

annual report 2010

Bright Community
Financial Services Limited
ABN 93 117 798 553

Bright **Community Bank**[®] Branch

Contents

Chairman and Manager's reports	2-3
Directors' report	4-6
Financial statements	7-10
Notes to the financial statements	11-20
Directors' declaration	21
Independent audit report	22-23

Chairman & Manager's reports

Chairman's report

For year ending 30 June 2010

It is a pleasure to present my Chairman's report for the period ended 30 June 2010, for Bright Community Financial Services Limited, trading as the Bright **Community Bank**[®] Branch.

We turn 4 years of age on the 24 October 2010.

Business continues to grow with an increase in lending resulting in achieving business of \$41.2 million. 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 2010/2011. This is in line with other **Community Bank**[®] branch's experience of achieving profitability in around three to four years.

During the last three to three 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 bank's community sponsorship development, the Bendigo parent bank, continued to provide us market development funds and we have been able to distribute some \$40,000 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 nine Directors. Board changes during the year include the appointment of two new Directors, whilst three Directors retired/resigned during the year.

The staff, continue to provide exceptional service. We welcomed the promotion of Pauline Dalbosco, as our

new Manager in October, following the departure of Russell McGibbon. The staff, are the backbone of our banks day to day operation.

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

Manager's report

For year ending 30 June 2010

It is with pleasure that I submit my first report as Manager of the Bright **Community Bank**[®] Branch. I am also proud to say that it is the branch's fourth report.

Yet another full year of trading has come and gone. It has been an exciting and enjoyable time for all involved especially for myself taking over the position. Bright **Community Bank**[®] Branch is extremely fortunate to have five very capable, enthusiastic and professional staff who are committed to providing the standard of service that Bendigo and Adelaide Bank Ltd 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 tumultuous year and it is essential that we meet the challenges that remain 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.

Chairman & Manager's reports continued

From an operations aspect, business totalled \$41.2 million at the end of June with 1,213 accounts. The ATM is being used extensively by both our customers and other banks customers with approximately 1,500 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 and Adelaide Bank Ltd 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 our lending figures are on the rise. Business Bankers Tony Clarebrough (Wangaratta) and Alan Jones (Albury) and Peter Nolan, Agribusiness Manager (also based in Wangaratta) along with Financial Planner Sheridan Gillham 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, 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.

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 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. We still have a lot of shareholders who do not have accounts with us and as we hope to pay a dividend in the near future, this won't be possible without their support.

Finally I would like to sincerely thank Chairman Geoff Tually and the members of the Bright Community Financial Services Ltd Board for their support and assistance. Also, thanks to Chris Pursehouse (Regional Manager), Brian O'Keefe (Retail Lending Manager) and Kendall Beattie (Customer & Community Manager) who have assisted me greatly since taking on my new role.

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.



Pauline Dalbosco
Branch Manager

Directors' report

For the financial year ended 30 June 2010

Your Directors submit their report of the Company for the financial year ended 30 June 2010.

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

Director
Company Director

Bruce Reid

Director
Business Owner

Adrian Victor Smith (resigned 24 November 2009)

Director
Tyre Retailer / Wholesaler

Geoffrey Gurner Tually

Chairman
Business Consultant

Stuart Hargreaves

Director
Retired

Jennifer McNaught (resigned 22 June 2010)

Director
Furnishings Retailer

Robert Charles Bone (resigned 24 November 2009)

Director
Retired

Mark Henry Beyer

Director
Accountant

Eckberg Enid Donadio

Director
Accountant

Sue Jarrett

Director
Receptionist

Jason Sharp (resigned 28 July 2009)

Director
Business Owner

Adam Williams (appointed 22 March 2010)

Director
Business Owner

Pam Wright (appointed 22 June 2010)

Director
Retired

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

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

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.

Operating results

Operations for the financial year have resulted in a loss after income tax benefit of \$29,502 (2009: \$82,461).

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 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.

Directors' report continued

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

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

Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the Company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The Company also has Officers Insurance for the benefit of Officers of the Company against any liability incurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the Company or in or arising out of the discharge of the Officer's duties.

