

2008 annual report



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Chairman's report

For year ending 30 June 2008

It is my pleasure to report on the progress of Redlands Community Financial Services Limited for the financial year 2007/08. Once again the Board and branch have experienced changes during the past year with the appointment of myself, as a new Chairman and Don Frost (founder of the Russell Island Agency) as a new Director.

The Board now consists of the following Directors:

Chairman – Garry White

Secretary – Glenda Little

Treasurer – Terry Ford

Director – Clive Phillips

Director – Janet Bennett

Director – Don Frost

Retired Directors during the year were Robert Smith (founder of the Macleay Island Agency) and Nick Day.

The Victoria Point **Community Bank**[®] Branch achieved some significant milestones over the last 12 months, including the announcement of the branch's first profitable month in August 2008.

Another milestone was the opening of an agency on Russell Island on 3 March 2008. The Board wanted a presence on Russell Island and after due consideration to hasten the process, an agency was established on the island under the umbrella of the Capalaba **Community Bank**[®] Branch. When Russell Island is near profit, or is profitable, the agency will be managed by the Victoria Point **Community Bank**[®] Branch.

The Victoria Point **Community Bank**[®] Branch won "branch of the month" twice this year in January and August. This is an excellent result and a measure of the hard work of our Manager and staff, and of our performance against other branches. At the 2007 AGM our funds under management were in excess of \$22.5 million and at the time of writing this report funds under management are approaching \$30 million.

The Board is transforming our agendas to begin partnerships with the community. These partnerships will be in the form of investment, sponsorship, or gifts. As a **Community Bank**[®] Company we need to invest in and engage with the community. This will build the community and in turn will grow the business. To that end the Board has letters of agreement with a number of organisations in the Redlands, including the largest player association, the Redlands Netball Association, and we have sponsored clubs, teams, and individuals.

It is important to acknowledge the significant contributions to the Victoria Point **Community Bank**[®] Branch of foundation Board members Terry Ford and Glenda Little. They will be leaving us shortly having ensured a sound base for prosperity of the business and the community. They have been a source of wisdom, strength and energy to the Board.

On a final note, the Board would like to thank all shareholders and staff for their efforts throughout the year. The Board encourages all shareholders to attend the Annual General Meeting. Once again we ask you to champion the cause of the Victoria Point **Community Bank**[®] Branch at every opportunity. We would appreciate your thoughts on the branch and welcome any feedback or suggestions you may have, and look forward to meeting with you once again.



Garry White
Chairman

Manager's report

For year ending 30 June 2008

Our third birthday is fast approaching, so it's an opportune time to reflect on how far we have come and the changes we have experienced along the way.

Amidst the global credit crisis, rising interest rates and increasing property values, the Victoria Point **Community Bank**[®] Branch has continued to grow to \$27 million in banking business.

This growth would not have been possible without the entire team which continued to change throughout the year. Lorraine having acted as Branch Manager chose to take a step back to a part time role, before deciding to spread her wings outside of banking. Val Bushby stepped in as Customer Relationship Officer and Holly Lucas was joined by new staff Wendy Nowill and Vesna Pupovac as Customer Service Officers. Wendy and Vesna are both making a positive impact our customers.

Victoria Point **Community Bank**[®] Branch continues its services to the Bay Islands through the Macleay Island Agency and Russell Island Agency. Macleay Island Agency is well established thanks to the dedication of Rob and Judy Smith before their retirement earlier this year. The Macleay Island Agency continues with the support of Amanda Machin. Russell Island Agency was established in partnership with Don Frost from the Russell Island Pharmacy in May and continues to offer this community a valuable and important role.

Acknowledgement and thanks to the Board of Directors, who have provided all branch staff with guidance and business insight from each of their areas of specialty.

Victoria Point **Community Bank**[®] Branch has contributed back to the community through various sponsorships and donations, including sponsorship of the 2008 Beijing Olympics, telecast on Channel 7.

