ordinary activities

Operating activities

- services commissions	538,977	402,445
Total revenue from operating activities	538,977	402,445
Non-operating activities:		
- interest received	10,272	8,337
- other revenue	-	18
Total revenue from non-operating activities	10,272	8,355
Total revenue from ordinary activities	549,249	410,800

Notes to financial statements continued

	2007	2006
	\$	\$
Note 3. Expenses		
Employee benefits expense		
- wages and salaries	204,885	180,002
- superannuation costs	17,470	15,657
- workers' compensation costs	792	705
- other costs	9,512	9,048
	232,659	205,412
Depreciation of non-current assets:		
- plant and equipment	5,595	5,753
- property improvements	8,420	8,420
- motor vehicles	4,041	4,041
- furniture and fittings	899	899
Amortisation of non-current assets:		
- intangibles	30,209	30,209
	49,164	49,322
Finance costs:		
- Interest paid	1,055	1,400
Bad debts	243	1,299

Notes to financial statements continued

	2007	2006
	\$	\$
Note 4. Income tax expense		
The prima facie tax on profit/(loss) before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit/(loss) before income tax at 30%	10,199	(8,611)
Add/(deduct) tax effect of:		
- Non-deductible expenses	7,932	7,835
- Prior period adjustment	(1,131)	-
Current income tax expense / (benefit)	17,000	(776)
Income tax expense / (benefit)	17,000	(776)
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.	47,036	64,036

Note 5. Auditors' remuneration

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

- Audit or review of the financial report of the Company	3,650	3,650
	3,650	3,650

Note 6. Cash assets

Cash at bank and on hand	273,277	192,918
---------------------------------	----------------	----------------

Note 7. Receivables

Trade debtors	44,031	40,500
----------------------	---------------	---------------

Note 8. Prepayments

Insurance	944	-
Staff training	4,000	8,000
	4,944	8,000

Notes to financial statements continued

	2007 \$	2006 \$
Note 9. Property, plant and equipment		
Furniture and fittings		
At cost	4,631	4,631
Less accumulated depreciation	(3,596)	(2,697)
	1,035	1,934
Motor vehicles		
At cost	26,936	26,936
Less accumulated depreciation	(13,989)	(9,948)
	12,947	16,988
Plant and equipment		
At cost	42,127	42,127
Less accumulated depreciation	(22,621)	(17,026)
	19,506	25,101
Building improvements		
At cost	126,976	126,976
Less accumulated depreciation	(32,252)	(23,832)
	94,724	103,144
Total written down amount	128,212	147,167
Movements in carrying amounts		
Furniture and fittings		
Carrying amount at beginning of year	1,934	2,833
Additions	-	-
Disposals	-	-
Depreciation expense	(899)	(899)
Carrying amount at end of year	1,035	1,934

Notes to financial statements continued

	2007	2006
	\$	\$
Note 9. Property, plant and equipment (continued)		
Movements in carrying amounts continued		
Motor vehicles		
Carrying amount at beginning of year	16,988	21,029
Additions	-	-
Disposals	-	-
Depreciation expense	(4,041)	(4,041)
Carrying amount at end of year	12,947	16,988
Plant and equipment		
Carrying amount at beginning of year	25,101	30,854
Additions	-	-
Disposals	-	-
Depreciation expense	(5,595)	(5,753)
Carrying amount at end of year	19,506	25,101
Building improvements		
Carrying amount at beginning of year	103,144	111,564
Additions	-	-
Disposals	-	-
Depreciation expense	(8,420)	(8,420)
Carrying amount at end of year	94,724	103,144

Notes to financial statements continued

	2007 \$	2006 \$
Note 10. Intangible assets		
Franchise fee		
At cost	60,000	60,000
Less accumulated amortisation	(48,000)	(36,000)
	12,000	24,000
Preliminary expenses		
At cost	91,045	91,045
Less accumulated amortisation	(72,836)	(54,627)
	18,209	36,418
	30,209	60,418

Note 11. Payables

Trade creditors	11,883	11,562
Other creditors and accruals	18,876	19,632
	30,759	31,194

Note 12. Interest bearing liabilities

Current		
Mastercard	-	497
Chattel mortgage	11,490	4,815
	11,490	5,312
Non-current		
Chattel mortgage	-	11,490
	-	11,490

Note 13. Provisions

Employee benefits	17,996	14,576
Number of employees at year end	7	7

Notes to financial statements continued

	2007 \$	2006 \$
Note 14. Share capital		
650,000 Ordinary shares fully paid of \$1 each	650,000	650,000

