annual report | 2009

Bright Community
Financial Services Limited
ABN 93 117 798 553

Bright **Community Bank®** Branch

Contents

Chairman's report

For year ending 30 June 2009

It is a pleasure to present my Chairman's report for the period ended 30 June 2009, for Bright Community Financial Services Limited, trading as the Bright **Community Bank®** Branch.

We turn three years of age on the 24 October 2009.

Growth of $10 million of business was achieved during the financial year, bringing us to $36 million, even during a period of financial downturn in the Australian economy. The economic downturn affected our lending, which in turn has prevented us from achieving break even. We were still experiencing small monthly loses in the last few months of the financial year.

With an improving economy we anticipate achieving a profit position during the financial year 2009/10. This is in line with other **Community Bank®** branch's experience of achieving profitability in around three years. Until we reach a sustained profit position the Board is unable to consider paying a dividend, which by law, must be paid out of profit.

During the last two to two and a half years, I believe that our **Community Bank®** branch has achieved significant progress and will continue to grow with the continued shareholder and community support. This continued support is paramount to our success and I ask each shareholder, where possible, to continue to support your bank, both with satisfying your banking needs and encouraging the wider community to increase support of the bank. The greater our growth the greater will be our ability to assist our community.

To assist our banks community sponsorship development, Bendigo and Adelaide Bank Ltd continued to provide us market development funds and we have been able to distribute some $30,000 to assist a number of community groups. When we reach a sustained profitability level we will be able to further our sponsorship of community group initiatives. It is this community sponsorship and involvement, as well as exceptional customer service, which sets the Bendigo apart from other banks.

Your Board continues to meet each month and presently comprises ten Directors. Roger Williams stepped down as Chairman last November, but remains on the Board. I thank Roger for his untiring effort in leading the development of the bank in its first two years of operation. Board changes during the year include the appointment of four new Directors to replace four Directors who retired/resigned during the year (one due to ill health and one rejoined the Board).

The staff, continue to provide exceptional service and achieved 100% customer service award. The staff, are the backbone of our banks day to day operation. We welcomed two new staff to replace two staff, who sought career changes.

Finally, the operation of the Bright **Community Bank®** Branch would not be possible without the very significant ongoing support from the Bendigo and Adelaide Bank Ltd staff. In particular, we sincerely thank the Regional Manager, Chris Pursehouse, for his ongoing input and mentoring, support to myself, the Board and our staff.

Geoffrey Tually.

Chairman

Directors' report

For year ending 30 June 2009

Your Directors submit their report of the Company for the financial year ended 30 June 2009.

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
Retired

Adrian Victor Smith
Director
Tyre Retailer / Wholesaler

Allan James Poyner
(resigned 25 November 2008)
Director
Civil Engineer

Stuart Hargreaves
Director
Retired

Robert Charles Bone
Director
Retired

Eckberg Enid Donadio
(appointed 26 August 2008)
Director
Accountant

Sue Jarrett
(appointed 25 November 2008)
Director
Receptionist

Jennifer McNaught
(appointed 26 May 2009)
Director
Furnishings Retails

Kim Hacon Muhlen-Schulte
(resigned 25 November 2008)
Director
Economic Development Officer

Ronald Ido Kool
(resigned 28 April 2009)
Director
Retired

Bruce Reid
Director
Business Owner

Geoffrey Gurner Tually
Director
Business Consultant

Michael John Wright
(resigned 28 April 2009)
Director
Business Owner

Mark Henry Beyer
(appointed 25 November 2008)
Director
Accountant

Jason Sharp
(appointed 25 November 2008,
resigned 28 July 2009)
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.

Directors' report continued

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 Ltd.

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

Operating results

Operations for the financial year have resulted in a profit/(loss) after income tax expense of ($82,461 (2008: ($90,655)).

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

During the year the Company delisted from the Bendigo Stock Exchange.

In the opinion of the Directors there were no other 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 2009 $19 (2008: $38) was paid to Bright Authorised Newsagency, which is owned by Roger Williams. 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.

