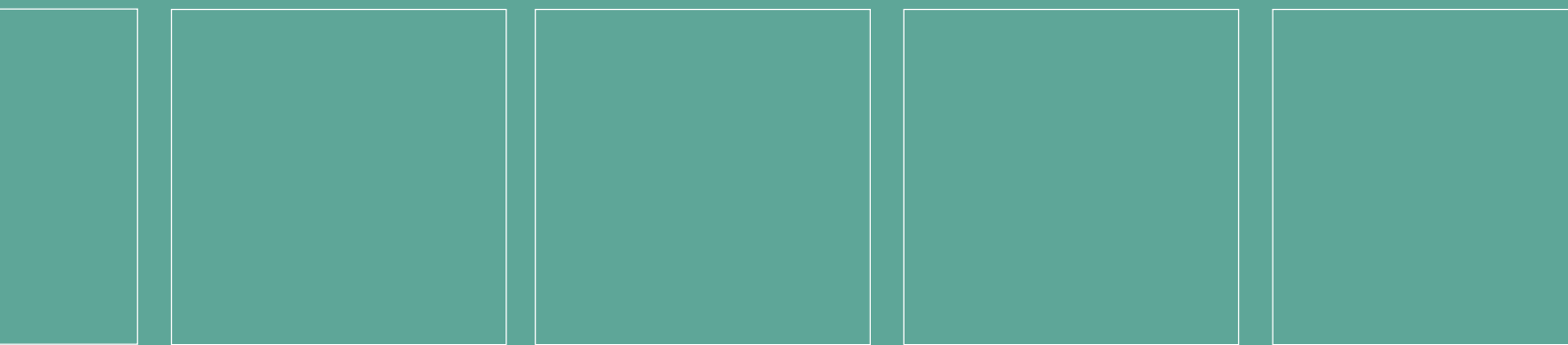


South Burdekin
Community Financial Services Limited
ABN 86 113 530 902

2008 annualreport



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Chairman's report

For year ending 30 June 2008

I am delighted to have the opportunity to present our fourth annual report to the shareholders of South Burdekin Community Financial Services Limited for the 2007/08 financial year.

We opened our doors and commenced trading on 29 June 2005 with no accounts and no money on the books. Since then, we have had continual growth to achieve our total business portfolio of \$34.45 million and almost 1000 accounts. While this is \$2.23 million short of our budget, I believe that it is a great result in the current economic climate.

Our Branch Manager, Karen McKaig, and her dedicated staff Maria, Debbie and Christine have performed their duties in a most professional and efficient manner to achieve a growth for the year of \$9.70 million dollars. It has been their hard work and persistence that has made this possible and I thank them for their continued support of the Directors and myself in our quest of achieving our common goal of a profitable branch and Company.

The Board of Directors have and will continue to scrutinise all costs (where possible) associated with the running of our branch. We now have two billBoards on the south and north boundaries to our shire which promote our branch in what we believe to be the most cost effective way of advertising at this time. As a Board we are also looking at reducing the cost incurred by the Company each year for share trading.

Currently share trading is being done through the Bendigo Stock Exchange. We pay a fee for this service even if there are no trades, and we are currently looking at all options for the trading of our shares such as low volume market or no market/grey market. We will keep our shareholders informed on this matter.

I would like to again thank my fellow Directors for their unlimited support and enthusiasm as we continue to grow our business in a manner which will produce steady profits for our shareholders, and therefore be able to provide funding for our community projects. We are all volunteers and give freely of our time and services to the community.

The success of any **Community Bank**[®] Company is not always dependent on the relationship with Bendigo Bank's regional staff, but it has been the support and encouragement that we have got from our Regional Manager, Libby Gleeson and our Agribusiness Manager, Angelo Rigano that has at times been invaluable to the Board and staff.

In closing, without the support, generosity and the confidence of our shareholders we would not have a **Community Bank**[®] branch. I thank you all your encouragement and I ask that all shareholders act as advocates and try to encourage family, friends and associates to explore the products and services that our **Community Bank**[®] branch and staff can offer.

