

2008 annual report



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Chairman's report

For year ending 30 June 2008



Sunshine Coast Community Financial Services Limited exists because and for the community it serves. And it is time to celebrate the foresight of our shareholders.... a moment to say thank you to you for banking with us and, in turn, making our **Community Bank**[®] branch a reality.

By now, you will hopefully know of the outstanding result we were able to report in early October. Our audited profit of more than \$258,000 is a credit to the work of our staff, Managers, clients and Directors.

The result begins to unpack the world of opportunities that the **Community Bank**[®] concept offers. The first of these opportunities is the payment of dividends to shareholders. Our recently announced dividend is the first installment for our owners and wider constituents.

From here, we embark on new challenges. Your Board has set some exciting long term objectives. It is easiest to express these in dollar term. Rather than think in terms of growth for growth's sake, we think of these objectives as opportunities to do more for our communities. First, we have set an ultimate goal of having \$1 billion worth of banking on our combined book. As I write this, we are pushing towards \$180 million. Imagine, if we can generate earnings of \$250,000 on that book, what we can achieve with a billion dollars. The goal: a billion dollar bank.

We have shorter term goals as well. First we want to go on supporting the schools, the sporting clubs and the myriad of other groups we have been able to assist. But now with surplus cash we can begin to stretch our minds to larger community benefit projects. Your Board has many ideas on how best to build the communities around its banks, but it is time to draw in the wider circle of knowledge we know exists in each of our towns.

To this end we will be having forums in each of the communities around our banks where we invite our elders and our youth and those in between to come and dream with us about how to make our communities better, stronger more cohesive. So stay tuned for times and locations as we value highly our shareholders' input.

I must share a few words about our partner - Bendigo Bank Limited. What a year it has been for the Bendigo! It turned 150 years old and in each of those 150 years it has managed to turn a profit - a huge statement on its own. The **Community Bank**[®] model also had a big birthday this year, turning 10.

The story of **Community Bank**[®] is now legendary. It began in western Victoria in a town stripped of its banking assets. Bendigo Bank partnered with Rupanyup and Minyip to begin a genuine revolution in banking. Today there are more than 220 **Community Bank**[®] branches across Australia, each contributing to their towns and communities.

Chairman's report continued

I would also like to pay tribute to Rob Hunt, Bendigo Bank's Managing Director and the chief architect of the **Community Bank**[®] model. Rob steps down in July 2009 after a distinguished career leading the bank. We wish him well in his retirement.

Finally, can I say to shareholders, if you are one of the 30 odd per cent who don't bank with us, you have run out of excuses. Pick up the phone, call one of your banks bring your business over. Better still, walk in the front door, and meet one of our Managers face to face.

I invite you to imagine the possibilities of a billion dollar bank.

Your sincerely,

A handwritten signature in black ink, appearing to read 'Greg Reddaway', enclosed in a light grey rectangular box.

Greg Reddaway
Chairman

Cooroy Manager's report

For year ending 30 June 2008



It's been another successful year at the Cooroy **Community Bank**[®] Branch.

Our branch located in Maple Street, Cooroy is continuing to thrive.

We have now been open for more than five years and during this time we have offered and then provided banking services to the residents and businesses in and around the township of Cooroy.

I'm pleased to say that our performance as a business keeps going from strength to strength. Our customers

and shareholders have the confidence in the products we provide and the services we deliver.

This confidence has transpired to a 21 percent increase in profit for the Cooroy **Community Bank**[®] Branch as at the end of June 2008 and close to a 20 percent increase in total business held at Cooroy for the same period.

We also performed very well winning 'Branch of the Month' on three occasions through the year.

Our staff continue to be the key factor in our all achievements at the Cooroy **Community Bank**[®] Branch. They're all knowledgeable and dedicated to the success of our customers and our business and I'm proud of my team. Thank you Emily Horwood, Barbara Schilds, Pam Hoens, and Jenny Spinks and our visiting team of specialists have also assisted us with our results.

Thank you also to Peter Bourke (Financial Planning), Paul Hampson (Business Banking) and Steve Rowe (Insurance).

The success we are achieving at the Cooroy **Community Bank**[®] Branch is moving us to an exciting place - a place where we can identify and inject funds back to our community.

There are definitely exciting times ahead! Thank you to all who choose to do business with us.

Have a great year,

Fiona Hutchings

Branch Manager

Cooroy Community Bank[®] Branch

Marcoola Manager's report

For year ending 30 June 2008



Marcoola **Community Bank**® Branch has had a year of continued growth and expansion.

