Byford & Districts Community Development Services Limited
ABN 49 105 289 450

2008 annualreport

Contents

Chairman's report

For year ending 30 June 2008

For year ending 30 June 2008

Once again it gives me great pleasure to present the Annual Report for the Byford & Districts Community Development Services Ltd to you, our valued shareholders.

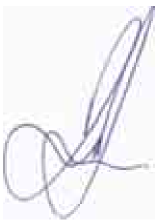
As in previous years I'm more than happy to report that as a Company and a **Community Bank®** branch we have gone from strength to strength. As you will see from the Manager's Report our figures have continued to grow in a steady fashion and this has enabled us to continue contributing to our community groups and organisations, as was our promise when we formed this Company.

This year I'm very pleased to say that we have contributed a total of $21,216.05 to 24 different community groups. This is on top of the 5 cent per share that we paid to each shareholder as a fully franked dividend for the 2006/2007 financial year. For the 2007/2008 financial year I'm pleased to announce that we will be paying an 8 cent per share fully franked dividend to our shareholders, plus we will be working through a large number of grant applications that have come from a broad spectrum of the community to once again fulfil our commitment of working with our local communities through profit share.

We would not have achieved such an outstanding result if it weren't for the hard work and dedication of our wonderful staff and Board members. I'd personally like to extend a very big heartfelt thank you to each and every member of our staff and Board for all their efforts that have helped us continue to grow in such a steady fashion.

Lastly, I'd like to acknowledge Colin Veurink who resigned in September 2007 from the Board. Colin was our Treasurer for many years and did a wonderful job of keeping our financial records in order.

In closing, I'd once again like to thank all of our wonderful shareholders who continue to bank with us and encourage those of you who have not as yet "seen the light" to do so at your earliest convenience as I'm sure you won't regret the positive experience of banking with the Byford & Districts **Community Bank®** Branch.



Kim Simpson
Chairman

Manager's report

For year ending 30 June 2008

Business has been a little different this year, as we start to show signs that we're becoming a mature branch with different dynamics. The initial excitement and rush of new customers has slowed and we are also seeing some normal attrition of customers. The economic conditions have not helped our lending volumes. But, in spite of this your **Community Bank®** branch continues to grow and be profitable.

We have experienced growth in all areas of the business. As at the end of June 2008 we had achieved a total business portfolio of $57.70 million, with growth of $13.40 million over the preceding 12 month period. This can be broken down into a total of $36.69 million in deposits with growth of $8.73 million and a lending total of $21.02 million, with growth of $4.68 million respectively. Our account numbers continue to grow with 794 new accounts and a total of 4174 accounts held. This is very pleasing as it shows that we continue to inspire the local community to join us and start to have a banking relationship with us.

We have increased staff numbers to ensure that we continue to provide a consistently high level of service to our ever growing number of customers. I am really pleased with all the staff and their efforts, once again they have been outstanding. Equally, I wish to thank the Board for their ongoing guidance and support, I strongly believe that we have a great working relationship and it is one of the main reasons that our branch has been successful. In closing, the most important accolades are reserved for our customers as they are the main contributors to our ongoing success.

Tony Greipl
Branch Manager

Directors' report

For year ending 30 June 2008

Your Directors present their report on the Company for the 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:

Kim Michaela Simpson
Chairperson
Age: 38
Occupation: Self Employed Travel Agent

Edward William Eikelboom
Secretary
Age: 43
Occupation: Accountant

Raymond John Marchetti
Treasurer
Age: 50
Occupation: Contract Accountant

Peter John Eva
Director
Age: 63
Occupation: Business Proprietor

John Arthur Turner
Director
Age: 58
Occupation: Business Proprietor

Jan Harrmanous Hidding
Director
Age: 57
Occupation: Business Manager

Colin Veurink (Resigned 27 September 2007)
Director
Age: 27
Occupation: Accountant

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

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

Company Secretary

The Company secretary is Edward Eikelboom. Edward was appointed to the position of secretary on 15 August 2006. Edward is 42 and currently works as an Accountant.

