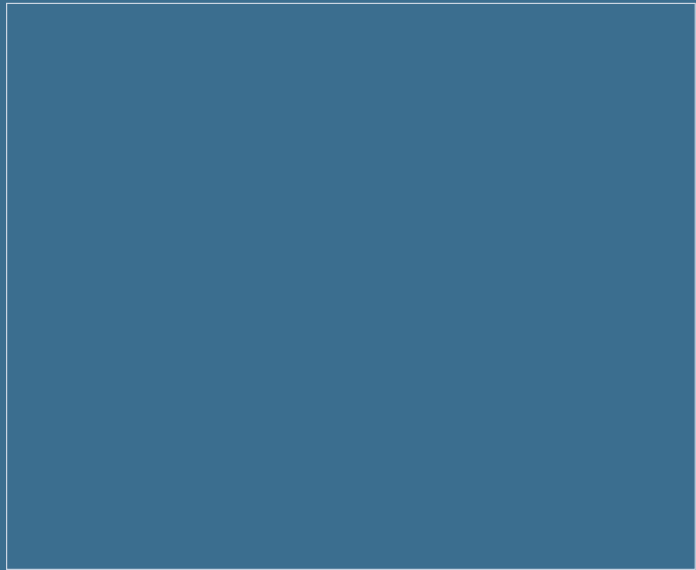
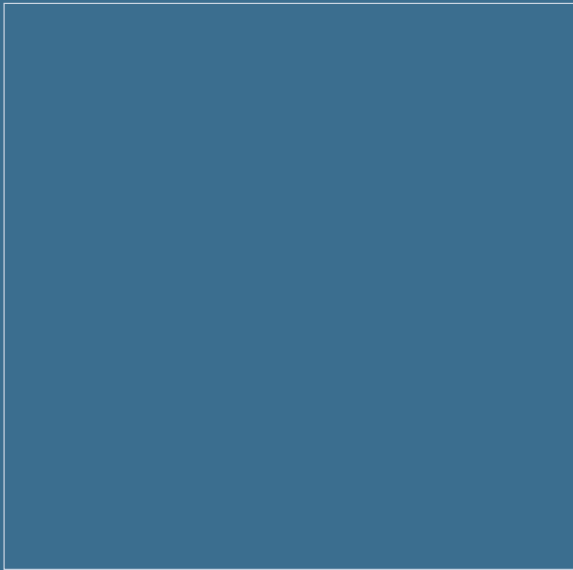


annual report | 2009



South Burdekin Community
Financial Services Limited
ABN 86 113 530 902

Home Hill **Community Bank**[®] Branch

Contents

Chairman's report	2-3
Manager's report	4
Directors' report	5-9
Auditor's independence declaration	10
Financial statements	11-14
Notes to the financial statements	15-30
Directors' declaration	31
Independent audit report	32-33
BSX report	34-35

Chairman's report

For year ending 30 June 2009

I am delighted to have the opportunity to present our fifth Annual Report to the shareholders of South Burdekin Community Financial Services Limited for the 2008/09 financial year.

We have just celebrated our 4th birthday on Monday 29 June, on that day in 2005 we opened our branch with no accounts and no money on the books, since then we have, with plenty of hard work had continual growth to achieve our current total business portfolio of \$43.975 million, that is an increase of almost 28% over last year, and now we have 1,357 accounts that is an increase of 35% on last year, I believe this is a great result in the current global financial crisis, it shows that we are now making a difference to the banking services that we are able to provide to the community.

Karen McKaig our Branch Manager and her wonderful and dedicated staff Maria, Debbie and Christine have as always performed their duties in a most professional and efficient manner and this has been the backbone of our growth for the past year, Maria our Senior Customer Service Officer has resigned and has taken on a new role in the Ayr branch of Bendigo Bank. I would like to take this opportunity to thank Maria for her dedication and support to our branch, we have promoted Debbie to the role of Senior Customer Service Officer and have employed the service of Margaret to fill the void created by this change in staff, I thank all of the staff 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 always been mindful of the costs that are associated with operating our branch, and we believe that our current path will lead us to become profitable in the very near future, we have as mentioned in previous communications moved our share register from the Bendigo Stock Exchange to a Low Volume Market which will simplify our shareholders trading arrangements, with this type of market we as a Company have created a significant reduction in our costs of operating our share register on a yearly basis.

I would like to once again thank my fellow Directors, some of whom have been there since we started operating our business, for their unlimited support and enthusiasm as we continue to grow our business/branch, which will produce steady profits in the near future which will benefit both our shareholders and provide funding for projects for our community. The Board members are all community minded volunteers and they give freely of their time and services for which I am truly grateful.