There were many highlights, but a notable one was the transition of Marcoola **Community Bank**® Branch from a sub branch to a full branch in its own right. We reported overall business growth of \$7.87 million and regularly achieved a monthly net profit meant which more than vindicated the move.

Our customers increased by 427 and we were delighted to receive two "Branch of the Month" awards for the Sunshine Coast Region. Our Marcoola team are rightfully proud of those achievements and remain committed to more success during the 2008/2009 financial year.

We supported a variety of local community projects and events and this will continue over the next 12 months.

The financial sector continues to experience ongoing turbulence, but the Marcoola **Community Bank**® Branch will focus on its goal of providing appropriate financial solutions to customers, a job that will ultimately assist them during these challenging times.

Marcoola **Community Bank**® Branch was well supported by our business partners Geoff Power & Paul Hampson of Business Banking, and Peter Bourke our financial planner, who added their expertise to assist our customers. We also promoted Johanna, who moved to a lending role closer to home in Nambour.

On behalf of my staff - Karenna who returned from maternity leave, Renae, and Naomi who has just joined our team - I thank you for your continuing support and look forward to seeing you in the branch.

Judy Davis

Branch Manager

Marcoola Community Bank® Branch

Tewantin Manager's report

For year ending 30 June 2008



What an amazing year this has been for the Tewantin **Community Bank**[®] Branch! I've had the privilege of managing the branch since May and have really enjoyed settling in to a wonderful organisation.

As we look over the year that has been, it makes me even more enthusiastic about the year ahead and all the exciting plans we have in store for our branch and the whole region as it continues to embrace the **Community Bank**[®] model.

As mentioned, I arrived in May after John Edds decided to commence semi-retirement. Since then, a vibrant new team has developed – welcoming Tara Macdonald, Andrea Walker and Kellie Tomkins as Customer Service Officers to our branch, joining Hayley Turner, our Customer Relationship Officer.

Our branch has worked really hard as a team since then to maximise every opportunity to provide excellent customer service and it's been a great time getting to know our Bendigo customers a little better.

The team in Tewantin was rewarded for these efforts by winning its first ever "Branch of the Month" in August. One of many to come, we hope and a great effort by our girls.

Tewantin has seen significant growth this financial year, especially with the deposit side of the balance sheet. Total business on the books has increased by 36 percent.

Some highlights for the year have included;

In May, branch staff assisted with registrations and participation at the RSPCA Million Paws Walk. We also presented a new computer software program to children in the special needs program at Tewantin State School.

In June, we celebrated four years of operation with a birthday cake in the branch. We also teamed up with Tewantin State School again to sponsor the school sign and work alongside them and Rotary of Noosa Heads to send 600 shoe boxes of educational materials to school kids in East Timor. It was a really moving sight to see all the kids arrive with them at their school assembly and send them off to those children in need.

We recently had our branch celebrations to commemorate 10 years of the **Community Bank**[®] network in Australia. We sizzled a lot of sausages on September 11 and had a fantastic time raising nearly \$500 for Relay for Life on 20 and 21 September. Our staff also participated in the Relay for Life and did a great job for a great cause.

Tewantin Manager's report continued

I'm really pleased to see the level of involvement our team has in community events and helping out where we can. Whether it's volunteering our time or assisting with raising funds for a worthwhile cause, we will be out there in our local community, and there's a lot planned for 2009!

Thank you to all our valued customers and shareholders for continuing to make your Tewantin **Community Bank**[®] Branch a great success.



Angela Warren
Branch Manager
Tewantin Community Bank[®] Branch

Directors' report

For year ending 30 June 2008

Your Directors submit the financial report of the Company for the financial 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:

James Malcolm Kefford

(resigned 26 November 2007)

Chairman

Occupation: Business Consultant

Lewis James Brennan

Director

Occupation: Councillor

Frederick Charles Broomhall

Director

Occupation: Property Developer

Gregory John Reddaway

(appointed 27 November 2007)

Chairman

Occupation: Property Developer

Leonard Harold Daddow

Director

Occupation: Automobile Dealer

Richard (Rick) John Cooper

Director

Occupation: Real Estate Agent

Peter William Billingham

Director

Occupation: Chartered Accountant

Jay Pashley

Director

Occupation: Real Estate Agent

Geoffrey Thomas Nicholls

Director

Occupation: Retired

Louis Formosa

Director

Occupation: Property Developer

Karla May Hobson

Director

Occupation: Self Employed

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

Principal activities

The principal activities of the Company during the course of the financial year were in providing **Community Bank**[®] services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

Operating results

The profit / (loss) of the Company for the financial year after provision for income tax was \$171,583 (2007: (\$7,458)).