Principal activities

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

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

Directors' report continued

Operating results

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

Year ended 30 June 2008 $	Year ended 30 June 2007 $
178,838	73,063

Remuneration report

Remuneration received by Directors during the financial year were as follows:

	Position held	Remuneration received
Kim Michaela Simpson	Chairperson	$4,000
Edward William Eikelboom	Secretary	$1,500
Raymond John Marchetti	Treasurer	$2,250
Colin Veurink (Resigned 27 September 2007)	Treasurer	$750

No other Director of the Company receives any remuneration for services provided as Director to the Company.

Dividends

	Year ended 30 June 2008	
	Cents	$'000
Final dividends recommended:	-	-
Dividends paid in the year:		
- As recommended in the prior year report	5	33,867

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

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

Likely developments

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

Environmental regulation

The Company is not subject to any significant environmental regulation.

Directors' report continued

Directors' benefits

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest except as disclosed in note 18 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Company's accounts, or the fixed salary of a full-time employee of the Company, controlled entity or related body corporate.

Indemnification and insurance of Directors and Officers

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

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

Directors meetings

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

Number of meetings attended:	Number eligible to attend	Number attended
Kim Michaela Simpson	11	11
Edward William Eikelboom	11	10
Raymond John Marchetti	11	10
Peter John Eva	11	11
John Arthur Turner	11	10
Jan Harrmanous Hidding	11	5
Colin Veurink (Resigned 27 September 2007)	3	2

Non Audit services

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

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

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

Directors' report continued

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

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

Auditors' independence declaration

A copy of the Auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

Signed in accordance with a resolution of the Board of Directors at Byford, Western Australia on 25 August 2008.

AFS
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Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Byford & Districts Community Development Services Limited

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

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

David Hutchings
Auditor

Andrew Frewin & Stewart
Bendigo, Victoria

Dated this 25 day of September 2008

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Liability limited by a scheme approved under Professional Standards Legislation

Financial statements

Income statement
For year ending 30 June 2008

	Note	2008 $	2007 $
Revenues from ordinary activities	3	742,625	516,335
Salaries and employee benefits expense		(284,458)	(240,361)
Advertising and promotion expenses		(29,761)	(21,098)
Occupancy and associated costs		(47,520)	(42,616)
Systems costs		(20,551)	(19,048)
Depreciation and amortisation expense	4	(28,113)	(27,655)
General administration expenses		(83,478)	(56,759)
Profit before income tax expense		**248,744**	**108,798**
Income tax expense	5	(69,906)	(35,735)
Profit for the period		178,838	73,063
Profit attributable to members of the entity		**178,838**	**73,063**
Earnings per share (cents per share)		**c**	**c**
- basic for profit for the year	21	26.40	10.79
- dividends paid per share		-	5.00

The accompanying notes form part of these financial statements.

Balance sheet
As at 30 June 2008

	Note	2008 $	2007 $
Assets			
Current Assets			
Cash assets	6	539,369	317,294
Trade and other receivables	7	85,287	53,162
Total Current Assets		**624,656**	**370,456**
Non-Current Assets			
Property, plant and equipment	8	151,283	127,127
Intangible assets	9	18,000	30,000
Deferred tax assets	10	6,431	41,563
Total Non-Current Assets		**175,714**	**198,690**
Total Assets		**800,370**	**569,146**
Liabilities			
Current Liabilities			
Trade and other payables	11	38,037	39,047
Borrowings	12	11,447	-
Current tax liabilities	5	34,774	-
Provisions	13	17,800	14,056
Total Current Liabilities		**102,058**	**53,103**
Non-Current Liabilities			
Borrowings	12	25,793	-
Provisions	13	11,505	-
Total Non-Current Liabilities		**37,298**	**-**
Total Liabilities		**139,356**	**53,103**
Net Assets		**661,014**	**516,043**
Equity			
Issued capital	14	647,456	647,456
Retained profits/(Accumulated losses)	15	13,558	(131,413)
Total Equity		**661,014**	**516,043**

The accompanying notes form part of these financial statements.

