

Bright Community
Financial Services
ABN 93 117 798 553

2008 annual report



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Chairman's report

For year ending 30 June 2008

It is a pleasure to present my Chairman's report for the period ended 30 June 2008, for Bright Community Financial Services Limited, trading as the Bright **Community Bank**[®] Branch.

To the end of the financial year 2007/2008, the Bright **Community Bank**[®] Branch has been able to report growth of its banking business to more than \$26 million from an account base of 1329, and some 75% toward the currently assessed break-even level of \$34 million. The growth of the branch has been achieved while maintaining a desirable balanced mix of business as a stable foundation for future growth. The operating loss for the year, after tax, was \$90,655 that has been funded from investments created by sales of the original share float.

While this has shown steady growth of the **Community Bank**[®] Branch in a tight industry environment, it is important to note that a significant task lies ahead as we proceed toward break-even. Full details of the financial position of the Company are to be found in the audited accounts which form part of the financial statements.

During the year there has been some movement at the Boardroom table, with the departure of three Directors including our Treasurer, Karen Dentry, Sue Jarrett our Secretary and Carmel Smith, all of whom have been wonderful contributors to the Board and their presence will be missed. They have earned our thanks and our gratitude.

The Board has been fortunate to have gained the services of Bruce Reid and Michael Wright, who bring individual experience, skills and professional attributes to the Boardroom table. The Board is delighted to have enthusiastic and dedicated people prepared to put in countless hours of honorary work for their community and I am indebted to the office bearers and the Directors for their community spirit, input into a very effective decision making team and dedication to the wide range of activities undertaken by the Board.

The Bright **Community Bank**[®] Branch has again been able to support many local organisations with primarily sponsorships and donations utilising funds provided by the parent bank under the Market Development Fund program. Further, I note the great work done through the year by our enthusiastic Marketing and Sponsorship Committee in administering the decision making process for these applications and refining policy and guidelines for the future management of requests for sponsorship assistance. As a Board, we look forward to being able to support more community organisations as the business grows in the future.

I would like to congratulate the members of our staff for the professional competency exhibited through the year, under the Branch Manager, Russell McGibbon. This presentation remains a significant contribution in the day to day operation and continuing growth of the branch. During the reporting period there was no turnover of staff members.

The operation of the Bright **Community Bank**[®] Branch would not be possible without our partners, Bendigo Bank. I take this opportunity to personally thank the bank staff, as well as the Regional Manager, Chris Pursehouse, for his ongoing input and support to myself, the Board and our staff.

Chairman's report continued

As Chairman of a dedicated Board of Directors, I again take the opportunity to remind all shareholders that this is your **Community Bank**[®] branch and your business. Achieving the optimum level of success and economic development within our community is in your hands. Please give it your full support. Additionally, I reiterate the basis of the fundamental model, in that operating income from branch operation is split 50/50 between the parent bank and the **Community Bank**[®] branch. With its share, the **Community Bank**[®] branch meets the operating expenses of the branch, when in profit the Board will pay dividends on shares held in the Company (up to 20% of profit earned) and any remaining profit will then be distributed back to the community. I would also like to make it perfectly clear that no Director (including the Chairman) has any access to individual account information within the branch. The Manager and staff are the only people who have access to this information.

The Bright **Community Bank**[®] Branch remains committed to achieving its goal of providing a broadly based suite of banking services, and featuring a customer friendly approach to local banking services. This will increasingly return tangible benefits to the local community in the future. However, the job is not yet done. For the bank to be successful, it needs the full support of you, the shareholders and our ambassadors, not only by bringing your business to the Bright **Community Bank**[®] Branch, but by encouraging your family, colleagues and friends to do likewise. The **Community Bank**[®] model is a powerful community force and the community is the power to make it happen. This will fulfil our dream.