Directors' report continued

Dividends

No dividends were declared or paid during the year.

Significant events after the balance date

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

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.

Likely developments

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

Directors' benefits

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

Billinghurst Martin Pty Ltd of which Peter Billinghurst is a partner received a fee of \$8,000 (2007: \$8,740) for accounting services provided to Sunshine Coast Community Financial Services for the year ended 30 June 2008.

Indemnification and Insurance of Directors and Officers

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

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

Directors' 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 held:	11
<hr/>	
Number of meetings attended:	
<hr/>	
James Malcolm Kefford (resigned 26 November 2007)	3
<hr/>	
Lewis James Brennan	7
<hr/>	
Frederick Charles Broomhall	11
<hr/>	
Gregory John Reddaway	11
<hr/>	
Leonard Harold Daddow	8
<hr/>	
Richard (Rick) John Cooper	9
<hr/>	
Peter William Billinghamurst	10
<hr/>	
Jay Pashley	10
<hr/>	
Geoffrey Thomas Nicholls	11
<hr/>	
Louis Formosa	8
<hr/>	
Karla May Hobson	9
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Company Secretary

Peter Billinghamurst has been the Company Secretary of Sunshine Coast Community Financial Services Limited for 4 years. His qualifications and experience include being a chartered accountant who has worked in the accounting profession for approximately 27 years.

Corporate governance

The Company has implemented various corporate governance practices, which include:

- (a) The establishment of an audit committee. Members of the audit committee are Geoffrey Nicholls and Peter Billinghamurst;
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

Auditor independence declaration

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

Richmond Sinnott & Delahunty
Chartered Accountants.

Richmond Sinnott & Delahunty
Chartered Accountants



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

18 September 2008

The Directors
Sunshine Coast Community Financial Services Limited
PO Box 815
COOROY QLD 4563

Dear Directors

Auditor's Independence Declaration

In relation to our audit of the financial report of Sunshine Coast Community Financial Services Limited for the year ended 30 June 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Warren Sinnott
Partner
Richmond Sinnott & Delahunty

Signed in accordance with a resolution of the Board of Directors at Cooroy on 18 September 2008.

Gregory Reddaway
Chairman

Financial statements

Income statement For year ending 30 June 2008

	Note	2008 \$	2007 \$
Revenue from ordinary activities	2	1,563,915	1,288,823
Employee benefits expense	3	(706,037)	(650,769)
Charitable donations and sponsorship		(9,175)	(17,019)
Depreciation and amortisation expense	3	(69,546)	(75,084)
Finance costs	3	(5,488)	(16,495)
Other expenses from ordinary activities	3	(518,920)	(528,667)
Profit / (loss) before income tax expense		254,749	789
Income tax expense	4	(83,166)	(8,247)
Profit / (loss) after income tax expense		171,583	(7,458)
Earnings per share (cents per share)			
- basic for profit / (loss) for the year	22	10.07	(0.44)
- diluted for profit / (loss) for the year	22	10.07	(0.44)

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2008

	Note	2008 \$	2007 \$
Current assets			
Cash assets	6	136,073	27,631
Receivables	7	141,064	144,707
Other financial assets	8	7,474	6,706
Total current assets		284,611	179,044
Non-current assets			
Property, plant and equipment	9	246,769	310,850
Deferred income tax asset	4	281,601	364,767
Intangible assets	10	127,335	27,750
Total non-current assets		655,705	703,367
Total assets		940,316	882,411
Current liabilities			
Payables	11	102,666	97,539
Interest bearing liabilities	12	-	118,805
Provisions	13	-	-
Total current liabilities		102,666	216,344
Total liabilities		102,666	216,344
Net assets		837,650	666,067
Equity			
Share capital	14	1,623,067	1,623,067
Accumulated losses	15	(785,417)	(957,000)
Total equity		837,650	666,067

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2008

	Note	2008 \$	2007 \$
Cash flows from operating activities			
Cash receipts in the course of operations		1,718,610	1,364,488
Cash payments in the course of operations		(1,358,149)	(1,302,204)
Interest paid		(5,488)	(16,495)
Interest received		1,183	898
Net cash flows from / (used in) operating activities	16b	356,156	46,687
Cash flows from investing activities			
Payments for intangible assets		(128,909)	-
Net cash flows from / (used in) investing activities		(128,909)	-
Cash flows from financing activities			
Repayment of borrowings		(118,805)	(49,404)
Net cash flows from / (used in) financing activities		(118,805)	(49,404)
Net increase / (decrease) in cash held		108,442	(2,717)
Add opening cash brought forward		27,631	30,348
Closing cash carried forward	16a	136,073	27,631