Directors' report continued

Indemnification and insurance of Directors and Officers

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

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

Directors' meetings

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

Number of meetings held:	**12**
Number of meetings attended:	
Roger Williams	10
Adrian Victor Smith	9
Ronald Ido Kool (resigned 28 April 2009)	6
Allan James Poyner (resigned 25 November 2008)	2
Bruce Reid	10
Stuart Hargreaves	12
Robert Charles Bone	8
Geoffrey Gurner Tually	12
Eckberg Enid Donadio (appointed 26 August 2008)	11
Michael John Wright (resigned 28 April 2009)	9
Kim Hacon Muhlen-Schulte (resigned 25 November 2008)	3
Mark Henry Beyer (appointed 25 November 2008)	8
Sue Jarrett (appointed 25 November 2008)	10
Jason Sharp (appointed 25 November 2008, resigned 28 July 2009)	7
Jennifer McNaught (appointed 26 May 2009)	0

Company Secretary

Geoff Gurner Tually was the Company Secretary of Bright Community Financial Services Ltd from 25 September 2006 until 2 February 2009. 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.

Enid Donadio was appointed Company Secretary on 2 February 2009. Enid has run her own business for over 20 years.

Directors' report continued

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 Adrian Smith, Rob Bone, Mark Beyer and Enid Donadio;

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

(c) Ongoing Director training; and

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

Auditor independence declaration

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

Richmond Sinnott & Delahunty

Chartered Accountants

Richmond Sinnott & Delahunty
Chartered Accountants

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

4 March 2009

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 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Warren Sinnott
Partner
Richmond Sinnott & Delahunty

Signed in accordance with a resolution of the Board of Directors at Bright on 27 August 2009.

Geoff Tually

Chairman

Financial statements

Income statement
For year ending 30 June 2009

	Note	2009 $	2008 $
Revenue from ordinary activities	2	318,872	295,772
Employee benefits expense	3	(208,345)	(199,478)
Charitable donations and sponsorship		(13,807)	(4,721)
Depreciation and amortisation expense	3	(21,579)	(21,422)
Other expenses from ordinary activities		(191,926)	(199,659)
Profit/(loss) before income tax expense		**(116,785)**	**(129,508)**
Income tax expense / (benefit)	4	(34,324)	(38,853)
Profit/(loss) after income tax expense		**(82,461)**	**(90,655)**
Earnings per share (cents per share)			
- basic for profit / (loss) for the year	20	(11.88)	(13.06)
- diluted for profit / (loss) for the year	20	(11.88)	(13.06)

The accompanying notes form part of these financial statements.

Balance sheet
As at 30 June 2009

	Note	2009 $	2008 $
Current assets			
Cash assets	6	4,616	98,922
Receivables and other assets	7	33,755	16,189
Total current assets		**38,371**	**115,111**
Non-current assets			
Property, plant and equipment	8	114,364	123,670
Deferred income tax asset	4	166,799	132,475
Intangible assets	9	11,926	17,889
Total non-current assets		**293,089**	**274,034**
Total assets		**331,460**	**389,145**
Current liabilities			
Payables	10	39,526	19,966
Provisions	11	21,566	16,350
Total current liabilities		**61,092**	**36,316**
Total liabilities		**61,092**	**36,316**
Net assets		**270,368**	**352,829**
Equity			
Share capital	12	670,347	670,347
Retained earnings/(accumulated losses)	13	(399,979)	(317,518)
Total equity		**270,368**	**352,829**

The accompanying notes form part of these financial statements.

Statement of cash flows
As at 30 June 2009

	Note	2009 $	2008 $
Cash flows from operating activities			
Cash receipts in the course of operations		320,563	300,072
Cash payments in the course of operations		(411,906)	(412,786)
Interest received		3,347	8,091
Net cash flows from/(used in) operating activities	**14b**	**(87,996)**	**(104,623)**
Cash flows from investing activities			
Payments for property, plant and equipment		(6,310)	-
Net cash flows from/(used in) investing activities		**(6,310)**	**-**
Net increase/(decrease) in cash held		**(94,306)**	**(104,623)**
Add opening cash brought forward		98,922	203,545
Closing cash carried forward	**14a**	**4,616**	**98,922**

The accompanying notes form part of these financial statements.

Statement of changes in equity
As at 30 June 2009

	Note	2009 $	2008 $
Share capital			
Ordinary shares			
Balance at start of year		670,347	670,347
Issue of share capital		-	-
Share issue costs		-	-
Balance at end of year		**670,347**	**670,347**
Retained earnings / (accumulated losses)			
Balance at start of year		(317,518)	(226,863)
Profit/(loss) after income tax expense		(82,461)	(90,655)
Dividends paid		-	-
Balance at end of year		**(399,979)**	**(317,518)**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2009

Note 1. Basis of preparation of the financial report

(a) Basis of accounting

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

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

The financial report was authorised for issue by the Directors on 27 August 2009.

(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 2008 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.

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).

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.