Statement of cash flows
As at 30 June 2008

	Note	2008 $	2007 $
Cash flows from operating activities			
Receipts from customers		747,677	487,561
Payments to suppliers and employees		(516,039)	(365,885)
Interest paid		(304)	(10)
Interest received		22,118	9,389
Net cash provided by operating activities	**16**	**253,452**	**131,055**
Cash flows from investing activities			
Payments for property, plant and equipment		(40,269)	(350)
Net cash used in investing activities		**(40,269)**	**(350)**
Cash flows from financing activities			
Proceeds from borrowings		37,890	-
Repayment of borrowings		(650)	-
Dividends paid		(28,348)	-
Net cash provided by financing activities		**8,892**	**-**
Net increase in cash held		**222,075**	**130,705**
Cash at the beginning of the financial year		317,294	186,589
Cash at the end of the financial year	**6(a)**	**539,369**	**317,294**
		539,369	**317,294**

The accompanying notes form part of these financial statements.

Statement of changes in equity
As at 30 June 2008

	Note	2008 $	2007 $
Total equity at the beginning of the period		516,043	442,980
Net profit for the period		178,838	73,063
Net income/expense recognised directly in equity		-	-
Dividends provided for or paid		(33,867)	-
Shares issued during period		-	-
Total equity at the end of the period		**661,014**	**516,043**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2008

Note 1. Statement of significant accounting policies

Basis of preparation

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

Compliance with IFRS

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

Historical cost convention

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

Revenue

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

Goods and services tax

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

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

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

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

Note 1. Summary of significant accounting policies (continued)

Income tax

Current tax

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

Deferred tax

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

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

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

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

Current and deferred tax for the period

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

Employee entitlements

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

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

Intangibles

The cost of the Company's franchise fee has been recorded at cost and is amortised on a straight line basis at a rate of 20% per annum.

Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Comparative figures

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

Property, plant and equipment

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

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

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

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

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Critical accounting estimates and judgements

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

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

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

Payment terms

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

Trade receivables and payables

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

Borrowings

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

Provisions

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

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

Contributed equity

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

Earnings per share

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

Note 2. Financial risk management

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

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

(i) Market Risk

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

(ii) Price Risk

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

(iii) Credit Risk

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

(iv) Liquidity Risk

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

(v) Cash flow and fair value interest rate risk

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

Note 3. Revenue from ordinary activities

Operating activities:		
- services commissions	714,666	505,601
- other revenue	740	-
Total revenue from operating activities	715,406	505,601
Non-operating activities:		
- interest received	27,219	10,734
Total revenue from non-operating activities	27,219	10,734
Total revenues from ordinary activities	742,625	516,335

		2008 $	2007 $

Note 4. Expenses

		2008 $	2007 $
Depreciation of non-current assets:			
- plant and equipment		11,878	11,247
- leasehold improvements		14,554	4,408
- motor vehicle		176	-
Amortisation of non-current assets:			
- franchise agreement		12,000	12,000
		38,608	**27,655**
Finance costs:			
- interest paid		304	10
Bad debts		981	-

Note 5. Income tax expense

		2008 $	2007 $
The components of tax expense comprise:			
- Current tax		34,774	-
- Deferred tax on provisions		(6,431)	-
- Recoupment of prior year tax losses		42,304	35,735
- Over provision in respect to prior years		(741)	-
		69,906	**35,735**
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Operating profit		248,744	108,798
Prima facie tax on profit from ordinary activities at 30%		74,623	32,639
Add tax effect of: - non-deductible expenses		3,600	3,096
- timing difference expenses		649	-
- blackhole expenses		(1,794)	-
Current tax		77,078	35,735
Movement in deferred tax	10.	(6,431)	-
Over provision in respect to prior years		(741)	-
		69,906	**35,735**

Notes to the financial statements continued

	2008 $	2007 $

Note 6. Cash assets

Cash at bank and on hand	139,369	90,843
Term deposits	400,000	226,451
	539,369	**317,294**

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

6(a) Reconciliation of cash

Cash at bank and on hand	139,369	90,843
Term deposit	400,000	226,451
	539,369	**317,294**