Finally, the time is right for me to step down from the position of Chairman to make way for a new set of goals and initiatives within this office, and accordingly I will not seek re-election to the position of Chairman. I remain indebted to the office bearers and members of the Steering Committee, and subsequently the office bearers and Directors of the Company Board, all staff members and you the shareholders for the terrific support that I have received in the position of chairman. You move forward with my very best wishes for every success in the future.



Roger Williams
Chairman

Manager's report

For year ending 30 June 2008

It is with pleasure that I submit my second report as Manager of the Bright **Community Bank**[®] Branch of Bendigo Bank.

The first full year of trading has come and gone. It has been an exciting and enjoyable time for all involved. The Bright **Community Bank**[®] Branch is extremely fortunate to have five very capable, enthusiastic and professional staff that have now settled into their banking careers and are committed to providing the standard of service that Bendigo Bank is renowned for.

We are striving to improve our skills and knowledge by participating in training courses both internally and externally. The banking industry has had a volatile year and it is essential that we meet the challenges ahead of us. I thank my staff sincerely for their efforts to date and believe that they are excellent ambassadors for the Bright **Community Bank**[®] Branch and their respective communities.

The most rewarding aspect for the staff is that our customers bank with us because they want to. They feel welcome, needed and very comfortable every time they enter the branch and if by chance they had been a bit down when they entered, they could be assured of lifting experience by the time they left.

From an operations aspect, business totalled \$26.01M at the end of June with 1329 accounts. This represents an increase of \$8.25M and 335 accounts. The ATM is being used extensively by both our customers and other banks customers with approximately 1500 transactions per month.

Operational risk is always a major concern, however, all of the audits, operations, credit, internal and mystery shoppers have showed at least a "satisfactory" result, in some cases higher, indicating that the staff are adhering to Bendigo Bank policy and meeting all government regulations and requirements. A great result.

Deposit balances have continued to fluctuate markedly depending on interest rates, although recent attractive interest rate offers have seen an increase in deposits. Superannuation continues to impact on our deposit gathering while loan enquiries are slow however this is not surprising as the increase in interest rate rises has certainly curtailed borrowings. Business Bankers Tony Clarebrough (Wangaratta), Brian O'Keefe (Albury) and Peter Nolan, Agribusiness Manager, also based in Wangaratta along with Sheridan Gilham, our Financial Planner, are utilised when necessary to provide expertise for our business, farming and wealth conscious customers respectively.

Sheridan is a qualified financial planner and has proved very popular providing excellent advice and counselling in the financial arena. Sheridan specialises in superannuation strategies, pre and post retirement and taxation planning for your investments, wealth protection and estate planning. Sheridan attends the branch fortnightly on a Friday but as he lives locally, the wider Bright community do have greater access to this service. The greater the need the better for us all.

Manager's report continued

I still believe that many in the community are not fully aware of all the products that we offer, particularly those products outside the normal banking sphere. Health, travel, loan, car, building, contents and landlords insurance are all available.

The full benefits of having the Bright **Community Bank**[®] Branch are yet to be realised. I hear of the benefits that other communities have gained from having a **Community Bank**[®] branch in their community and it makes me all the more excited as to the future benefits we can achieve for the Bright community.

However, we must not assume that just because the branch is open with friendly, professional staff and a very extensive, competitive product range that the business will automatically grow, we must continue to work extremely hard with a strong team effort from both the Board and the staff.

Finally, I would like to sincerely thank our Chairman, Roger Williams, and the members of the Bright Community Financial Services Ltd Board for their support and assistance.

I look forward to another year of growth as we strive to achieve the goals of profit, shareholder dividends, and the ability to provide the Bright community with funds to spend in, and for, their own community.