At the Bendigo it starts with U, so be part of the Victoria Point **Community Bank**[®] Branch and help us benefit our community.



David Skeels

Branch Manager

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:

Nicholas Peter Day (Resigned 8 October 2008)

Chairman

Age: 43

Accountant

President of QLD Cancer Funds Maroochydhore Branch; Treasurer of Redlands Leagues Club; Public practicing accountant, financial planner and business advisor.

Special responsibilities: Chairman

Interests in shares: Nil

Glenda Alys Little

Secretary

Age: 51

Secretary

Secretary to Local State Member of Parliament since 2001; Chariperson to local body corporate. Member of Marketing Committee.

Special responsibilities: Company Secretary

Interests in shares: 1,001

Robert Purnell Smith (Resigned 17 August 2008)

Director

Age: 65

Retiree

Treasurer of Tingira Boat Club and member of Macleay Island Golf Club.

Special responsibilities: Property Committee

Interests in shares: 1,001

Terrence Glen Ford

Treasurer

Age: 55

Accountant/Registered Company Auditor

Australian Institute of Company Directors, FCPA, GAICD, FTIA, MCSA. Over 30 years accounting experience, partner in local accounting business for 22 years.

Special responsibilities: Treasurer and Chair of Audit Committee.

Interests in shares: 1,001

Clive Judah Phillips

Director

Age: 72

Retiree

Previous owner/Manager motor vehicles sales business; founding member of committee to develop sporting complex in Seven Hills Sydney; founding member of Neighbourhood Watch of Victoria Point Fryer Street.

Special responsibilities: Marketing, Public Relations and Business development.

Interests in shares: 7,001

Garry Francis White (Appointed 8 October 2008)

Chairman

Age: 48

Air Traffic Service Officer with Airservices Australia 18 years with Redlands Netball Association in senior leadership roles including the office of President, Secretary and Treasurer.

Special responsibilities: Marketing Committee

Interest in shares: 10,000

Directors' report continued

Janet Ann Daville Bennett

Director

Age: 52

Real Estate business owner

Current business involves contact with people in the Redlands community on a daily basis.

Special responsibilities: Marketing Committee

Interest in shares: 5,000

Donald G Frost (Appointed 15 February 2008)

Director

Age: 45

Pharmacist

Previously managed pharmacies in the UK and PNG; currently owns pharmacies in Browns Plains and Russell Island.

Special responsibilities: Nil

Interest in shares: 2,500

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 Glenda Alys Little. Glenda has been secretary since the establishment of the steering committee in April 2004 and officially was appointed the Company Secretary on 12 September 2005. She works for the local State Member of Parliament taking on diverse roles including case management, finance management, event management, including working and liaising with various government department agencies and the local community.

Principal activities

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

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

Operating results

Operations have continued to perform in line with expectations. The loss of the Company for the financial year after provision for income tax was:

	Year ended 30 June 2008	Year ended 30 June 2007
	\$	\$
	(54,781)	(125,906)

Remuneration report

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

There are therefore no specified Executives whose remuneration requires disclosure.

Dividends

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

Directors' report continued

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

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

Likely developments

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

Environmental regulation

The Company is not subject to any significant environmental regulation.

Directors' benefits

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

Indemnification and Insurance of Directors and Officers

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

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 continued

Directors meetings

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

	Number of meetings eligible to attend	Number attended
Nicholas Peter Day	12	6
Terrence Glen Ford	12	10
Glenda Alys Little	12	9
Clive Judah Phillips	12	9
Robert Purnell Smith (Resigned 17 August 2008)	12	6
Garry Francis White	12	8
Janet Ann Daville Bennett	12	8
Donald G Frost (Appointed 15 February 2008)	5	5

Non audit services

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

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

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

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

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

Directors' report continued

Auditors' independence declaration

A copy of the Auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 9.

Signed in accordance with a resolution of the Board of Directors at Victoria Point, Queensland on 26 September 2008.