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 during the year were:

Director	Board meetings #	Audit committee meetings #
Roger Williams	13 (13)	N/A
Bruce Reid	13 (13)	N/A
Adrian Victor Smith (resigned 24 November 2009)	4 (4)	0 (0)
Geoffrey Gurner Tually	13 (13)	N/A
Stuart Hargreaves	13 (13)	N/A
Jennifer McNaught (resigned 22 June 2010)	10 (12)	N/A
Robert Charles Bone (resigned 24 November 2009)	2 (4)	0 (0)
Mark Henry Beyer	10 (13)	1 (1)
Eckberg Enid Donadio	12 (13)	1 (1)
Sue Jarrett	5 (13)	N/A
Jason Sharp (resigned 28 July 2009)	0 (1)	N/A
Adam Williams (appointed 22 March 2010)	4 (4)	N/A
Pam Wright (appointed 22 June 2010)	1(1)	N/A

The first number is the meetings attended while in brackets is the number of meetings eligible to attend.
N/A - not a member of that Committee.

Directors' report continued

Company Secretary

Enid Donadio was appointed Company Secretary on 2 February 2009. Enid has run her own business for over 20 years as an accountant and has a varied client base throughout Australia.

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 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



10 September 2010

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

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

Dear Directors

Auditor's Independence Declaration

In relation to our audit of the financial report of Bright Community Financial Services Limited for the year ended 30 June 2010, 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 10 September 2010.



Geoff Tually
Chairman

Financial statements

Statement of comprehensive income For the year ended 30 June 2010

	Note	2010 \$	2009 \$
Revenue from ordinary activities	2	340,538	318,872
Employee benefits expense	3	(215,261)	(208,345)
Charitable donations and sponsorship		(4,131)	(13,807)
Depreciation and amortisation expense	3	(24,971)	(21,579)
Finance costs	3	(1,782)	(249)
Other expenses from ordinary activities		(142,888)	(191,677)
Profit/(loss) before income tax expense		(48,495)	(116,785)
Income tax expense / (benefit)	4	(18,993)	(34,324)
Profit/(loss) after income tax expense		(29,502)	(82,461)
Other comprehensive income		-	-
Total comprehensive income		(29,502)	(82,461)
Earnings per share (cents per share)			
- basic for profit / (loss) for the year	22	(4.25)	(11.88)
- diluted for profit / (loss) for the year	22	(4.25)	(11.88)

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of financial position As at 30 June 2010

	Note	2010 \$	2009 \$
Current assets			
Cash and cash equivalents	6	-	4,616
Receivables and other assets	7	36,817	33,755
Total current assets		36,817	38,371
Non-current assets			
Property, plant and equipment	8	114,815	114,364
Deferred tax assets	4	185,792	166,799
Intangible assets	9	5,963	11,926
Total non-current assets		306,570	293,089
Total assets		343,387	331,460
Current liabilities			
Payables	10	34,531	39,526
Provisions	12	15,271	21,566
Bank overdraft	6	34,215	-
Loans and borrowings	11	2,416	-
Total current liabilities		86,433	61,092
Non-current liabilities			
Loans and borrowings	11	16,088	-
Total non-current liabilities		16,088	-
Total liabilities		102,521	61,092
Net assets		240,866	270,368
Equity			
Share capital	13	670,347	670,347
Retained earnings/(accumulated losses)	14	(429,481)	(399,979)
Total equity		240,866	270,368

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows For the year ended 30 June 2010

	Note	2010 \$	2009 \$
Cash flows from operating activities			
Cash receipts in the course of operations		371,477	320,563
Cash payments in the course of operations		(407,573)	(411,657)
Interest paid		(1,782)	(249)
Interest received		2	3,347
Net cash flows from/(used in) operating activities	15b	(37,876)	(87,996)
Cash flows from investing activities			
Payments for property, plant and equipment		(19,459)	(6,310)
Net cash flows from/(used in) investing activities		(19,459)	(6,310)
Cash flows from financing activities			
Proceeds from borrowing		18,504	-
Net cash flows from/(used in) financing activities		18,504	-
Net increase/(decrease) in cash held		(38,831)	(94,306)
Cash and cash equivalents at start of year		4,616	98,922
Cash and cash equivalents at end of year	15a	(34,215)	4,616

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity For the year ended June 2010

	Note	2010 \$	2009 \$
Share capital			
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		(399,979)	(317,518)
Profit/(loss) after income tax expense		(29,502)	(82,461)
Dividends paid	21	-	-
Balance at end of year		(429,481)	(399,979)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2010

Note 1. Basis of preparation of the financial report

(a) Basis of preparation

Bright Community Financial Services Limited ('the Company') is domiciled in Australia. The financial statements for the year ending 30 June 2010 are presented in Australian dollars. The Company was incorporated in Australia and the principal operations involve providing **Community Bank**[®] services.