Our partners Bendigo and Adelaide Bank Ltd and their regional staff have always been supportive and continue to encourage us along the way to achieving profitability, Regional Manager Libby Gleeson and Agribusiness Manager Angelo Rigano have been invaluable at times with their guidance in our branch operations and their attendance at our Board meetings has been greatly appreciated.

Chairman's report continued

In closing, without the support, generosity and the confidence of our shareholders and the community we would not have achieved these results thus far. I thank all of those who have supported and encouraged us and I would ask again that all shareholders should become advocates and try to encourage more of our community members to explore the products and services that our **Community Bank**[®] branch and staff have to offer, when we all do this we will achieve profitability sooner. If you are a shareholder and you don't bank with us - why not - surely you want a return on your investment in our **Community Bank**[®] branch.

Yours sincerely



R D West
Chairman

Manager's report

For year ending 30 June 2009

It is with pride that I present my third Manager's report and contribute to our fifth 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 \$43.9 million, a growth of \$9.5 million from the previous year. This growth was a wonderful result achieved during a period of severe economic downturn. The result from this downturn was a reduction in gross margin which in turn reduced the income we anticipated we would receive during the year. Once again the support received from our wonderful community continues to bring us closer to profit and to being in a position to pay dividends to our shareholders and increase our sponsorships to the community.

Our opening hours remain 9.00am to 5.00pm Monday to Friday. The ATM continues to provide an excellent service for both our customers and the community at large. 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 Bendigo and Adelaide Bank Ltd is renowned for.

The purchase of a marquee for use by community organisations has also increased our visibility in the community. We continue to present the **Community Bank**[®] story to local business and organisations, and business luncheons have also been used to introduce prospective customers to Home Hill **Community Bank**[®] Branch. The staff have sent letters to local service and sporting clubs volunteering to assist when extra hands are required.

We continued our support of youth in the community through our sponsorship of the Rock Pop Mine section in The Harvest Festival and the youth session Kalamia Kapers on our local radio station Sweet FM.

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 to providing first rate service, to each and every customer. The addition of the agribusiness team of Angelo and Michelle complement us well, along with all of the other specialists available to provide the best solutions possible for our customers.

I must take this opportunity to thank the many advocates of the Bank, these people 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.

I look forward to leading Home Hill **Community Bank**[®] Branch through another successful year.



Karen McKaig
Branch Manager

Directors' report

For year ending 30 June 2009

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

Directors

The names and details of the Company's Directors who held office during or since the end of the financial year:

Robert Darren West

Chairman

Age: 46

Occupation: Motor Vehicle Dealership Principal.

Past President of Ayr Burdekin Rotary Club,

Chairman of Burdekin Crimestoppers Committee

and Secretary/Treasurer of North Queensland

Dealer Council.

Special responsibilities: Chairman, Marketing

Committee, Public Relations Committee and Audit

Committee.

Interest in shares: 6,001

Joan Macedon Heatley

Director

Age: 80

Occupation: Retired Grazier.

Past President of Burdekin Community Association Inc., Previous Deputy Chair Blackheath &

Thornburgh College Association Inc., Community representative Board of North & West QLD Primary

Health Care Association Inc.

Special responsibilities: Company Secretary and Human Resources Committee.

Interest in shares: 10,001

Nancy Robyn Haller

Director

Age: 64

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

Colin Richard Casswell

Director

Age: 48

Occupation: Senior Administration Officer.

Diploma of Business. Active in various sport,

church, school and other community organisations.

2007 Winner of Sunwater QLD Employee Individual Innovation Award.

Special responsibilities: Business Development

Committee, Insurance Monitor and Share Registry

Monitor.

Interest in shares: 1,501

Directors' report continued

Loizos Andreas Loizou

Director

Age: 72

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

Rodney William Prescott

Director

Age: 69

Occupation: Pharmacist.

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

Special responsibilities: Marketing Committee.

Interest in shares: 5,000

Constantine Arthur Christofides

Director

Age: 34

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

Age: 44

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 facilitating **Community Bank**[®] services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Ltd.

There have 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 loss of the Company for the financial year after provision for income tax was:

Year ended 30 June 2009	Year ended 30 June 2008
\$	\$
(8,437)	(42,392)

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 and Adelaide Bank Ltd 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' 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 Board meetings eligible to attend	Number attended
Robert Darren West	10	10
Nancy Robyn Haller	10	10
Joan Macedon Heatley	10	9
Colin Richard Casswell	10	7
Loizos Andreas Loizou	10	9
Rodney William Prescott	10	4
Constantine Arthur Christofides	10	9
Paul Raymond Benvenuti	10	9

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.