Russell McGibbon
Branch Manager

Directors' report

For year ending 30 June 2008

Your Directors submit their 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:

Roger Williams

Chairman
Newsagent

Kim Hacon Muhlen-Schulte

Director
Economic Development Officer

Karen Jane Dentry (resigned 21 January 2008)

Director
Company Director

Ronald Ido Kool

Director
Retired

Allan James Poyner

Director
Civil Engineer

Adrian Victor Smith

Director
Tyre Retailer / Wholesaler

Carmel Smith (resigned 27 November 2007)

Director
Tyre Retailer / Wholesaler

Susan Cheryl Jarrett (resigned 22 April 2008)

Director
Business Services Officer

Stuart Hargreaves

Director
Retired

Geoffrey Gurner Tually

Director
Business Consultant

Robert Charles Bone

Director
Retired

Michael John Wright (appointed 20 November 2007)

Director
Business Owner

Bruce Reid (appointed 20 November 2007)

Director
Business Owner

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

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

Principal activities

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

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

Directors' report continued

Operating results

Operations for the financial year have resulted in a profit/(loss) after income tax expense of (\$90,655) (2007: (\$226,863)).

Dividends

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

Significant changes in the state of affairs

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

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

During the year ended 30 June 2008 \$38 (2007: \$507) was paid to Bright Authorised Newsagency, which is owned by Roger Williams. All transactions were on normal commercial terms.

During the year ended 30 June 2008 \$Nil (2007: \$534) was paid to B & S Bright Ideas, which is owned by Sue Jarrett and her husband. All transactions were on normal commercial terms.

No other 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.

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 held:	12
<hr/>	
Number of meetings attended:	
<hr/>	
Roger Williams	10
<hr/>	
Karen Jane Dentry (resigned 21 January 2008)	5
<hr/>	
Ronald Ido Kool	9
<hr/>	
Allan James Poyner	9
<hr/>	
Adrian Victor Smith	11
<hr/>	
Carmel Smith (resigned 27 November 2007)	5
<hr/>	
Stuart Hargreaves	8
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Susan Cheryl Jarrett (resigned 22 April 2008)	7
<hr/>	
Robert Charles Bone	9
<hr/>	
Geoffrey Gurner Tually	11
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Kim Hacon Muhlen-Schulte	8
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Michael John Wright (appointed 20 November 2007)	6
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Bruce Reid (appointed 20 November 2007)	5
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Company Secretary

Geoff Gurner Tually has been the Company Secretary of Bright Community Financial Services Ltd since 25 September 2006. Geoff's qualifications and experience include being a senior academic with the University of Melbourne, member of the Association of Taxation and Management Accountants of Australia and a registered taxation agent.

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 Roger Williams, Karen Dentry, Rob Bone and Kim Muhlen;
- (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.

Directors' report continued

Auditor independence declaration

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

Richmond Sinnott & Delahunty

Chartered Accountants

Richmond Sinnott & Delahunty
Chartered Accountants



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

4 June 2008

The Directors
Bright Community Financial Services Limited
Shop 2, 104 Gavan Street
BRIGHT VIC 3741

Dear Directors

Auditor's Independence Declaration

In relation to our review of the financial report of Bright Community Financial Services Limited for the half year ended 31 December 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.

Warren Sinnott
Partner
Richmond Sinnott & Delahunty

Signed in accordance with a resolution of the Board of Directors at Bright on 25 September 2008.

Roger Williams
Chairman

Financial statements

Income statement For year ending 30 June 2008

	Note	2008 \$	2007 \$
Revenue from ordinary activities	2	295,772	138,788
Employee benefits expense	3	(199,478)	(184,715)
Charitable donations and sponsorship		(4,721)	(715)
Depreciation and amortisation expense	3	(21,422)	(21,421)
Other expenses from ordinary activities		(199,659)	(252,422)
Profit/(loss) before income tax expense		(129,508)	(320,485)
Income tax expense / (benefit)	4	(38,853)	(93,622)
Profit/(loss) after income tax expense		(90,655)	(226,863)
Earnings per share (cents per share)			
- basic for profit / (loss) for the period	20	(13.06)	(32.68)
- diluted for profit / (loss) for the period	20	(13.06)	(32.68)