The more customers we can service, the faster we will achieve our goals of reaching profitability. Remember, if you are a shareholder and you don't bank with us, it's time to make a change and bring your banking business to us. If you do you will see a return on your investment in our **Community Bank**[®] Branch sooner.

Yours sincerely



R D West
Chairman

Manager's report

For year ending 30 June 2008

It is with pride that I present my second Manager's report and contribute to our fourth Annual Report. The last 12 months have seen us continue to grow, increasing both our customer base and business held. At the end of this financial year, our total business held was \$34.4 million, a growth of \$9.7 million from the previous year. This growth was a direct result of the support of our wonderful community which I am so proud to be a part of.

We continue to trade for extended hours, opening from 9.00am to 5.00pm Monday to Friday. Regular visits to our current and prospective customers, both within and outside of these hours, along with being available in the branch for appointments has maintained the personal approach to service that the Bendigo is renowned for. The staff have been increasing the visibility of the branch, sending out flyers to the entire Home Hill community, visiting local organisations to talk about the **Community Bank**[®] concept, and taking every opportunity to promote our branch.

Last year, saw our first involvement with the Harvest Festival Queen Quest, capably represented by Miss Madelyn Oats. Although not successful, Madelyn represented the branch well and raised \$1533 which was donated on the branch's behalf to the Leukaemia foundation. All staff showed their support of the festival, constructing a float to enter in the parade, and walked along with it handing out balloons, lollies and brochures. We continue to provide opportunities for local youth to expand their skills through our sponsorship of a youth program on the local radio station, Sweet FM.

Our next 12 months will see us working hard toward our goal of achieving an ongoing profit for the branch, our shareholders and the community. In the last 10 years **Community Bank**[®] branches have returned more than \$21.7 million to their local communities. We are actively promoting our branch, through visible means, with the erection of a billboard on the highway, flyers and calls to our shareholders and customers, to increase their awareness of the products that we have to offer. The **Community Bank**[®] branch continues to provide all of the products and services that are available from the major banks, but with the personal touch that we are renowned for.

My team of staff remains unchanged, with myself and Maria as full-time employees, along with Chris and Debbie filling part-time roles. These ladies are both professional and dedicated, providing first rate service, to every customer. The addition of the Agribusiness team of Angelo and Michelle complements us well, along with all of the other specialists available to provide the best solutions possible for our customers. All the staff participate in many community groups and can be seen actively involved with their duties.

I take this opportunity to thank the many advocates of the bank, those people who use and recommend us to their friends and associates. To this end, our Directors play a very big part in our forward movement, through their hard work and commitment to providing their community with banking services. Our shareholders can also have an impact on the profitability of their **Community Bank**[®] branch, simply by doing their business with us. The quicker that we can grow our customer base, the faster we will be able to return profits to the community in the form of dividends and projects.

Manager's report continued

I look forward to leading the **Community Bank**[®] branch through another successful year, with the assistance of the Directors, staff, shareholders, customers and the community. The Bendigo Bank philosophy is that successful customers, create successful communities which lead to successful banks, in that order. I truly believe that this is possible in this community.

A handwritten signature in black ink, appearing to read 'K. McKaig', with a large, sweeping flourish extending from the end of the signature.

Karen McKaig

Bendigo Bank Ltd report

Celebrating 10 years of the **Community Bank**[®] Network

A message from Bendigo Bank

June 2008 marks ten years since Bendigo Bank and the people of Rupanyup and Minyip unveiled the first **Community Bank**[®] branches in Australia, marking a turning point not only for the two small Victorian wheat belt towns, but for the Bendigo as well.

Today, these two towns have been joined by more than 210 communities to form Australia's fastest growing banking network – the **Community Bank**[®] network.

It is a significant milestone for Bendigo Bank and our **Community Bank**[®] partners.

The number of **Community Bank**[®] branches has doubled in the last four years and in the same time frame, customers have tripled their commitment of banking business to the community network, increasing it to more than \$11 billion.