Directors' report continued

Non Audit services (continued)

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.

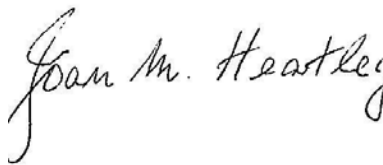
Auditors' independence declaration

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 26 August 2009.



Robert Darren West
Chairman



Joan Macedon Heatley
Director

Auditor's independence declaration



PO Box 454
Bendigo VIC 3552
61-65 Bull Street
Bendigo VIC 3550
Phone (03) 5443 0344
Fax (03) 5443 5304
afs@afsbendigo.com.au
www.afsbendigo.com.au
ABN 51 061 795 337

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 2009 there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; 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 26 day of August 2009

Financial statements

Income statement For year ending 30 June 2009

	Note	2009 \$	2008 \$
Revenues from ordinary activities	3	307,168	242,474
Salaries and employee benefits expense		(177,439)	(161,002)
Advertising and promotion expenses		(7,420)	(4,265)
Occupancy and associated costs		(16,198)	(22,731)
Systems costs		(30,122)	(22,183)
Depreciation and amortisation expense	4	(18,787)	(23,754)
Finance costs	4	(9,758)	(5,398)
General administration expenses		(55,710)	(65,413)
Loss before income tax credit		(8,266)	(62,272)
Income tax expense/credit	5	(171)	19,880
Loss for the period		(8,437)	(42,392)
Loss attributable to members of the entity		(8,437)	(42,392)
Earnings per share (cents per share)		¢	¢
- basic for profit for the year	19	(1.32)	(6.61)

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2009

	Note	2009 \$	2008 \$
Assets			
Current assets			
Cash assets	6	100	131
Trade and other receivables	7	39,331	25,486
Total current assets		39,431	25,617
Non-current assets			
Property, plant and equipment	8	162,359	168,606
Intangible assets	9	12,000	24,000
Deferred tax assets	10	146,991	147,162
Total non-current assets		321,350	339,768
Total assets		360,781	365,385
Liabilities			
Current liabilities			
Trade and other payables	11	11,497	9,899
Borrowings	12	84,747	88,269
Provisions	13	15,573	14,095
Total current liabilities		111,817	112,263
Non-current liabilities			
Provisions	13	7,625	3,446
Total non-current liabilities		7,625	3,446
Total liabilities		119,442	115,709
Net assets		241,339	249,676
Equity			
Issued capital	14	610,246	610,246
Accumulated losses	15	(369,007)	(360,570)
Total equity		241,239	249,676

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2009

	Note	2009 \$	2008 \$
Cash flows from operating activities			
Receipts from customers		293,320	253,445
Payments to suppliers and employees		(279,632)	(289,923)
Interest paid		(9,758)	(5,398)
Interest received		1	1
Net cash used in operating activities	16	3,931	(41,875)
Cash flows from investing activities			
Payments for property, plant and equipment		(540)	(363)
Net cash used in investing activities		(540)	(363)
Cash flows from financing activities			
Proceeds from borrowings		-	-
Net cash provided by financing activities		-	-
Net decrease in cash held		3,391	(42,238)
Cash at the beginning of the financial year		(88,138)	(45,900)
Cash at the end of the financial year	6(a)	(84,747)	(88,138)

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2009

	Note	2009 \$	2008 \$
Total equity at the beginning of the period		249,676	292,068
Net profit/(loss) for the period		(8,437)	(42,392)
Net income/expense recognised directly in equity		-	-
Total income and expense recognised by the entity for the year		(8,437)	(42,392)
Dividends provided for or paid		-	-
Shares issued during period		-	-
Costs of issuing shares		-	-
Total equity at the end of the period		241,239	249,676

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2009

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.

Notes to the financial statements continued

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.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

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.

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. Summary 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.

Financial instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transactions costs. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Financial instruments (continued)

Classification and subsequent measurement

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the entity are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

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.

(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 and Adelaide Bank Ltd.

Notes to the financial statements continued

Note 2. Financial risk management (continued)

(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 and Adelaide Bank Ltd mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo and Adelaide Bank Ltd 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 and Adelaide Bank Ltd mitigates this risk significantly.

(vi) Capital management

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

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

(i) the Distribution Limit is the greater of:

- (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2009 can be seen in the Income Statement.