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets.

The financial statements require judgements, estimates and assumptions to be made that affect the application of accounting policies. Actual results may differ from these estimates.

The financial statements were authorised for issue by the Directors on 10 September 2010.

(b) Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial report of the Company complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board. 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 2009 financial statements.

Income tax

Deferred income tax is provided on all temporary differences at the reporting 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 reporting 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.

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%
Motor vehicles	22.5%

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.

Notes to the financial statements continued

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

Property, plant and equipment (continued)

Revaluations (continued)

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.

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 Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis.

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

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 reporting 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 statement of cash flows, 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).

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.

Loans and borrowings

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.

Share capital

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

Notes to the financial statements continued

	2010 \$	2009 \$
Note 2. Revenue from ordinary activities		
Operating activities		
- services commissions and fee income	340,536	315,525
Total revenue from operating activities	340,536	315,525
Non-operating activities:		
- interest received	2	3,347
Total revenue from non-operating activities	2	3,347
Total revenue from ordinary activities	340,538	318,872

Note 3. Expenses

Employee benefits expense		
- wages and salaries	174,647	182,470
- superannuation costs	15,134	15,137
- workers' compensation costs	608	418
- other costs	24,872	10,320
	215,261	208,345
Depreciation of non-current assets:		
- branch fit out	16,089	15,616
- motor vehicle	2,919	-
Amortisation of non-current assets:		
- set up costs	3,963	3,963
- franchise fee	2,000	2,000
	24,971	21,579
Finance Costs:		
- Interest paid	1,782	249
Bad debts	101	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:

Prima facie tax on profit/(loss) before income tax at 30%	(14,549)	(35,036)
Add / (less) tax effect of:		
- Non-deductible / (other deductible) expenses	(4,444)	712
Current income tax expense / (benefit)	(18,993)	(34,324)
Income tax expense / (benefit)	(18,993)	(34,324)

Notes to the financial statements continued

	2010 \$	2009 \$
Note 4. Income tax expense (continued)		
Deferred tax asset		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	185,792	166,799

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	3,900	3,650
---	--------------	--------------

Note 6. Cash and cash equivalents

Cash at bank / (bank overdraft)	(34,215)	4,616
--	-----------------	--------------

Note 7. Receivables and other assets

Trade debtors	36,817	30,628
Prepaid expenses	-	3,127
	36,817	33,755

Note 8. Property, plant and equipment

Branch fit out costs

At cost	160,897	160,897
Less accumulated depreciation	(62,622)	(46,533)
	98,275	114,364

Motor vehicle

At cost	19,459	-
Less accumulated depreciation	(2,919)	-
	16,540	-

Total written down amount	114,815	114,364
----------------------------------	----------------	----------------

Movements in carrying amounts

Branch fit out costs

Carrying amount at beginning of year	114,364	123,670
Additions	-	6,310
Disposals	-	-
Depreciation expense	(16,089)	(15,616)
Carrying amount at end of year	98,275	114,364

Notes to the financial statements continued

	2010 \$	2009 \$
Note 8. Property, plant and equipment (continued)		
Motor vehicle		
Carrying amount at beginning of year	-	-
Additions	19,459	-
Disposals	-	-
Depreciation expense	(2,919)	-
Carrying amount at end of year	16,540	-

Note 9. Intangible assets

Franchise fee		
At cost	10,000	10,000
Less accumulated amortisation	(8,000)	(6,000)
	2,000	4,000
Set up costs		
At cost	19,815	19,815
Less accumulated amortisation	(15,852)	(11,889)
	3,963	7,926
	5,963	11,926

Note 10. Payables

Trade creditors	14,934	28,004
Other creditors and accruals	19,597	11,522
	34,531	39,526

Note 11. Loans and borrowings

Current		
Bank loan	2,416	-
	2,416	-
Non-current		
Bank loan	16,088	-
	16,088	-

Notes to the financial statements continued

	2010 \$	2009 \$
Note 12. Provisions		
Employee benefits	15,271	21,566

Note 13. 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 14. Retained earnings / (accumulated losses)