Note 2. Revenue from ordinary activities

	2009 $	2008 $
Operating activities		
- services commissions and fee income	315,525	287,681
Total revenue from operating activities	**315,525**	**287,681**
Non-operating activities:		
- interest received	3,347	8,091
Total revenue from non-operating activities	**3,347**	**8,091**
Total revenue from ordinary activities	**318,872**	**295,772**

	2009 $	2008 $

Note 3. Expenses

	2009 $	2008 $
Employee benefits expense		
- wages and salaries	182,470	172,535
- superannuation costs	15,137	15,375
- workers' compensation costs	418	416
- other costs	10,320	11,152
	208,345	**199,478**
Depreciation of non-current assets:		
- branch fit out	15,616	15,459
Amortisation of non-current assets:		
- set up costs	3,963	3,963
- franchise fee	2,000	2,000
	21,579	**21,422**
Finance costs:		
- Interest paid	249	96
Bad debts	52	-

Note 4. Income tax expense

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

	2009 $	2008 $
Prima facie tax on profit/(loss) before income tax at 30%	(35,036)	(38,853)
Add tax effect of:		
- Non-deductible expenses	712	-
Current income tax expense / (benefit)	**(34,324)**	**(38,853)**
Income tax expense /(benefit)	**(34,324)**	**(38,853)**
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.	**166,799**	**132,475**

Notes to the financial statements continued

	2009 $	2008 $

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	**2,713**	**3,650**

Note 6. Cash assets

Cash at bank and on hand	**4,616**	**98,922**

Note 7. Receivables and other assets

Trade debtors	30,628	16,189
Prepaid expenses	3,127	-
	33,755	**16,189**

Note 8. Property, plant and equipment

Branch fit out costs		
At cost	160,897	154,587
Less accumulated depreciation	(46,533)	(30,917)
	114,364	**123,670**
Total written down amount	**114,364**	**123,670**
Movements in carrying amounts		
Branch fit out costs		
Carrying amount at beginning of year	123,670	139,129
Additions	6,310	-
Disposals	-	-
Depreciation expense	(15,616)	(15,459)
Carrying amount at end of year	**114,364**	**123,670**

Notes to the financial statements continued

	2009 $	2008 $

Note 9. Intangible assets

	2009 $	2008 $
Franchise fee		
At cost	10,000	10,000
Less accumulated amortisation	(6,000)	(4,000)
	4,000	**6,000**
Set up costs		
At cost	19,815	19,815
Less accumulated amortisation	(11,889)	(7,926)
	7,926	**11,889**
	11,926	**17,889**

Note 10. Payables

	2009 $	2008 $
Trade creditors	28,004	13,723
Other creditors and accruals	11,522	6,243
	39,526	**19,966**

Note 11. Provisions

	2009 $	2008 $
Employee benefits	**21,566**	**16,350**
Number of employees at year end	**5**	**5**

Note 12. Share capital

	2009 $	2008 $
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**

	2009 $	2008 $

Note 13. Retained earnings / (accumulated losses)

Balance at the beginning of the financial year	(317,518)	(226,863)
Profit/(loss) after income tax	(82,461)	(90,655)
Dividends	-	-
Balance at the end of the financial year	**(399,979)**	**(317,518)**

Note 14. Cash flow statement

(a) Reconciliation of cash

Cash assets	**4,616**	**98,922**

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

Profit / (loss) after income tax	(82,461)	(90,655)
Non cash items		
- Depreciation	15,616	15,459
- Amortisation	5,963	5,963
Changes in assets and liabilities		
- (Increase) decrease in receivables and other assets	(17,566)	(7,764)
- (Increase) decrease in deferred income tax asset	(34,324)	(38,853)
- Increase (decrease) in payables	19,560	6,043
- Increase (decrease) in provisions	5,216	5,184
Net cash flows from/(used in) operating activities	**(87,996)**	**(104,623)**

Note 15. Director and related party disclosures

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

Roger Williams

Adrian Victor Smith

Ronald Ido Kool (resigned 28 April 2009)

Allan James Poyner (resigned 25 November 2008)

Bruce Reid

Stuart Hargreaves

Robert Charles Bone

Geoffrey Gurner Tually

Eckberg Enid Donadio (appointed 26 August 2008)

Michael John Wright (resigned 28 April 2009)

Kim Hacon Muhlen-Schulte (resigned 25 November 2008)

Mark Henry Beyer (appointed 25 November 2008)

Sue Jarrett (appointed 25 November 2008)

Jason Sharp (appointed 25 November 2008, resigned 28 July 2009)

Jennifer McNaught (appointed 26 May 2009)