Garry Francis White, Chairman



Terrence Glen Ford, Director

Auditors' declaration



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Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Redlands Community Financial Services Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2008 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

David Hutchings
Auditor

Andrew Frewin & Stewart
Bendigo, Victoria

Dated this 26th day of September 2008

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Liability limited by a scheme approved under Professional Standards Legislation

Financial statements

Income statement For year ending 30 June 2008

	Note	2008 \$	2007 \$
Revenues from ordinary activities	3	292,639	189,894
Salaries and employee benefits expense		(208,742)	(203,930)
Advertising and promotion expenses		(4,292)	(6,036)
Occupancy and associated costs		(41,846)	(37,015)
Systems costs		(19,551)	(21,896)
Depreciation and amortisation expense	4	(16,684)	(16,992)
General administration expenses		(80,720)	(83,732)
Loss before income tax credit		(79,196)	(179,707)
Income tax credit	5	24,415	53,801
Loss for the period		(54,781)	(125,906)
Loss attributable to members of the entity		(54,781)	(125,906)
Earnings per share (cents per share)		c	c
- basic for profit for the year	21	(8.06)	(18.53)

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2008

	Note	2008 \$	2007 \$
Assets			
Current assets			
Cash assets	6	28,729	98,221
Trade and other receivables	7	10,904	5,980
Total current assets		39,633	104,201
Non-current assets			
Property, plant and equipment	8	99,910	114,593
Intangible assets	9	5,000	7,000
Deferred tax assets	10	158,625	134,210
Total non-current assets		263,535	255,803
Total assets		303,168	360,004
Liabilities			
Current liabilities			
Trade and other payables	11	20,878	21,444
Provisions	12	2,036	3,525
Total current liabilities		22,914	24,969
Total liabilities		22,914	24,969
Net assets		280,254	335,035
Equity			
Issued capital	13	642,560	642,560
Accumulated losses	14	(362,306)	(307,525)
Total equity		280,254	335,035

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2008

	Note	2008 \$	2007 \$
Cash flows from operating activities			
Receipts from customers		285,915	177,388
Payments to suppliers and employees		(358,326)	(337,786)
Interest paid		(1)	(82)
Interest received		2,920	9,323
Net cash used in operating activities	15	(69,492)	(151,157)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(7,692)
Net cash used in investing activities		-	(7,692)
Cash flows from financing activities			
Proceeds from issues of equity securities		-	41,500
Payment for share issue costs		-	(1,746)
Net cash provided by financing activities		-	39,754
Net decrease in cash held		(69,492)	(119,095)
Cash at the beginning of the financial year		98,221	217,316
Cash at the end of the half-year	6(a)	28,729	98,221

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2008

	Note	2008 \$	2007 \$
Total equity at the beginning of the period		335,035	421,187
Net loss for the period		(54,781)	(125,906)
Net income/expense recognised directly in equity		-	-
Dividends provided for or paid		-	-
Shares issued during period		-	41,500
Costs of issuing shares		-	(1,746)
Total equity at the end of the period		280,254	335,035

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2008

Note 1. Summary of significant accounting policies

Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001.

Compliance with IFRS

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

Historical cost convention

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

Revenue

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

Goods and services tax

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

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

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

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

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

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

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

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

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

Current and deferred tax for the period

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

Employee entitlements

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

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. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Comparative figures

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

Property, plant and equipment

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

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

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

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

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Critical accounting estimates and judgements

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

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

There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Payment terms

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

Trade receivables and payables

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

Borrowings

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

Provisions

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

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

Contributed equity

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

Earnings per share

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

Notes to the financial statements continued

Note 2. Financial risk management

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

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

(i) Market Risk

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

(ii) Price Risk

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

(iii) Credit Risk

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

(iv) Liquidity Risk

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

(v) Cash flow and fair value interest rate risk

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

Notes to the financial statements continued

	2008 \$	2007 \$
Note 3. Revenue from ordinary activities		
Operating activities:		
- services commissions	289,421	180,570
- other revenue	298	-
Total revenue from operating activities	289,719	180,570
Non-operating activities:		
- interest received	2,920	9,324
Total revenue from non-operating activities	2,920	9,324
Total revenues from ordinary activities	292,639	189,894