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

Notes to the financial statements continued

	2009 \$	2008 \$
Note 3. Revenue from ordinary activities		
Operating activities:		
- services commissions	307,167	241,079
- other revenue		1,394
Total revenue from operating activities	307,167	242,473
Non-operating activities:		
- interest received	1	1
Total revenue from non-operating activities	1	1
Total revenues from ordinary activities	307,168	242,474

Note 4. Expenses

Depreciation of non-current assets:

- plant and equipment	6,787	11,754
Amortisation of non-current assets:		
- franchise agreement	12,000	12,000
	18,787	23,754

Finance costs:

- interest paid	9,758	5,398
------------------------	--------------	--------------

Note 5. Income tax expense

The components of tax expense comprise:

- Deferred tax on provisions	(765)	(5,621)
- Future income tax benefit attributable to losses	936	(14,259)
	171	(19,880)

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

Operating loss	(8,266)	(62,272)
Prima facie tax on loss from ordinary activities at 30%	(2,480)	(18,682)

Notes to the financial statements continued

	Note	2009 \$	2008 \$
Note 5. Income tax expense (continued)			
Add tax effect of:			
- non-deductible expenses		3,600	3,600
- timing difference expenses		1,665	2,672
- blackhole expenses		(1,849)	(1,849)
Current tax		936	(14,259)
Movement in deferred tax	10	(765)	(5,621)
		171	(19,880)

Note 6. Cash assets

Cash at bank and on hand		100	131
		100	131

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		100	131
Bank overdraft		(84,847)	(88,269)
		(84,747)	(88,138)

Note 7. Trade and other receivables

Trade receivables		31,391	21,902
Prepayments		7,140	2,784
Other		800	800
		39,331	25,486

Notes to the financial statements continued

	2009 \$	2008 \$
--	------------	------------

Note 8. Property, plant and equipment

Plant and equipment

At cost	191,805	203,610
Less accumulated depreciation	(29,446)	(35,004)
	162,359	168,606
Total written down amount	162,359	168,606

Movements in carrying amounts:

Plant and equipment

Carrying amount at beginning	168,606	179,997
Additions	540	363
Less: depreciation expense	(6,787)	(11,754)
Carrying amount at end	162,359	168,606
Total written down amount	162,359	168,606

Note 9. Intangible assets

Franchise fee

At cost	60,000	60,000
Less: accumulated amortisation	(48,000)	(36,000)
	12,000	24,000

Note 10. Deferred tax

Deferred tax asset

• Opening balance	147,162	127,282
• Future income tax benefits attributable to losses	(936)	14,259
• Deferred tax on provisions	765	5,621
• Closing balance	146,991	147,162

Notes to the financial statements continued

	2009 \$	2008 \$
Note 11. Trade and other payables		
Trade creditors	7,608	6,899
Other creditors & accruals	3,889	3,000
	11,497	9,899

Note 12. Borrowings

Current

Bank overdraft	84,847	88,269
-----------------------	---------------	---------------

The approved overdraft limit is \$120,000. Interest is charged at a rate of 8.64% (2008: 11.6%).

Note 13. Provisions

Current

Employee provisions	15,573	14,095
----------------------------	---------------	---------------

Non-current

Employee provisions	7,625	3,446
----------------------------	--------------	--------------

Number of employees at year end	4	3
--	----------	----------

Note 14. Contributed equity

641,060 Ordinary shares fully paid of \$1 each (2008: 641,060)	641,060	641,060
Less: equity raising expenses	(30,814)	(30,814)
	610,246	610,246

Notes to the financial statements continued

Note 14. Contributed equity (continued)

Rights attached to shares

(a) Voting rights

Subject to some limited exceptions, each shareholder has the right to vote at a general meeting.

On a show of hands or a poll, each shareholder attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a shareholder and has also been appointed as proxy for another shareholder) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a shareholder and one vote for each other shareholder that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each shareholder only one vote, regardless of the number of Shares held, is to reflect the nature of the Company as a community based Company, by providing that all shareholders of the community who have contributed to the establishment and ongoing operation of the **Community Bank®** branch have the same ability to influence the operation of the Company.

(b) Dividends

Generally, dividends are payable to shareholders in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The Franchise Agreement with Bendigo and Adelaide Bank Ltd contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

(c) Transfer

Generally, ordinary shares are freely transferable. However, the Directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the Company's constitution and the Corporations Act.

Prohibited shareholding interest

A person must not have a prohibited shareholding interest in the Company.

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the Company (the "10% limit").