More importantly, in excess of \$18 million in **Community Bank**[®] branch profits have been returned to community projects and \$12 million has been paid in dividends to more than 50,000 local shareholders.

Behind those numbers are hundreds of stories of **Community Bank**[®] branches making a real difference to the lives of local people.

Whether it's building a community hall, sponsoring an art prize or even buying new footy jumpers for the local side – these **Community Bank**[®] branches are helping improve the economic and social prospects of their local communities.

Add to those contributions the employment of more than 1000 staff members and daily expenses in the local economy and you have a truly meaningful contribution to those communities and to local prosperity.

As we reflect on the past 10 years, it's with a feeling of great pride and accomplishment for what has been achieved in partnership between our team at the Bendigo and our community partners.

The landscape of banking has changed dramatically, but more importantly – so have the communities we partner and our own organisation.

Our partners have taken charge of outcomes locally that will impact positively for many years to come. Likewise, our organisation has built on our community focussed heritage and evolved to become a true partner to community.

Your commitment, enthusiasm and belief in the **Community Bank**[®] model has been instrumental, and for that we thank you.

And here we are, only 10 years into this wonderful journey. Who knows what positive outcomes we'll be talking about in 10 years time, as the **Community Bank**[®] network matures?

It's an exciting prospect – and we are very proud of what our team and the communities we partner have achieved together.

Russell Jenkins

Chief General Manager

Retail & Distribution

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:

Robert Darren West

Chairman

Age: 45

Occupation: Motor Vehicle Dealership Principal
Past President of Rotoract and Rotary, Chairman of Burdekin Crimestoppers Committee and current member of Ayr Chamber of Commerce.

Special responsibilities: Chairman, Marketing Committee, Public Relations Committee and Audit Committee.

Interest in Shares: 6,001

Nancy Robyn Haller

Director

Age: 63

Occupation: Company Director
Business Manager and Director of Scorpion Jacks that supply innovative hydraulic machinery to the mining industry in Australia and abroad. Member of Home Hill Chamber of Commerce and Zonta Club member.

Special responsibilities: Treasurer and Business Development Committee.

Interest in Shares: 5,001

Joan Macedon Heatley

Director

Age: 79

Occupation: Grazier
Past President off Burdekin Community Association Inc., Previous Deputy Chair Blackheath & Thornburgh College Association Inc., Community representative of North & West QLD Primary Health Care Association Inc.

Special responsibilities: Company Secretary and Corporate Governance Committee.

Interest in Shares: 10,001

Colin Richard Casswell

Director

Age: 47

Occupation: Administration Officer
Active in various sport, church, school and other community organisation. Winner of Sunwater QLD Employee Innovation Award 2008.

Special responsibilities: Business Development Committee, Insurance Monitor and Share Registry Monitor.

Interest in shares: 1,501

David Reginald Jackson

Director (Resigned 16-November 2007)

Age: 59

Occupation: Senior Journalist
Past editor and Manager of two local newspapers, involved in various community organisations including Rotary Club, Chamber of Commerce, Harvest Festival. Previous Councillor of Burdekin Shire Council.

Special responsibilities: Audit Committee.

Interest in Shares: 501

Loizos Andreas Loizou

Director

Age: 71

Occupation: Canefarmer
Councillor of the Shire of Burdekin for 17 years, current Deputy Mayor. Chairman of St Stephens Greek Orthodox Community of Home Hill and Ayr, Member of Crimestoppers Committee.

Special responsibilities: Audit Committee.

Interest in Shares: 6,001

Directors' report continued

Rodney William Prescott

Director

Age: 68

Occupation: Pharmacist

Past Rotarian; owner and operator of local and regional pharmacies.

Special responsibilities: Member Public Relations.

Interest in shares: 5,000

Constantine Arthur Christofides

Director (Appointed 15 November 2007)

Age: 33

Occupation: Canefarmer

Involved in all aspects of farming operations from land, water and crop management to managing the financial

administration. Current Treasurer of St Stephens

Greek Orthodox Community of Home Hill and Ayr.