Note 7. Trade and other receivables

Trade receivables	72,104	49,576
Prepayments	13,182	3,586
	85,286	**53,162**

Note 8. Property, plant and equipment

Plant and equipment

At cost	57,305	51,375
Less accumulated depreciation	(22,567)	(15,620)
	34,738	**35,755**

Leasehold improvements

At cost	96,936	96,935
Less accumulated depreciation	(14,554)	(10,495)
	82,382	**86,440**

Computer software

At cost	12,345	12,345
Less accumulated depreciation	(12,345)	(7,414)
	-	**4,931**

	2008 $	2007 $
Note 8. Property, plant and equipment (continued)		
Motor vehicle		
At cost	34,339	-
Less accumulated depreciation	(176)	-
	34,163	**-**
Total written down amount	**151,283**	**127,127**
Movements in carrying amounts:		
Plant and equipment		
Carrying amount at beginning	35,755	42,057
Additions	5,930	
Less: depreciation expense	(6,947)	(6,302)
Carrying amount at end	**34,738**	**35,755**
Leasehold improvements		
Carrying amount at beginning	86,440	90,498
Additions	-	350
Less: depreciation expense	(4,058)	(4,408)
Carrying amount at end	**82,382**	**86,440**
Computer software		
Carrying amount at beginning	4,931	9,876
Less: depreciation expense	(4,931)	(4,945)
Carrying amount at end	**-**	**4,931**
Motor vehicle		
Carrying amount at beginning	-	-
Additions	34,339	-
Less: depreciation expense	(176)	-
Carrying amount at end	34,163	-
Total written down amount	**151,283**	**127,127**

	2008 $	2007 $

Note 9. Intangible assets

	2008 $	2007 $
Franchise fee		
At cost	60,000	60,000
Less: accumulated amortisation	(42,000)	(30,000)
	18,000	**30,000**

Note 10. Deferred tax

	2008 $	2007 $
Deferred tax asset		
- Opening balance	41,563	77,298
- Deferred tax on provisions	6,431	-
- Recoupment of prior year tax losses	(42,304)	(35,735)
- Over provision in respect to prior years	741	-
- Closing balance	**6,431**	**41,563**

Note 11. Trade and other payables

	2008 $	2007 $
Trade creditors	10,718	9,890
Other creditors & accruals	27,319	29,256
	38,037	**39,146**

Note 12. Borrowings

	2008 $	2007 $
Current		
Chattel mortgage	11,447	-
Non current		
Chattel mortgage	25,793	-

The chattel mortgage is repayable monthly with the final instalment due May 2012. Interest is recognised at an average rate of 9.61%.

Notes to the financial statements continued

	2008 $	2007 $

Note 13. Provisions

Current		
Employee provisions	17,800	14,056
Non current		
Employee provisions	11,505	-
Number of employees at year end	5	6

Note 14. Contributed equity

677,360 Ordinary shares fully paid of $1 each (2007: 677,360)	677,360	677,360
Less: equity raising expenses	(29,904)	(29,904)
	647,456	**647,456**

Note 15. Retained earnings/Accumulated losses

Balance at the beginning of the financial year	**(131,412)**	**(204,475)**
Net profit from ordinary activities after income tax	178,838	73,063
Dividends paid	(33,867)	-
Balance at the end of the financial year	**13,559**	**(131,412)**

Note 16. Statement of cashflows

Reconciliation of loss from ordinary activities after tax to net cash provided by operating activities

Profit from ordinary activities after income tax	178,838	73,063
Non cash items:		
- depreciation	26,432	15,655
- amortisation	12,000	12,000
Changes in assets and liabilities:		
- increase in receivables	(32,125)	(18,039)
- decrease in other assets	35,132	37,881
- increase in payables	33,764	4,869
- increase in provisions	15,249	5,627
Net cashflows provided by operating activities	269,290	131,056

Notes to the financial statements continued

	2008 $	2007 $

Note 17. Auditors' remuneration

	2008 $	2007 $
Amounts received or due and receivable by the Auditor of the Company for:		
- audit & review services	3,000	3,000
- non audit services	1,275	1,050
	4,275	**4,050**

Note 18. Director and related party disclosures

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

Kim Michaela Simpson

Edward William Eikelboom

Raymond John Marchetti

Peter John Eva

John Arthur Turner

Jan Harrmanous Hidding

Colin Veurink (Resigned 27 September 2007)

No Director or related entity has entered into a material contract with the Company. Director's fees have been paid as disclosed in note 20 - key management personnel disclosures.