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2008

	Note	2008 \$	2007 \$
Current assets			
Cash assets	6	98,922	203,545
Receivables	7	16,189	8,425
Total current assets		115,111	211,970
Non-current assets			
Property, plant and equipment	8	123,670	139,129
Deferred income tax asset	4	132,475	93,622
Intangible assets	9	17,889	23,852
Total non-current assets		274,034	256,603
Total assets		389,145	468,573
Current liabilities			
Payables	10	19,966	13,923
Provisions	11	16,350	11,166
Total current liabilities		36,316	25,089
Total liabilities		36,316	25,089
Net assets		352,829	443,484
Equity			
Share capital	12	670,347	670,347
Retained earnings/(accumulated losses)	13	(317,518)	(226,863)
Total equity		352,829	443,484

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			
Cash receipts in the course of operations		300,072	120,303
Cash payments in the course of operations		(412,786)	(422,880)
Interest received		8,091	20,177
Net cash flows from/(used in) operating activities	14b	(104,623)	(282,400)
Cash flows from investing activities			
Payment for intangible assets		-	(29,815)
Payments for property, plant and equipment		-	(154,587)
Net cash flows from/(used in) investing activities		-	(184,402)
Cash flows from financing activities			
Proceeds from issue of shares		-	694,113
Share issue costs		-	(23,766)
Net cash flows from/(used in) financing activities		-	670,347
Net increase/(decrease) in cash held		(104,623)	203,545
Add opening cash brought forward		203,545	-
Closing cash carried forward	14a	98,922	203,545

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 \$
SHARE CAPITAL			
Ordinary shares			
Balance at start of year		670,347	-
Issue of share capital		-	694,113
Share issue costs		-	(23,766)
Balance at end of year		670,347	670,347
Retained earnings / (accumulated losses)			
Balance at start of year		(226,863)	-
Profit/(loss) after income tax expense		(90,655)	(226,863)
Dividends paid		-	-
Balance at end of year		(317,518)	(226,863)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2008

Note 1. Basis of preparation of the financial report

(a) Basis of accounting

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

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

The financial report was authorised for issue by the Directors on 25 September 2008.

(b) Statement of compliance

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

(c) Significant accounting policies

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

Income tax

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

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

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

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

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

Notes to the financial statements continued

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

Property, plant and equipment

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

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

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

Class of asset	Depreciation rate
Branch fit out	10.0%

Impairment

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

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

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

Revaluations

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

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

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

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

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

Notes to the financial statements continued

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

Recoverable amount of assets

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

Goods and services tax

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

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

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

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

Employee benefits

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

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

Intangibles

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

Cash

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

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

Revenue

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

Notes to the financial statements continued

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

Receivables and payables

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

Interest bearing liabilities

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

Provisions

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

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

Contributed capital

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

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

Comparative figures

The entity commenced operations during the previous period. The comparative figures are for the period ended 30 June 2007.

Notes to the financial statements continued

	2008 \$	2007 \$
Note 2. Revenue from ordinary activities		
Operating activities		
- services commissions and fee income	287,681	118,611
Total revenue from operating activities	287,681	118,611
Non-operating activities:		
- interest received	8,091	20,177
- other revenue	-	-
Total revenue from non-operating activities	8,091	20,177
Total revenue from ordinary activities	295,772	138,788

Note 3. Expenses

Employee benefits expense		
- wages and salaries	172,535	153,115
- superannuation costs	15,375	13,306
- workers' compensation costs	416	903
- other costs	11,152	17,391
	199,478	184,715
Depreciation of non-current assets:		
- branch fit out	15,459	15,458
Amortisation of non-current assets:		
- set up costs	3,963	3,963
- franchise fee	2,000	2,000
	21,422	21,421
Finance costs:		
- Interest paid	96	-
Bad debts	-	-

Notes to the financial statements continued

	2008 \$	2007 \$
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%	(38,853)	(96,145)
Add tax effect of:		
- Non-deductible expenses	-	2,523
Current income tax expense / (benefit)	(38,853)	(93,622)
Income tax expense /(benefit)	(38,853)	(93,622)
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.		
	132,475	93,622