Special responsibilities: Audit Committee and Marketing Committee.

Interests in shares: 3,000

Paul Raymond Benvenuti

Director (Appointed 15 November 2007)

Age: 43

Occupation: Business operator and radio technician

Member and past Chairman of various community organisations including Rotary Club of Home Hill and

Home Hill Chamber of Commerce.

Special responsibilities: Marketing Committee.

Interest in Shares:2,000

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 Joan Heatley. Joan was appointed to the position of Secretary on 24 March 2005.

She has a Bachelor of Arts Degree from the University of Queensland and has experience as a community representative with North & West Queensland Primary Health Care Association, a past President of the

Burdekin Community Association and is a Partner/Director of Byrne Valley Cattle 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 Bank Limited.

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

Operating results

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

	Year ended 30 June 2008	Year ended 30 June 2007
	\$	\$
	(42,392)	(92,854)

Directors' report continued

Remuneration report

No Director receives remuneration for services as a Company Director or Committee Member.

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

There are therefore no specified Executives whose remuneration requires disclosure.

The current Branch Manager commenced employment on 9 February 2007. She is employed on a contract which is in line with the standards and remuneration levels applicable to Bendigo Bank staff in similar roles.

Dividends

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

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

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

Likely developments

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

Environmental regulation

The Company is not subject to any significant environmental regulation.

Directors' benefits

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest except as disclosed in note 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' report continued

Directors meetings

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

	Number of meetings eligible to attend	Number attended
Robert Darren West	11	11
Nancy Robyn Haller	11	10
Joan Macedon Heatley	11	9
Colin Richard Casswell	11	9
David Reginald Jackson (Resigned 16-November 2007)	4	4
Loizos Andreas Loizou	11	10
Rodney William Prescott	11	8
Constantine Arthur Christofides (Appointed 15 November 2007)	7	7
Paul Raymond Benvenuti (Appointed 15 November 2007)	7	7

Non audit services

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

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

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

- all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the Auditor;
- none of the services undermine the general principles relating to Auditor independence as set out in Professional Statement F1, including reviewing or auditing the Auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

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 10.

Signed in accordance with a resolution of the Board of Directors at Home Hill, Queensland on 25 August 2008.



Robert Darren West, Chairman



Joan Macedon Heatley, Director

Auditors' independence declaration



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

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

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

David Hutchings
Auditor

Andrew Frewin & Stewart
Bendigo, Victoria

Dated this 25th day of August 2008

Financial statements

Income statement For year ending 30 June 2008

	Notes	2008 \$	2007 \$
Revenues from ordinary activities	3	242,474	170,191
Salaries and employee benefits expense		(161,002)	(156,771)
Advertising and promotion expenses		(4,265)	(5,748)
Occupancy and associated costs		(22,731)	(25,707)
Systems costs		(22,183)	(21,489)
Depreciation and amortisation expense	4	(23,754)	(24,911)
General administration expenses		(70,811)	(60,761)
Loss before income tax credit		(62,272)	(125,196)
Income tax credit	5	19,880	32,342
Loss for the period		(42,392)	(92,854)
Loss attributable to members of the entity		(42,392)	(92,854)
Earnings per share (cents per share)		c	c
- basic for profit for the year	21	(6.61)	(14.48)

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2008

	Notes	2008 \$	2007 \$
Current assets			
Cash assets	6	131	130
Trade and other receivables	7	25,486	11,691
Total current assets		25,617	11,821
Non-current assets			
Property, plant and equipment	8	168,606	179,997
Intangible assets	9	24,000	36,000
Deferred tax assets	10	147,162	127,282
Total non-current assets		339,768	343,279
Total assets		365,385	355,100
Liabilities			
Current liabilities			
Trade and other payables	11	9,899	8,293
Borrowings	12	88,269	46,030
Provisions	13	14,095	8,709
Total current liabilities		112,263	63,032
Non-current liabilities			
Provisions	13	3,446	-
Total non-current liabilities		3,446	-
Total liabilities		115,709	63,032
Net assets		249,676	292,068
Equity			
Issued capital	14	610,246	610,246
Accumulated losses	15	(360,570)	(318,178)
Total equity		249,676	292,068