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 \$
SHARE CAPITAL			
Ordinary shares			
Balance at start of year		1,623,067	1,623,067
Issue of share capital		-	-
Share issue costs		-	-
Balance at end of year		1,623,067	1,623,067
Retained earnings / (accumulated losses)			
Balance at start of year		(957,000)	(949,542)
Loss after income tax expense		171,583	(7,458)
Dividends paid		-	-
Balance at end of year		(785,417)	(957,000)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2008

Note 1. Basis of preparation of the financial report

(a) Basis of accounting

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

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

The financial report was authorised for issue by the Directors on 18 September 2008.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS'). Australian Accounting Standards that have been recently issued or amended, but are not yet effective, have not been adopted in the preparation of this financial report.

(c) Significant accounting policies

The following is a summary of the material accounting policies adopted. The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2007 financial statements.

Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

Notes to the financial statements continued

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

Property, plant and equipment

Property, plant and equipment are brought to account at cost or at independent Directors' valuation, less, where applicable, any accumulated depreciation or amortisation. Items of property, plant and equipment, including buildings but excluding freehold land, are depreciated over their useful life to the entity commencing from the date of acquisition/revaluation. All property, plant and equipment is depreciated using the diminishing value method, with rates ranging from 3.75% to 30% per annum.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Recoverable amount of assets

At each reporting date, the Company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Goods and services tax

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

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

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

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

Notes to the financial statements continued

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

Employee benefits

The provision for employee benefits to wages, salaries and annual leave represents the amount which the Company has a present obligation to pay resulting from employees' services provided up to the balance date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

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

Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum.

Cash

Cash on hand and in banks are stated at nominal value.

For the purposes of the cash flow statement, cash includes cash on hand and in banks and investments in money market instruments.

Comparative figures

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

Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).

Receivables and payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Interest bearing liabilities

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

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (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 capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

	2008 \$	2007 \$
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Note 2. Revenue from ordinary activities

Operating activities

- services commissions	1,562,732	1,287,925
Total revenue from operating activities	1,562,732	1,287,925

Non-operating activities:

- interest received	1,183	898
Total revenue from non-operating activities	1,183	898
Total revenue from ordinary activities	1,563,915	1,288,823

Note 3. Expenses

Employee benefits expense

- wages and salaries	630,995	600,255
- superannuation costs	45,989	48,842
- payroll tax	27,650	-
- workers' compensation costs	1,403	1,672
	706,037	650,769

Notes to the financial statements continued

	2008 \$	2007 \$
Note 3. Expenses (continued)		
Depreciation of non-current assets:		
- plant and equipment	40,222	51,084
Amortisation of non-current assets:		
- intangibles	29,324	24,000
	69,546	75,084
Finance costs:		
- Interest paid	5,488	15,870
- Borrowing costs	-	625
	5,488	16,495
Administration expenses		
- Rent	109,831	111,235
- Information technology related costs	85,206	106,328
- Other administration expenses	298,004	307,911
- Loss on disposal of fixed assets	23,859	-
- Bad debts	2,020	3,193
	518,920	528,667

Note 4. Income tax expense

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

Prima facie tax on profit before income tax at 30%	76,425	237
Add tax effect of:		
- Non-deductible expenses	6,741	8,010
Current income tax expense	83,166	8,247
Income tax expense	83,166	8,247

Notes to the financial statements continued

	2008 \$	2007 \$
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Note 4. Income tax expense (continued)

Deferred income tax asset

Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.

Income tax losses	241,923	325,089
Capital tax losses	39,678	39,678

Note 5. Auditors' remuneration

Amounts received or due and receivable by

Richmond, Sinnott & Delahunty for:

- Audit or review of the financial report of the Company	3,650	3,650
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Note 6. Cash assets

Cash at bank and on hand	136,073	27,631
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Note 7. Receivables

Trade debtors	141,064	144,707
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Note 8. Other financial assets

Prepayments	7,474	6,706
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Note 9. Property, plant and equipment

Plant and equipment

At cost	489,606	523,489
Less accumulated depreciation	(242,837)	(212,639)
	246,769	310,850
Total written down amount	246,769	310,850

Notes to the financial statements continued

	2008 \$	2007 \$
Note 9. Property, plant and equipment (continued)		
Movements in carrying amounts		
Plant and equipment		
Carrying amount at beginning of year	310,850	361,934
Additions	-	-
Disposals	(23,859)	-
Depreciation expense	(40,222)	(51,084)
Carrying amount at end of year	246,769	310,850

Note 10. Intangible assets

Franchise fee		
At cost	248,909	120,000
Less accumulated amortisation	(121,574)	(92,250)
	127,335	27,750

Note 11. Payables

Trade creditors	99,966	94,839
Other creditors and accruals	2,700	2,700
	102,666	97,539

Note 12. Interest bearing liabilities

Bank overdraft	-	118,805
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Note 13. Provisions

Employee benefits	-	-
Number of employees at year end	-	-

All branch staff are employees of Bendigo and Adelaide Bank Ltd.