Balance at the beginning of the financial year	(399,979)	(317,518)
Profit/(loss) after income tax	(29,502)	(82,461)
Dividends	-	-
Balance at the end of the financial year	(429,481)	(399,979)

Note 15. Statement of cash flows

(a) Cash and cash equivalents

Cash assets / (bank overdraft)	(34,215)	4,616
---------------------------------------	-----------------	--------------

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

Profit / (loss) after income tax	(29,502)	(82,461)
----------------------------------	----------	----------

Non cash items

- Depreciation	19,008	15,616
- Amortisation	5,963	5,963

Changes in assets and liabilities

- (Increase) decrease in receivables and other assets	(3,062)	(17,566)
- (Increase) decrease in deferred income tax asset	(18,993)	(34,324)
- Increase (decrease) in payables	(4,995)	19,560
- Increase (decrease) in provisions	(6,295)	5,216

Net cash flows from/(used in) operating activities	(37,876)	(87,996)
---	-----------------	-----------------

Notes to the financial statements continued

Note 16. Director and related party disclosures

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

Roger Williams	Bruce Reid
Adrian Victor Smith (resigned 24 November 2009)	Geoffrey Gurner Tually
Stuart Hargreaves	Jennifer McNaught (resigned 22 June 2010)
Robert Charles Bone (resigned 24 November 2009)	Mark Henry Beyer
Eckberg Enid Donadio	Sue Jarrett
Jason Sharp (resigned 28 July 2009)	Adam Williams (appointed 22 March 2010)
Pam Wright (appointed 22 June 2010)	

No Director or related entity has entered into a material contract with the Company. No Directors' fees have been paid as the positions are held on a voluntary basis.

Directors' shareholdings	2010	2009
Roger Williams	10,001	10,001
Bruce Reid	500	500
Adrian Victor Smith (resigned 24 November 2009)	1,001	1,001
Geoffrey Gurner Tually	10,000	10,000
Stuart Hargreaves	20,801	20,801
Jennifer McNaught (resigned 22 June 2010)	3,000	3,000
Robert Charles Bone (resigned 24 November 2009)	200	200
Mark Henry Beyer	500	500
Eckberg Enid Donadio	10,002	10,002
Sue Jarrett	20,200	20,200
Jason Sharp (resigned 28 July 2009)	-	-
Adam Williams (appointed 22 March 2010)	-	-
Pam Wright (appointed 22 June 2010)	5,000	-

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 17. Subsequent events

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

Note 18. Contingent liabilities

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

Note 19. 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 20. 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.

Note 21. Dividends paid or provided for on ordinary shares

No dividends were paid or proposed by the Company during the year.

	2010 \$	2009 \$
--	------------	------------

Note 22. 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	(29,502)	(82,461)
Weighted average number of ordinary shares for basic and diluted earnings per share	694,113	694,113

Note 23. 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.

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

Notes to the financial statements continued

Note 23. Financial risk management (continued)

(a) Credit risk (continued)

	Carrying amount	
	2010 \$	2009 \$
Cash assets	-	4,616
Receivables	36,817	30,628
	36,817	35,244

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 (2009: 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.

In addition, the Company has an established overdraft facility of \$250,000 with Bendigo and Adelaide Bank Ltd. 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 2010					
Bank overdraft	34,215	(34,215)	(34,215)	-	-
Loans and borrowings	18,504	(23,032)	(5,313)	(17,719)	-
Payables	34,531	(34,531)	(34,531)	-	-
	87,250	(91,778)	(74,059)	(17,719)	-
30 June 2009					
Payables	39,526	(39,526)	(39,526)	-	-
	39,526	(39,526)	(39,526)	-	-

(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.

Notes to the financial statements continued

Note 23. 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	
	2010	2009
	\$	\$
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	(18,504)	-
	(18,504)	-
Variable rate instruments		
Financial assets	-	4,616
Financial liabilities	(34,215)	-
	(34,215)	4,616

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 2009 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 Statement of Financial Position. 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 Statement of Financial Position.

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 2010 can be seen in the Statement of Comprehensive Income.

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 2010 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 Tully
Chairman

Signed at Bright on 10 September 2010.

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 statement of financial position, statement of comprehensive income, statement of cash flows, statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for Bright Community Financial Services Limited, for the year ended 30 June 2010.

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.

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 2010 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
Partner
Bendigo

Date: 10 September 2010

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 Limited
Shop 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.
(BMPAR10020) (07/10)