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2008

	Notes	2008 \$	2007 \$
Cash flows from operating activities			
Receipts from customers		253,445	167,633
Payments to suppliers and employees		(289,923)	(289,629)
Interest paid		(5,398)	(308)
Interest received		1	915
Net cash used in operating activities	16	(41,875)	(121,389)
Cash flows from investing activities			
Payments for property, plant and equipment		(363)	-
Net cash used in investing activities		(363)	-
Cash flows from financing activities			
Proceeds from borrowings		-	46,030
Net cash provided by financing activities		-	46,030
Net decrease in cash held		(42,238)	(75,359)
Cash at the beginning of the financial year		(45,900)	29,459
Cash at the end of the financial year	6(a)	(88,138)	(45,900)
		131	(45,900)
		(88,269)	-

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2008

	Note	2008 \$	2007 \$
Total equity at the beginning of the period		292,068	383,412
Net loss for the period		(42,392)	(92,854)
Net income/expense recognised directly in equity		-	-
Dividends provided for or paid		-	-
Shares issued during period		-	1,510
Total equity at the end of the period		249,676	292,068

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2008

Note 1. Summary of significant accounting policies

Basis of preparation

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

Compliance with IFRS

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

Historical cost convention

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

Revenue

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

Goods and services tax

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

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

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

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

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).

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

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.

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.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

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

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.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Trade receivables and payables

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

Borrowings

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

Provisions

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

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

Contributed equity

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

Earnings per share

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

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.

Notes to the financial statements continued

Note 2. Financial risk management (continued)

(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.

2008
\$

2007
\$

Note 3. Revenue from ordinary activities

Operating activities

- services commissions	241,079	169,276
- other revenue	1,394	-
Total revenue from operating activities	242,473	169,276
Non-operating activities:		
- interest received	1	915
Total revenue from non-operating activities	1	915
Total revenues from ordinary activities	242,474	170,191

Note 4. Expenses

Depreciation of non-current assets:

- plant and equipment	11,754	12,911
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Notes to the financial statements continued

	2008 \$	2007 \$
Note 4. Expenses (continued)		
Amortisation of non-current assets:		
- franchise agreement	12,000	12,000
	23,754	24,911
Finance costs:		
- interest paid	5,398	-

Note 5. Income tax expense

The components of tax expense comprise:

- Deferred tax on provisions	(5,621)	-
- Future income tax benefit attributable to losses	(14,259)	(32,342)
	(19,880)	(32,342)

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

Operating loss	(62,272)	(92,854)
Prima facie tax on loss from ordinary activities at 30%	(18,682)	(27,856)
Add tax effect of:		
- non-deductible expenses	3,600	3,600
- timing difference expenses	2,672	5,389
- blackhole expenses	(1,849)	(1,849)
Current tax	(14,259)	(20,716)
Movement in deferred tax	10. (5,621)	-
	(19,880)	(20,716)

Note 6. Cash assets

Cash at bank and on hand	131	130
	131	130

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	131	130
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Notes to the financial statements continued

	2008 \$	2007 \$
Note 6. Cash assets (continued)		
Bank overdraft	(88,269)	(46,030)
	(88,138)	(45,900)

Note 7. Trade and other receivables

Trade receivables	21,902	8,211
Prepayments	2,784	2,680
Other	800	800
	25,486	11,691

Note 8. Property, plant and equipment

Plant and equipment

At cost	203,610	203,247
Less accumulated depreciation	(35,004)	(23,250)
	168,606	179,997
Total written down amount	168,606	179,997

Movements in carrying amounts:

Plant and equipment		
Carrying amount at beginning	179,997	192,908
Additions	363	-
Less: depreciation expense	(11,754)	(12,911)
Carrying amount at end	168,606	179,997
Total written down amount	168,606	179,997