During the year ended 30 June 2009 $19 (2008: $38) was paid to Bright Authorised Newsagency, which is owned by Roger Williams. 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	**2009**	**2008**
Roger Williams	10,001	10,001
Adrian Victor Smith	1,001	1,001
Ronald Ido Kool (resigned 28 April 2009)	5,000	5,000
Allan James Poyner (resigned 25 November 2008)	2,301	2,301
Bruce Reid	500	500
Stuart Hargreaves	20,801	20,801
Robert Charles Bone	200	200
Geoffrey Gurner Tually	10,000	10,000
Eckberg Enid Donadio (appointed 26 August 2008)	1	1
Michael John Wright (resigned 28 April 2009)	5,000	5,000
Kim Hacon Muhlen-Schulte (resigned 25 November 2008)	-	-
Mark Henry Beyer (appointed 25 November 2008)	500	500
Sue Jarrett (appointed 25 November 2008)	20,200	20,200
Jason Sharp (appointed 25 November 2008, resigned 28 July 2009)	-	-
Jennifer McNaught (appointed 26 May 2009)	3,000	3,000

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 were 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.

The registered office and principal place of business is:
Shop 2, 104 Gavan Street,
Bright VIC 3741

	2009 $	2008 $

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:

	2009 $	2008 $
Profit/(loss) after income tax expense	**(82,461)**	**(90,655)**
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.

Notes to the financial statements continued

Note 21. Financial risk management (continued)

(a) Credit risk

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

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

	Carrying amount	
	2009	**2008**
	$	**$**
Cash assets	4,616	98,922
Receivables	30,628	16,189
	35,244	**115,111**

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 (2008: 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.

Note 21. Financial risk management (continued)

(b) Liquidity risk (continued)

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 2009					
Payables	39,526	(39,526)	(39,526)	–	–
	39,526	**(39,526)**	**(39,526)**	**–**	**–**
30 June 2008					
Payables	19,966	(19,966)	(19,966)	–	–
	19,966	**(19,966)**	**(19,966)**	**–**	**–**

(c) Market risk

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

Interest rate risk

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

Note 21. Financial risk management (continued)

(c) Market risk (continued)

Sensitivity analysis

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

	Carrying amount 2009 $	2008 $
Fixed rate instruments		
Financial assets	-	97,535
Financial liabilities	-	-
	-	**97,535**
Variable rate instruments		
Financial assets	4,616	1,387
Financial liabilities	-	-
	4,616	**1,387**

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 2008 there was also no impact. As at both dates this assumes all other variables remain constant.

(d) Net fair values

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

Note 21. Financial risk management (continued)

(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 2009 can be seen in the Income Statement.

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

Directors' 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 2009 and of their performance for the year ended on that date; and

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

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Geoff Tually
Chairman

Signed at Bright on 27 August 2009.

Independent audit report

Richmond Sinnott & Delahunty
Chartered Accountants

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

Independent Review Report

To the members of Bright Community Financial Services Ltd

Scope

The financial report comprises the condensed income statement, condensed balance sheet, condensed cash flow statement, condensed statement of changes in equity, accompanying notes to the financial statements and the directors' declaration for Bright Community Financial Services Ltd for the half-year ended 31 December 2008.

The company's directors 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 Standard AASB 134 "Interim Financial Reporting", in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for accounting policies and accounting estimates inherent in the financial report.

Review Approach

We conducted an independent review of the half year financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the half year financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis or procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia, so as to present a view which is consistent with our understanding of the company's financial position and of their performance as represented by the results of their operations and their cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than that given in an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Woodbury Court, 172 McIvor 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

Independence

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

Review Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year interim financial report of Bright Community Financial Services Ltd is not in accordance with:

(a) the Corporations Act 2001, including:

  (i) giving a true and fair view of the company's financial position as at 31 December 2008 and its performance for the half year ended on that date; and

  (ii) complying with Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Regulations; and

(b) other mandatory professional reporting requirements.

Richmond Sinnott & Delahunty

Richmond Sinnott & Delahunty
Chartered Accountants

Sinnott.

Warren Sinnott
Partner

Signed at Bendigo on 4 March 2009

Bright **Community Bank**® Branch
2/104 Gavan Street, Bright VIC 3741
Phone: (03) 5755 1932

Franchisee: Bright Community Financial Services Limited
2/104 Gavan Street, Bright VIC 3741
ABN: 93 117 798 553

www.bendigobank.com.au/bright
Bendigo and Adelaide Bank Limited,
The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR9049) (08/09)

Bendigo Bank