Note 15. Accumulated losses

Balance at the beginning of the financial year	(199,533)	(171,607)
Profit/(loss) after income tax	16,997	(27,926)
Balance at the end of the financial year	(182,536)	(199,533)

Note 16. Cash flow statement

(a) Reconciliation of cash

Cash assets	273,277	192,918
--------------------	----------------	----------------

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

Profit/(loss) after income tax	16,997	(27,926)
Non cash items		
- Depreciation	18,955	19,113
- Amortisation	30,209	30,209
Changes in assets and liabilities		
- (Increase) decrease in receivables	(475)	(11,961)
- Increase (decrease) in payables	(435)	9,577
- Increase (decrease) in provisions	3,420	3,202
- (Increase) decrease in deferred income tax assets	17,000	(776)
Net cashflows from operating activities	85,671	21,438

Notes to financial statements continued

Note 17. Director and related party disclosures

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

Terry Ashenden

Bruce Adams

Joan Matthews

Miranda Sage

Norma Stack-Robinson

Caroline Talbot

Janice Rowlingson

Bruce Procter

Michael Dixon (retired 23 October 2006)

David Harrison (appointed 23 October 2006)

Joan Matthews is a Director of and Shareholder in Park Accomodation (Vic) Pty Ltd, which owns the premises situated at 103A Marine Parade, San Remo. The Company has entered into a lease arrangement with Park Accomodation (Vic) Pty Ltd with regard to these premises. During the year ended 30 June 2007 \$22,000 (2006: \$22,000) was paid in relation to this lease.

Newhaven Hardware & Plant Hire, of which Terry Ashenden is a partner, received \$1,800 (2006: Nil) in respect of the lease and associated outgoings for the office space for San Remo District Financial Services Limited.

Other than 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	2007	2006
Terry Ashenden	5,000	5,000
Bruce Adams	1,000	1,000
Joan Matthews	8,000	8,000
Miranda Sage	5,000	5,000
Norma Stack-Robinson	5,000	5,000
Caroline Talbot	2,000	2,000
Janice Rowlingson	5,000	5,000
Bruce Procter	-	-
Michael Dixon (retired 23 October 2006)	-	-
David Harrison (appointed 23 October 2006)	500	500

There was no movement in Directors shareholdings during the year. Each share held has a paid up value of \$1 and is fully paid.

Notes to financial statements continued

Note 17. Director and related party disclosures (continued)

Executive remuneration

	Primary benefits salary & fees \$	Post employment superannuation \$	Other * \$	Total \$
Michael Scott (Branch Manager)				
2007	42,923	3,863	6,885	53,671
Fred Borg (Branch Manager)				
2007	15,037	1,128	2,951	19,116
2006	42,869	5,271	9,434	57,574

* Other payments represent the total of monthly car lease payments. This vehicle is used by the branch Manager and other staff during the year.

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 San Remo and Phillip Island.

Note 21. Corporate information

San Remo District Financial Services Ltd is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Bendigo Stock Exchange.

The registered office and principal place of business is:

103A Marine Parade
San Remo, VIC 3935

Notes to financial statements continued

	2007	2006
	\$	\$
Note 22. Dividends paid or provided for on ordinary shares		
Dividends proposed and not recognised as a liability		
<hr/>		
Unfranked dividends - 2 cents per share (2006: Nil cents per share)	13,000	-

Note 23. Earnings per share

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

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

Profit/(loss) after income tax expense	16,997	(27,926)
Weighted average number of ordinary shares for basic and diluted earnings per share	650,000	650,000

Notes to financial statements continued

Note 24. Financial instruments

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.

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 Balance Sheet and notes to the financial statements.

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

Interest rate risk

Financial instrument	Floating interest rate		Fixed interest rate maturing in						Non Interest bearing		Weighted average effective interest rate	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%

Financial assets

Cash assets	273,277	192,918	-	-	-	-	-	-	-	-	4.7	4.8
Receivables	-	-	-	-	-	-	-	-	44,031	40,500	N/A	N/A

Financial liabilities

Payables	-	-	-	-	-	-	-	-	30,759	31,194	N/A	N/A
Interest bearing liabilities	-	497	11,490	4,815	-	11,490	-	-	-	-	7.47	7.47

Directors' declaration

In accordance with a resolution of the Directors of San Remo District 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 2007 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.
- (c) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2007.