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
- Completion of feasibility study	-	5,000
- Accounting work for prospectus	-	2,000
	3,650	10,650

Note 6. Cash assets

Cash at bank and on hand	98,922	203,545
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Note 7. Receivables

Trade debtors	16,189	8,425
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Notes to the financial statements continued

	2008 \$	2007 \$
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Note 8. Property, plant and equipment

Branch fit out costs

At cost	154,587	154,587
Less accumulated depreciation	(30,917)	(15,458)
	123,670	139,129
Total written down amount	123,670	139,129

Movements in carrying amounts

Branch fit out costs

Carrying amount at beginning of year	139,129	-
Additions	-	154,587
Disposals	-	-
Depreciation expense	(15,459)	(15,458)
Carrying amount at end of year	123,670	139,129

Note 9. Intangible assets

Franchise fee

At cost	10,000	10,000
Less accumulated amortisation	(4,000)	(2,000)
	6,000	8,000

Set up costs

At cost	19,815	19,815
Less accumulated amortisation	(7,926)	(3,963)
	11,889	15,852
	17,889	23,852

Note 10. Payables

Trade creditors	13,723	9,705
Other creditors and accruals	6,243	4,218
	19,966	13,923

Notes to the financial statements continued

	2008 \$	2007 \$
Note 11. Provisions		
Employee benefits	16,350	11,166
Number of employees at year end	5	5

Note 12. Share capital

694,113 Ordinary Shares fully paid of \$1 each	694,113	694,113
Less capital raising costs	(23,766)	(23,766)
	670,347	670,347

Note 13. Retained earnings / (accumulated losses)

Balance at the beginning of the financial year	(226,863)	-
Profit/(loss) after income tax	(90,655)	(226,863)
Dividends	-	-
Balance at the end of the financial year	(317,518)	(226,863)

Note 14. Cash flow statement

(a) Reconciliation of cash

Cash assets	98,922	203,545
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(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities

Profit / (loss) after income tax	(90,655)	(226,863)
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Non cash items

- Depreciation	15,459	15,458
- Amortisation	5,963	5,963

Notes to the financial statements continued

	2008 \$	2007 \$
Note 14. Cash flow statement (continued)		
Changes in assets and liabilities		
- (Increase) decrease in receivables	(7,764)	(8,425)
- (Increase) decrease in deferred income tax asset	(38,853)	(93,622)
- Increase (decrease) in payables	6,043	13,923
- Increase (decrease) in provisions	5,184	11,166
Net cash flows from/(used in) operating activities	(104,623)	(282,400)

Note 15. Director and related party disclosures

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

Roger Williams

Karen Jane Dentry (resigned 21 January 2008)

Ronald Ido Kool

Allan James Poyner

Adrian Victor Smith

Carmel Smith (resigned 27 November 2007)

Stuart Hargreaves

Susan Cheryl Jarrett (resigned 22 April 2008)

Robert Charles Bone

Geoffrey Gurner Tually

Kim Hacon Muhlen-Schulte

Michael John Wright (appointed 20 November 2007)

Bruce Reid (appointed 20 November 2007)

During the year ended 30 June 2008 \$38 (2007: \$507) was paid to Bright Authorised Newsagency, which is owned by Roger Williams. All transactions were on normal commercial terms.

During the year ended 30 June 2008 \$Nil (2007: \$534) was paid to B & S Bright Ideas, which is owned by Sue Jarrett and her husband. All transactions were on normal commercial terms.

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 15. Director and related party disclosures (continued)

Directors shareholdings	2008	2007
Roger Williams	10,001	10,001
Karen Jane Dentry (resigned 21 January 2008)	1	1
Ronald Ido Kool	5,000	5,000
Allan James Poyner	2,301	2,301
Adrian Victor Smith	1,001	1,001
Carmel Smith (resigned 27 November 2007)	1,001	1,001
Stuart Hargreaves	20,801	20,801
Susan Cheryl Jarrett (resigned 22 April 2008)	20,000	20,000
Robert Charles Bone	2,000	2,000
Geoffrey Gurner Tually	10,000	10,000
Kim Hacon Muhlen-Schulte	-	-
Michael John Wright (appointed 20 November 2007)	5,000	5,000
Bruce Reid (appointed 20 November 2007)	500	500

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

Note 16. Subsequent events

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

Note 17. Contingent liabilities

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

Note 18. 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 Bright, Victoria.