Directors shareholdings	**2008**	**2007**
Kim Michaela Simpson	3,001	3,001
Edward William Eikelboom	-	-
Raymond John Marchetti	-	-
Peter John Eva	2,001	2,001
John Arthur Turner	10,001	10,001
Jan Harrmanous Hidding	-	-
Colin Veurink (Resigned 27 September 2007)	1,001	1,001

There was no movement in Directors shareholdings during the year. Each share held is valued at $1.

	2008 $	2007 $

Note 19. Dividends paid

Ordinary Shares		
Dividend for the year ended 30 June 2007 of 5 cents (2006:nil) per fully paid share paid on 28 May 2008		
Franked	33,867	-

Note 20. Key management personnel disclosures

Remuneration received by Directors during the financial year were as follows:

	Position held	Remuneration received
Kim Michaela Simpson	Chairperson	$4,000
Edward William Eikelboom	Secretary	$1,500
Raymond John Marchetti	Treasurer	$2,250
Colin Veurink (Resigned 27 September 2007)	Treasurer	$750

No other Director of the Company receives any remuneration for services provided as Director to the Company.

21. Earnings per share

(a) Profit attributable to the ordinary equity holders of the Company used in calculating earnings per share	178,838	73,063
	2008 number	**2007 number**
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	677,360	677,360

Note 22. Events occurring after the balance sheet date

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

Note 23. Contingent liabilities

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

Note 24. Segment reporting

The economic entity operates in the service sector where it facilitates community banking services pursuant to a franchise agreement with Bendigo Bank Limited. The economic entity operates in one geographic area being Byford and surrounding districts, Western Australia.

Note 25. Registered office/Principal place of business

The registered office and principal place of business is:

Registered office	**Principal place of business**
887 South West Highway	6/837 South Western Highway
Byford WA 6122	Byford WA 6122

Note 26. Financial instruments

Net fair values

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

Credit risk

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

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

Interest rate risk

			Fixed interest rate maturing in									
Financial instrument	Floating interest rate		1 year or less		Over 1 to 5 years		Over 5 years		Non interest bearing		Weighted average effective interest rate	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	$	$	$	$	$	$	$	$	$	$	%	%
Financial assets												
Cash assets	139,369	90,843	400,000	226,451	-	-	-	-	-	-	6.02	5.38
Receivables	-	-	-	-	-	-	-	-	72,105	53,162	N/A	N/A
Financial liabilities												
Interest bearing liabilities	-	-	11,447	-	25,793	-	-	-	-	-	9.61	-
Payables	-	-	-	-	-	-	-	-	38,039	39,046	N/A	N/A

Director's declaration

In accordance with a resolution of the Directors of Byford & Districts Community Development Services Limited, we state that:

In the opinion of the Directors:

a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:

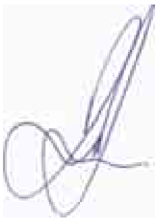
   i) giving a true and fair view of the Company's financial position as at 30 June 2008 and of its performance for the financial year ended on that date; and

   ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

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

c) the audited remuneration disclosures set out in the remuneration report section of the Directors' report comply with Accounting Standard AASB174 Related Party Disclosures and the Corporations Regulations 2001.

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



Kim Michaela Simpson, Chairman

Raymond John Marchetti, Treasurer

Signed on the 25th of August 2008.

Independent audit report

AFS
partners in success
Chartered Accountants & Business Advisors

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INDEPENDENT AUDITOR'S REPORT

To the members of Byford & Districts Community Development Services Limited

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

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

Directors Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

Auditor's Opinion

In our opinion:

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

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

Dated this 25 day of September 2008

Byford & Districts **Community Bank**® Branch
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Franchisee: Byford & Districts Community Development Services Limited
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