Note 4. Expenses

Depreciation of non-current assets:

- Plant and equipment at Victoria Point	2,839	3,279
- Plant and equipment at Macleay Island	339	239
- Furniture & fittings	5,408	5,394
- Computer software	5,365	5,351
- Leasehold improvements	732	730

Amortisation of non-current assets:

- franchise agreement	2,000	2,000
	16,683	16,993

Finance costs:

- interest paid	1	82
Bad debts	679	-

Notes to the financial statements continued

	2008 \$	2007 \$
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Note 5. Income tax expense

The components of tax expense comprise:

- Deferred tax on provisions	678	-
- Future income tax benefit attributable to losses	(27,673)	(53,801)
- Under/over provision in respect to prior years	(1,629)	-
	(28,624)	(53,801)

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

Operating loss	(79,196)	(179,707)
Prima facie tax on loss from ordinary activities at 30%(23,759)	(53,912)	
Add tax effect of:		
- non-deductible expenses	600	-
- timing difference expenses	(2,393)	111
- other deductible expenses	(2,121)	-
Current tax	(27,673)	(53,801)
Movement in deferred tax	10. 678	-
Under/over provision in respect to prior years	(1,629)	-
	(28,624)	(53,801)

Note 6. Cash assets

Cash at bank and on hand	8,305	10,497
Term deposits	20,424	87,724
	28,729	98,221

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

6(a) Reconciliation of cash

Cash at bank and on hand	8,305	10,497
Term deposit	20,424	87,724
	28,729	98,221

Notes to the financial statements continued

	2008 \$	2007 \$
Note 7. Trade and other receivables		
Trade receivables	5,712	4,425
Prepayments	5,192	1,555
	10,904	5,980

Note 8. Property, plant and equipment

Plant and equipment at Victoria Point

At cost	32,452	32,452
Less accumulated depreciation	(7,862)	(5,023)
	24,590	27,429

Plant and equipment at Macleay Island

At cost	7,692	7,692
Less accumulated depreciation	(578)	(239)
	7,114	7,453

Furniture & fittings

At cost	54,279	54,279
Less accumulated depreciation	(13,475)	(8,067)
	40,804	46,212

Computer software

At cost	13,377	13,377
Less accumulated depreciation	(13,368)	(8,003)
	9	5,374

Leasehold improvements

At cost	29,217	29,217
Less accumulated depreciation	(1,824)	(1,092)
	27,393	28,125
Total written down amount	99,910	114,593

Notes to the financial statements continued

	2008 \$	2007 \$
Note 8. Property, plant and equipment (continued)		
Movements in carrying amounts:		
<i>Plant and equipment at Victoria Point</i>		
Carrying amount at beginning	27,429	30,708
Less: depreciation expense	(2,839)	(3,279)
Carrying amount at end	24,590	27,429
<i>Plant and equipment at Macleay Island</i>		
Carrying amount at beginning	7,692	-
Additions	-	7,692
Less: depreciation expense	(578)	-
Carrying amount at end	7,114	7,692
<i>Furniture & fittings</i>		
Carrying amount at beginning	46,212	51,606
Less: depreciation expense	(5,408)	(5,394)
Carrying amount at end	40,804	46,212
<i>Computer software</i>		
Carrying amount at beginning	5,374	10,725
Less: depreciation expense	(5,365)	(5,351)
Carrying amount at end	9	5,374
<i>Leasehold improvements</i>		
Carrying amount at beginning	28,125	28,855
Less: depreciation expense	(732)	(730)
Carrying amount at end	27,393	28,125
Total written down amount	99,910	114,832

Note 9. Intangible assets

Franchise Fee

At cost	10,000	10,000
Less: accumulated amortisation	(5,000)	(3,000)
	5,000	7,000

Notes to the financial statements continued

	2008 \$	2007 \$
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Note 10. Income tax expense