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the Company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

Notes to the financial statements continued

Note 14. Contributed equity (continued)

Prohibited shareholding interest (continued)

The Board has the power to request information from a person who has (or is suspected by the Board of having) a legal or beneficial interest in any shares in the Company or any voting power in the Company, for the purpose of determining whether a person has a prohibited shareholding interest. If the Board becomes aware that a shareholder has a prohibited shareholding interest, it must serve a notice requiring the shareholder (or the shareholder's associate) to dispose of the number of Shares the Board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the Board is authorised to sell the specified Shares on behalf of that person. The holder will be entitled to the consideration from the sale of the Shares, less any expenses incurred by the Board in selling or otherwise dealing with those shares.

In the Constitution, shareholders acknowledge and recognise that the exercise of the powers given to the Board may cause considerable disadvantage to individual shareholders, but that such a result may be necessary to enforce the prohibition.

	2009	2008
	\$	\$
Note 15. Accumulated losses		
Balance at the beginning of the financial year	(360,570)	(318,178)
Net loss from ordinary activities after income tax	(8,437)	(42,392)
Balance at the end of the financial year	(369,007)	(360,570)

Note 16. Statement of cash flows

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

Loss from ordinary activities after income tax	(8,437)	(42,392)
Non cash items:		
- depreciation	6,787	11,754
- amortisation	12,000	12,000

Notes to the financial statements continued

	2009 \$	2008 \$
Note 16. Statement of cash flows (continued)		
Changes in assets and liabilities:		
- increase in receivables	(13,846)	(13,795)
- increase in other assets	171	(19,880)
- increase/(decrease) in payables	1,599	1,606
-increase in provisions	5,657	8,832
Net cash flows used in operating activities	3,931	(41,875)

Note 17. Auditors' remuneration

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

- audit & review services	4,200	4,000
- non audit services	1,755	1,100
	5,955	5,100

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

Loizos Andreas Loizou

Rodney William Prescott

Constantine Arthur Christofides

Paul Raymond Benvenuti

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

Notes to the financial statements continued

Note 18. Director and related party disclosures (continued)

Directors' shareholdings	2009	2008
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
Loizos Andreas Loizou	6,001	6,001
Rodney William Prescott	5,000	5,000
Constantine Arthur Christofides	3,000	3,000
Paul Raymond Benvenuti	2,000	2,000

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

	2009	2008
	\$	\$

Note 19. Earnings per share

(a) Profit attributable to the ordinary equity holders of the Company used in calculating earnings per share	(8,437)	(42,392)
--	---------	----------

	2009	2008
	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 and Adelaide Bank Ltd. 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					
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash assets	100	131	-	-	-	-	-	-	-	-	N/A	N/A
Receivables	-	-	-	-	-	-	-	-	31,391	21,902	N/A	N/A
Financial liabilities												
Interest bearing liabilities	84,847	88,269	-	-	-	-	-	-	-	-	8.64	11.60
Payables	-	-	-	-	-	-	-	-	7,608	6,837	N/A	N/A

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:

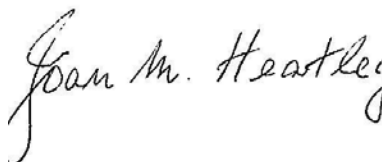
- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2009 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting 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.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by section 295A of the Corporations Act.

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



Robert Darren West
Chairman



Joan Macedon Heatley
Director

Signed on 26 August 2009.

Independent audit report



PO Box 454
Bendigo VIC 3552
61-65 Bull Street
Bendigo VIC 3550
Phone (03) 5443 0344
Fax (03) 5443 5304
afs@afsbendigo.com.au
www.afsbendigo.com.au
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 statements of South Burdekin Community Financial Services Limited, which comprise the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The Directors of the company 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 in accordance with the Accounting Standard AASB 101 Presentation of Financial Statements that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

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.

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 directors' 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 on the Financial Report

In our opinion:

- 1) The financial report of South Burdekin Community Financial Services Limited is in accordance with the Corporations Act 2001 including
 - (a) giving a true and fair view of the company's financial position as at 30 June 2009 and of its financial performance and its cash flows for the year then ended and;
 - (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001 and;
- 2) The financial statements and notes also complies with International Financial Reporting Standards as disclosed in Note 1

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of South Burdekin Community Financial Services Limited for the year ended 30 June 2009, complies with section 300A if the Corporations Act 2001.



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

Dated this 26 day of August 2009

BSX report

Share information: South Burdekin Community Financial Services Limited

This information is current as at 21 September 2009, 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

The following table shows the 10 largest shareholdings.

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

Location of the Company's securities register as of 1 July 2009

AFS & Associates
61-65 Bull Street,
Bendigo VIC 3550
Phone: (03) 5443 0344

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

Franchisee: South Burdekin 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. (BMPAR9069) (09/09)