Note 9. Intangible assets

Franchise Fee		
At cost	60,000	60,000
Less: accumulated amortisation	(36,000)	(24,000)
	24,000	36,000

Notes to the financial statements continued

	2008 \$	2007 \$
Note 10. Deferred Tax		
Deferred Tax Asset		
- Opening Balance	127,282	94,940
Future income tax benefits attributable to losses	14,259	32,342
Deferred tax on provisions	5,621	-
- Closing Balance	147,162	127,282

Note 11. Trade and other payables

Trade creditors	6,837	5,293
Other creditors & accruals	3,000	3,000
	9,837	8,293

Note 12. Borrowings

Current

Bank overdraft	88,269	46,030
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The approved overdraft limit is \$100,000. Interest is charges at a rate of 11.6% (2007: 0%).

Note 13. Provisions

Current

Employee provisions	14,095	8,709
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Non-Current

Employee provisions	3,446	-
Number of employees at year end	3	3

Note 14. Contributed equity

641,060 Ordinary shares fully paid of \$1 each (2007: 641,060)	641,060	641,060
Less: equity raising expenses	(30,814)	(30,814)
	610,246	610,246

Notes to the financial statements continued

	2008 \$	2007 \$
Note 15. Accumulated losses		
Balance at the beginning of the financial year	(318,178)	(225,324)
Net loss from ordinary activities after income tax	(42,392)	(92,854)
Balance at the end of the financial year	(360,570)	(318,178)

Note 16. Statement of cashflows

Reconciliation of loss from ordinary activities after tax to net cash used in operating activities

Loss from ordinary activities after income tax	(42,392)	(92,854)
Non cash items:		
- depreciation	11,754	12,911
- amortisation	12,000	12,000
Changes in assets and liabilities:		
- increase in receivables	(13,795)	(1,642)
- increase in other assets	(19,880)	(28,659)
- increase/(decrease) in payables	1,606	(24,655)
-increase in provisions	8,832	1,510
Net cashflows used in operating activities	(41,875)	(121,389)

Note 17. Auditors' remuneration

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

- audit & review services	4,000	4,595
- non audit services	1,100	464
	5,100	5,059

Note 18. Director and related party disclosures

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

Robert Darren West

Nancy Robyn Haller

Joan Macedon Heatley

Colin Richard Casswell

David Reginald Jackson (Resigned 16 November 2007)

Notes to the financial statements continued

Note 18. Director and related party disclosures (continued)

Loizos Andreas Loizou

Rodney William Prescott

Constantine Arthur Christofides (Appointed 15 November 2007)

Paul Raymond Benvenuti (Appointed 15 November 2007)

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.

Directors shareholdings	2008	2007
Robert Darren West	6,001	6,001
Nancy Robyn Haller	5,001	5,001
Joan Macedon Heatley	10,001	10,001
Colin Richard Casswell	1,501	1,501
David Reginald Jackson (Resigned 16 November 2007)	501	501
Loizos Andreas Loizou	6,001	6,001
Rodney William Prescott	5,000	5,000
Constantine Arthur Christofides (Appointed 15 November 2007)	3,000	-
Paul Raymond Benvenuti (Appointed 15 November 2007)	2,000	-

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

Note 19. Earnings per share

	2008	2007
	\$	\$
(a) Profit attributable to the ordinary equity holders of the Company used in calculating earnings per share	(42,392)	(92,854)
	2008	2007
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	641,060	641,060

Note 20. 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 21. Contingent liabilities

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

Notes to the financial statements continued

Note 22. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank**[®] services pursuant to a franchise agreement with Bendigo Bank Limited. The economic entity operates in one geographic area being Burdekin district, Queensland.