Deferred Tax Asset

- Opening Balance	134,210	80,409
Future income tax benefits attributable to losses	27,673	53,801
Deferred tax on provisions	(678)	-
Under/over provision in relation to prior years	1,629	-
- Closing Balance	162,834	134,210

Note 11. Trade and other payables

Trade creditors	17,878	18,444
Other creditors & accruals	3,000	3,000
	20,878	21,444

Note 12. Provisions

Employee provisions	2,036	3,525
Number of employees at year end	1	2

Note 13. Contributed equity

679,310 Ordinary shares fully paid of \$1 each (2007: 679,310)	679,310	679,310
Less: equity raising expenses	(36,750)	(36,750)
	642,560	642,560

Note 14. Accumulated losses

Balance at the beginning of the financial year	(307,525)	(181,619)
Net loss from ordinary activities after income tax	(54,781)	(125,906)
Balance at the end of the financial year	(362,306)	(307,525)

Notes to the financial statements continued

	2008 \$	2007 \$
Note 15. Statement of cashflows		
Reconciliation of loss from ordinary activities after tax to net cash used in operating activities		
Loss from ordinary activities after income tax	(54,781)	(125,906)
Non cash items:		
- depreciation	14,683	14,992
- amortisation	2,000	2,000
Changes in assets and liabilities:		
- increase in receivables	(4,924)	(3,263)
- increase in other assets	(24,415)	(41,039)
- decrease in payables	(566)	(1,466)
-increase/(decrease) in provisions	(1,489)	3,525
Net cashflows used in operating activities	(69,492)	(151,157)

Note 16. Auditors' remuneration

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

- audit & review services	4,000	4,000
- non audit services	1,100	1,280
	5,100	5,280

Note 17. Director and related party disclosures

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

Nicholas Peter Day
Terrence Glen Ford
Glenda Alys Little
Clive Judah Phillips
Robert Purnell Smith (Resigned 17 August 2008)
Garry Francis White
Janet Ann Daville Bennett
Donald G Frost (Appointed 15 February 2008)

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.

Notes to the financial statements continued

Note 17. Director and related party disclosures (continued)

Directors shareholdings	2008	2007
Nicholas Peter Day	-	-
Terrence Glen Ford	1,001	1,001
Glenda Alys Little	1,001	1,001
Clive Judah Phillips	7,001	5,001
Robert Purnell Smith (Resigned 17 August 2008)	1,001	1,001
Garry Francis White	10,000	10,000
Janet Ann Daville Bennett	5,000	200
Donald G Frost (Appointed 15 February 2008)	2,500	-

Each share held is valued at \$1.

	2008	2007
	\$	\$

Note 18. Earnings per share

a) Profit attributable to the ordinary equity holders of the Company used in calculating earnings per share	(54,781)	(125,906)
	2008	2007
	Number	Number
b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	679,310	679,310

Note 19. Events occurring after the balance sheet date

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

Note 20. Contingent liabilities

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

Note 21. Segment reporting

The economic entity operates in the service sector where it facilitates community banking services pursuant to a franchise agreement with Bendigo Bank Limited. The economic entity operates in one geographic area being Victoria Point and surrounding communities of Queensland.

Notes to the financial statements continued

Note 22. Registered office/Principal place of business

The registered office and principal place of business is:

Registered office	Principal place of business
141 Queen Street,	127 Colburn Avenue,
Cleveland QLD 4163	Victoria Point QLD 4163

Note 23. Financial instruments

Net fair values

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

Credit risk

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

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

Interest rate risk

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						
			2008	2007	2008	2007	2008	2007					2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%	
Financial assets													
Cash at bank	8,305	10,291	-	-	-	-	-	-	-	-	-	0.05	0.05
Trust account	-	6	-	-	-	-	-	-	-	-	-	N/A	N/A
Cash management	20,424	87,724	-	-	-	-	-	-	-	-	-	5.38	4.94
Receivables	-	-	-	-	-	-	-	-	-	5,712	5,980	N/A	N/A
Financial liabilities													
Payables	-	-	-	-	-	-	-	-	-	20,878	13,971	N/A	N/A

Director's declaration

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

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2008 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the Directors' report comply with Accounting Standard AASB174 Related Party Disclosures and the Corporations Regulations 2001.