Terry Ashenden
Chairman

Signed at San Remo on 7 September 2007.

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 SAN REMO DISTRICT 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 San Remo District Financial Services Limited, for the year ended 30 June 2007.

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 designed 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.

Independent audit report continued

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

INDEPENDENCE

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

AUDIT OPINION

In our opinion, the financial report of San Remo District 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 2007 and of its performance for the period 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. J. Sinnott

W. J. SINNOTT
Partner
Bendigo

Date: 7 September 2007

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 11 September 2007.

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.

B. Substantial shareholders – ten largest shareholders

	Ordinary shares	Number of ord shares
1. GF & MJ Pauley [Pauley Super Fund]	11,000	1.69%
2. D & J Adams	10,000	1.54%
3. Carruthers Pharmaceuticals P/L	10,000	1.54%
4. Dickie R & J [Super Fund No. 2]	10,000	1.54%
5. P.J. Foden	10,000	1.54%
6. P & M Herrington	10,000	1.54%
7. GM Legg	10,000	1.54%
8. Morgeo Nominees P/L	10,000	1.54%
9. AC O'Brien	10,000	1.54%
10. J & D Gillard	8,000	1.23%
	99,000	15.2%

C. Voting rights

Each shareholder has one vote

BSX report continued

D. Distribution of shareholders

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

	Ordinary shares	
	Number of holders	Number of shares
1 - 1,000	265	177,458
1,001 - 5,000	108	356,552
5,001 - 10,000	12	105,001
10,001 - 100,000	1	11,000
100,001 and over	-	-
Total	386	650,011

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 Director's is reviewed annually by the chairperson. Director's whose performance is unsatisfactory are asked to retire.

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

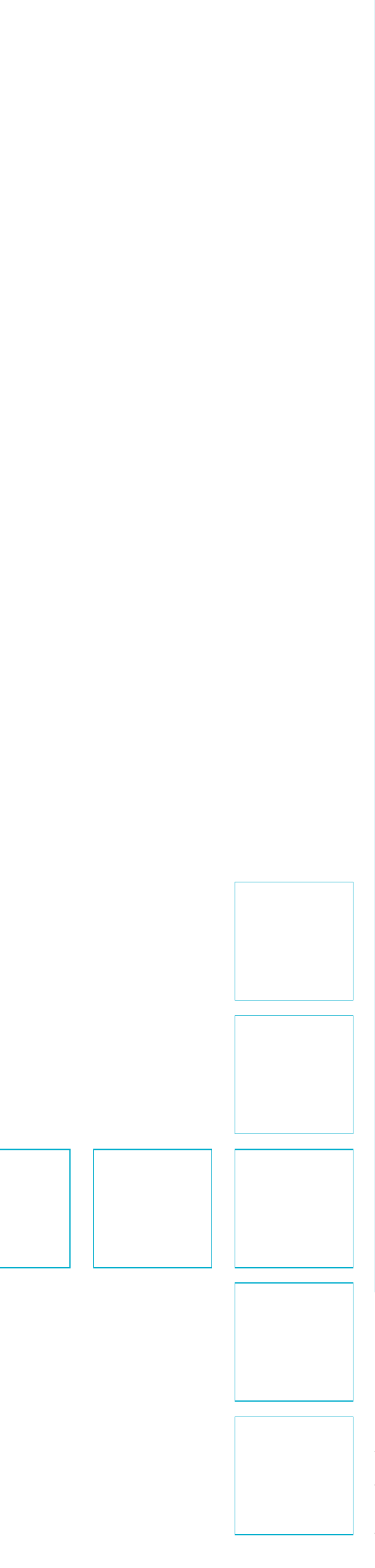
The Board does have an Audit Committee.

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

Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford, VIC 3067
Telephone: (03) 9415 5000

G. San Remo District Financial Services Limited

Catherine Rogerson
Company Secretary
103a Marine Parade
San Remo, VIC 3925
Telephone: (03) 5956 7177



San Remo District **Community Bank**[®] Branch
103A Marine Parade, San Remo, VIC 3925
Phone: (03) 5678 5833 Fax: (03) 5678 5823

Franchisee: San Remo District Financial Services Limited
103A Marine Parade, San Remo, VIC 3925
Phone: (03) 5678 5833 Fax: (03) 5678 5823
ABN 20 120 770 150

www.bendigobank.com.au
Bendigo Bank Limited, The Bendigo Centre, Bendigo, VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR7005) (08/07)