Notes to the financial statements continued

Note 19. Corporate information

Bright Community 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:

Shop 2, 104 Gavan Street,
Bright, VIC 3741

	2008 \$	2007 \$
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Note 20. 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	(90,655)	(226,863)
Weighted average number of ordinary shares for basic and diluted earnings per share	694,113	694,113

Note 21. Financial risk management

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

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

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

(a) Credit risk

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

Notes to the financial statements continued

Note 21. Financial risk management (continued)

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

	Carrying amount	
	2008	2007
	\$	\$
Cash assets	98,922	203,545
Receivables	16,189	8,425
	115,111	211,970

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

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

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

(b) Liquidity risk

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

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

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

	Carrying amount	Contractual cash flows	1 year or less	over 1 to 5 years	more than 5 years
	\$	\$	\$	\$	\$
30 June 2008					
Payables	19,966	(19,966)	(19,966)	-	-
	19,966	(19,966)	(19,966)	-	-
30 June 2007					
Payables	13,923	(13,923)	(13,923)	-	-
	13,923	(13,923)	(13,923)	-	-

Notes to the financial statements continued

Note 21. Financial risk management (continued)

(c) Market risk

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

Interest rate risk

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

Sensitivity analysis

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

	Carrying amount	
	2008	2007
	\$	\$
Fixed rate instruments		
Financial assets	97,535	196,122
Financial liabilities	-	-
	97,535	196,122
Variable rate instruments		
Financial assets	1,387	7,423
Financial liabilities	-	-
	1,387	7,423

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

Notes to the financial statements continued

Note 21. Financial risk management (continued)

(d) Net fair values

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

(e) Capital management

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

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

- (i) the Distribution Limit is the greater of:
 - (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
 - (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and
- (ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

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

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

Director's declaration

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

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001;
- (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; and
- (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 2008.



Roger Williams

Chairman

Signed at Bright on 25 September 2008.

Independent audit report

Richmond Sinnott & Delahunty Chartered Accountants



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

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

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 Bright Community Financial Services Limited, for the year ended 30 June 2008.

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

Audit approach

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

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

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

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

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

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

Woodbury Court, 172 Melvor Road Bendigo 3550. PO Box 30 Bendigo 3552. Ph: (03) 5443 1177. Fax: (03) 5444 4344. Email: rsd@rsdadvisors.com.au
ABN 60 616 244 309

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Independent audit report continued

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 Bright Community Financial Services Limited is in accordance with:

- (a) the Corporations Act 2001 including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the year ended on that date;
 - (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: 25 September 2008

BSX report

Additional information required by the Bendigo Stock Exchange Limited. In accordance with the BSX listing rules, the Company provides the following information, as at the 25 September 2008, which is within 6 weeks of this report being sent to shareholders.

A. Corporate governance statement

The Board is responsible for the development and monitoring of the business and affairs on behalf of the shareholders to whom they are accountable.

The Board maintains a strict division of responsibilities between the Business of the bank and Governance of the bank. The nexus between the two is by the Manager attending all Board meetings and providing monthly financial reports to the Board and relationship to operating budget. The Manager is not a member of the Board.

Directors meetings are held on a monthly basis. Director approval of operating budgets and monitoring of progress against these budgets.

An Audit committee is in operation and comprises Roger Williams, Rob Bone and Kim Muhlen. The Board supports training opportunities for Directors and Staff provided by Bendigo Bank.

B. Largest shareholders – sixteen largest shareholders

There are NO substantial shareholders as each shareholder is entitled to 1 vote, irrespective of the number of shares owned.