Note 23. Registered office/Principal place of business

The registered office and principal place of business is:

Registered office	Principal place of business
93 Eighth Avenue Home Hill QLD 4806	93 Eighth Avenue Home Hill QLD 4806

Note 24. Financial Instruments

Net fair values

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

Credit risk

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

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

Interest rate risk

Financial instrument	Floating interest rate		Fixed interest rate maturing in						Non interest bearing		Weighted average effective interest rate		
			1 year or less		Over 1 to 5 years		Over 5 years						
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets													
Cash assets	131	130	-	-	-	-	-	-	-	-	-	0.05	0.05
Receivables	-	-	-	-	-	-	-	-	29,902	11,398	-	N/A	N/A
Financial liabilities													
Interest bearing liabilities	88,269	46,030	-	-	-	-	-	-	-	-	-	11.60	0.00
Payables	-	-	-	-	-	-	-	-	6,837	26,631	-	N/A	Nil

Directors' declaration

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

In the opinion of the Directors:

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

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



Robert Darren West, Chairman



Joan Macedon Heatley, Director

Signed on the 25th of August 2008.

Independent audit report



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ABN 51 061 795 337

INDEPENDENT AUDITOR'S REPORT

To the members of South Burdekin Community Financial Services Limited

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

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

Directors Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independent audit report continued

Independence

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

Auditor's Opinion

In our opinion:

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



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

Dated this 25th day of August 2008

BSX report

Share information: South Burdekin Community Financial Services Limited

This information is current as at 22 September 2008, less than six weeks before distribution to security holders. Information required by the Bendigo Stock Exchange listing rules and not shown elsewhere in this report is as follows:

No material differences exist between the information in Annexure 3A in the Company's report and the information contained in its annual report.

The Board's Audit Committee monitors management of Company finances by the Treasurer and Bendigo Payroll Services. In liaison with both, a local firm provides professional accounting services, ensuring compliance with Corporations Act 2001.

Governance tasks are performed by other Directors who identify with specific administration areas such as insurance and the updating of shareholdings. All Directors share responsibility for promotion, marketing and human resources issues.

The following table shows the total number of shareholders, and indicates the number of shares held within a range of five quantitative categories.

Number of shares held	Number of shareholders
1 to 1,000	187
1,001 to 5,000	110
5,001 to 10,000	6
10,001 to 100,000	4
100,001 and over	nil
Total shareholders	307

A single voting right is attached to each shareholding, regardless of its size.

Four (4) shareholders hold parcels of shares which are less than marketable (-\$500).

All shares on issue are ordinary shares fully paid to \$1 per share.

No unquoted equity securities are on issue, and no restricted securities are on issue.

The Company has no substantial shareholders i.e. holders of more than 5% of votes.

BSX report continued

Shareholder	Number of shares	Percentage of capital
Homestead (Qld) Pty Ltd	20,000	3.20%
Mr Keith Mann	20,000	3.20%
Mr Richard Chatfield	12,000	1.90%
Mrs Joan Heatley	10,001	1.60%
Mr Thomas Callow	10,000	1.60%
Mr Raymond Falco	10,000	1.60%
Mr Francis Heatley	10,000	1.60%
Mr Alf Musumeci	10,000	1.60%
Mr Leslie Sibson	10,000	1.60%
Mr Graham Anderson	6,000	0.95%
	118,001	

Name of the Company's Secretary:

Mrs Joan Heatley.

Location of the registered office and principal administrative office of the Company:

93 Eighth Avenue
Home Hill QLD 4806
Phone: (07) 4782 2249

Location of the Company's securities register:

Computershare Investor Services Pty Limited ABN 48 078 279 277
Yarra Falls, 452 Johnston Street
Abbotsford, VIC 3067
Phone: (03) 9145 5000

Home Hill **Community Bank**[®] Branch
93 Eighth Avenue, Home Hill, QLD 4806
Phone: (07) 4782 2249 Fax: (07) 4782 2688

Franchisee: South Burkekin Community Financial Services Limited
93 Eighth Avenue, Home Hill, QLD 4806
Phone: (07) 4782 2249
ABN 86 113 530 902

www.bendigobank.com.au

Bendigo and Adelaide Bank Limited, The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (KKQAR8013) (09/08)