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

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



Nicholas Peter Day, Chairman



Terrence Glen Ford, Director

Signed on the 26th of September 2008.

Independent audit report



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INDEPENDENT AUDITOR'S REPORT

To the members of Redlands Community Financial Services Limited

We have audited the accompanying financial report of Redlands Community Financial Services Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the director's declaration.

The company has disclosed information as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard 124 Related Party Disclosures ("Remuneration disclosures"), under the heading "Remuneration Report" in the directors' report, as permitted by Corporations Regulation 2M.6.04.

Directors Responsibility for the Financial Report

The Directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards. The directors are also responsible for the remuneration disclosures contained in the director's report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures comply with Accounting Standards AASB 124 Related Party Disclosures.

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

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

Liability limited by a scheme approved under Professional Standards Legislation

Independent audit report continued

Independence

In conducting our audit we have met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the director's report. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

- 1) The financial report is in accordance with the Corporations Act 2001 including giving a true and fair view of the financial position of Redlands Community Financial Services Limited as of 30 June 2008 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- 2) The financial report also complies with International financial reporting standards as disclosed in Note 1.
- 3) The remuneration disclosures that are contained in the director's report comply with Accounting Standards AASB 124 Related Party Disclosures.



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

Dated this 26th day of September 2008

BSX report

Share information

In accordance with Bendigo Stock Exchange listing rules the company provides the following information as at 30th September 2008, which is within 6 weeks of this report being sent to shareholders.

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

Number of shares held	Number of shareholders
1 to 1,000	188
1,001 to 5,000	92
5,001 to 10,000	12
10,001 to 100,000	5
100,001 and over	0
Total Shareholders	297

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

There are no substantial shareholders (holding more than 5% of voting rights) as each shareholder is entitled to 1 vote. Normally holding more than 5% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the Company.

There are 2 shareholders holding less than a marketable parcel of shares (\$500 in value).

There are no restricted securities on issue.

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

The following table shows the 10 largest shareholders.

Shareholder	Number of shares	Percentage of capital
Arthur Erry	50000	7.36
Constantine Efstathis	25000	3.68
Stathis Efstathis	20500	3.02
Monika Hunt	20000	2.94
Keenash Pty Ltd	20000	2.94
Mark Johnson	10000	1.47
Beaver Group Holdings Pty Ltd	10000	1.47
Keith Berwick	10000	1.47
Catherine Bishop	10000	1.47
Edith Campbell	10000	1.47
	185,500	27

BSX report continued

Registered Office and Principal Administrative Office

The registered office of the Company is located at:

141 Queen Street,
Cleveland QLD 4163
Phone: (07) 3286 1322

The principal administrative office of the Company is located at:

141 Queen Street,
Cleveland QLD 4163
Phone: (07) 3286 1322

Security Register

The security register (share register) is kept at: Computershare

452 Johnston Street
Abbotsford VIC 3067
Phone: 03 9415 4000

Company Secretary

Glenda Little has been the Company secretary of Redlands Community Financial Services Ltd for 4 years.
Secretary for State Member of Parliament for the past 7 years.

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 Terry Ford and Garry White;
- (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.

Annexure 3A

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

Victoria Point **Community Bank**[®] Branch
127 Colburn Avenue, Victoria Point, QLD 4165
Phone: (07) 3820 9355

Franchisee: Redlands Community Financial Services Limited
PO Box 5300, Victoria Point, QLD 4165
Phone: (07) 3820 9355
ABN 52 116 190 875

www.bendigobank.com.au www.bendigobank.com.au/public/Victoria_Point
Bendigo and Adelaide Bank Limited, The Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. KKQAR8021 (09/08)