There are no restricted securities and no unquoted equity securities. All shares are ordinary shares of \$1 each.

As at the 25 September 2008 largest shareholders were;

	Ordinary shares	% Number of ord shares
1. Mr Raymond John Cox	50,000	7.20
2. Mr Stuart Hargreaves & Mrs Cynthia Hargreaves	20,801	3.00
3. Mr Brenton Jarrett & Mrs Sue Jarrett	20,200	2.91
4. Mr Dino Michelini (Jade Michelini a/c)	20,000	2.88
5. Mr Dino Michelini (Kane Michelini a/c)	20,000	2.88
6. Bordmont Pty Ltd	10,000	1.44
7. Mr Frederick R Borschmann & Mrs Ann L Borschmann (Borschmann Super Fund a/c)	10,000	1.44
8. Mr Gregory B Chalwell & Mrs Jill E Chalwell	10,000	1.44
9. Mr Jeffery M Dawes & Mrs Thea D Dawes	10,000	1.44
10. Mr Craig J Martin & Mrs Sharon M Martin (C & S Martin Super Fund a/c)	10,000	1.44

BSX report continued

B. Largest shareholders – sixteen largest shareholders (continued)

	Ordinary shares	% Number of ord shares
11. Jeanette B O'Leary & Philip J O'Leary (The O'Leary Family S/F a/c)	10,000	1.44
12. Mrs Dreena E O'Toole	10,000	1.44
13. Mr Philip Stubberfield & Mrs Helen Stubberfield (Gallant Ruler S/Fund a/c)	10,000	1.44
14. Mrs Elzbieta W Tually & Mr Geoffrey G Tually	10,000	1.44
15. Margaret Anne Baker	10,000	1.44
16. Mr Ronald McFadyen & Mrs Teresa McFadyen (McFadyen Super Fund)	10,000	1.44
	241,001	34.71%

C. Voting rights

Each shareholder has one vote

D. Distribution of shareholders

The number of shareholders, as at 25 September 2008, by size of holding, is:

	Ordinary shares		
	Number of holders	Number of shares	% Issued capital
1 - 500	127	56,758	8.18
501 - 1,000	90	87,801	12.65
1,001 - 5,000	86	276,303	39.81
5,001 - 10,000	16	142,250	20.49
10,001 - 100,000	5	131,001	18.87
100,001 and over	-	-	
Total	324	694,113	100.00

There are 10 shareholders holding less than a marketable parcel of 500 shares, apart from Director shares of 1 share.

BSX report continued

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 will be asked to retire.

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

Computershare Investor Services Pty Limited

452 Johnston Street,

Abbotsford VIC 3067

Phone: (03) 9415 5000

www.computershare.com

G. Bright Community Financial Services Limited

Registered and Administrative Office of the Company:

Shop 2, 104 Gavan Street,

Bright VIC 3741

Company Secretary:

Geoff Tually

Company Secretary,

PO Box 82,

Bright VIC 3741

Phone: 0407 437 526

Geoff has been Company Secretary for 2 years and his qualifications and experience include being a senior academic with the University of Melbourne. He is a member of the Association of Taxation and Management Accountants of Australia and a Registered Taxation agent.

H. 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.

BSX report continued

I. Remuneration report

Required under Sect 300A of the Corporations Act 2001.

No Director of the Company receives remuneration (voluntary positions) 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.

There are no remunerated Company executives (key management personnel), who are directly accountable and responsible for the strategic direction and operational management of the entity. This is wholly the Board's role. Therefore there are no senior managers, as defined in the Corporations Act.

A handwritten signature in black ink, appearing to read 'R Williams', with a large, stylized initial 'R'.

Roger Williams
Director

Bright **Community Bank**[®] Branch
Shop 2, 104 Gavan Street, Bright VIC 3741
Phone: (03) 5755 1932 Fax: (03) 5755 1107

Franchisee: Bright Community Financial Services
Shop 2, 104 Gavan Street, Bright VIC 3741
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