Notes to the financial statements continued

	2008 \$	2007 \$
Note 14. Share capital		
1,672,988 Ordinary shares fully paid of \$1 each	1,672,988	1,672,988
31,250 Ordinary shares fully paid of \$1 each #	-	-
Less: equity raising costs	(49,921)	(49,921)
	1,623,067	1,623,067

31,250 shares issued for nil consideration as bonus shares.

Note 15. Accumulated losses

Balance at the beginning of the financial year	(957,000)	(949,542)
Profit / (loss) after income tax	171,583	(7,458)
Balance at the end of the financial year	(785,417)	(957,000)

Note 16. Cash flow statement

(a) Reconciliation of cash

Cash assets	136,073	27,631
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(b) Reconciliation of profit / (loss) after tax to net cash provided from / (used in) operating activities

Profit / (loss) after income tax	171,583	(7,458)
Non cash items		
- Depreciation	40,222	51,084
- Amortisation	29,324	24,000
- Loss on disposal of fixed assets	23,859	-
Changes in assets and liabilities		
- (Increase) decrease in receivables	2,875	(45,743)
- Increase (decrease) in payables	5,127	16,557
- (Increase) decrease in deferred income tax asset	83,166	8,247
Net cash flows from / (used in) operating activities	356,156	46,687

Notes to the financial statements continued

Note 17. Director and related party disclosures

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

James Malcolm Kefford (resigned 26 November 2007)

Lewis James Brennan

Frederick Charles Broomhall

Gregory John Reddaway

Leonard Harold Daddow

Richard (Rick) John Cooper

Peter William Billinghamurst

Jay Pashley

Geoffrey Thomas Nicholls

Louis Formosa

Karla May Hobson

Other than detailed below no Director or related entity has entered into a material contract with the Company.

Billinghurst Martin Pty Ltd of which Peter Billinghamurst is a partner received a fee of \$8,000 (2007: \$8,740) for accounting services provided to Sunshine Coast Community Financial Services for the year ended 30 June 2008.

Directors shareholdings	2008	2007
James Malcolm Kefford (resigned 26 November 2007)	18,526	18,526
Lewis James Brennan	11,601	11,601
Frederick Charles Broomhall	5,676	5,151
Gregory John Reddaway	28,025	23,175
Leonard Harold Daddow	8,201	8,201
Richard (Rick) John Cooper	26,993	26,993
Peter William Billinghamurst	1,051	1,051
Jay Pashley	20,000	20,000
Geoffrey Thomas Nicholls	12,513	12,513
Louis Formosa	10,000	10,000
Karla May Hobson	6,625	6,625

Other than the purchase of shares by Gregory Reddaway and Frederick Broomhall there was no movement in Director shareholdings during the year. Other than detailed below each share held has a paid up value of \$1 and is fully paid. The above holdings are held personally or in associated entities.

Notes to the financial statements continued

Note 17. Director and related party disclosures (continued)

The following Directors shares were issued for \$0 as part of the original bonus issue:

	2008	2007
James Malcolm Kefford (resigned 26 November 2007)	423	423
Lewis James Brennan	148	148
Frederick Charles Broomhall	200	200
Leonard Harold Daddow	200	200
Peter William Billinghamurst	100	100
Geoffrey Thomas Nicholls	548	548

Note 18. Subsequent events

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

Note 19. Contingent liabilities

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

Note 20. Segment reporting

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in one geographic area being the Sunshine Coast, QLD.

Note 21. Corporate information

Sunshine Coast Community Financial Services Ltd is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Bendigo Stock Exchange.

The registered office and principal place of business is: 36A Maple Street, Cooroy QLD 4563.

Notes to the financial statements continued

	2008	2007
	\$	\$

22. Earnings per share

Basic earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Profit / (loss) after income tax expense	171,583	(7,458)
Weighted average number of ordinary shares for basic and diluted earnings per share	1,704,238	1,704,238

Note 23. Financial risk management

The Company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

(a) Credit risk

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

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

Notes to the financial statements continued

Note 23. Financial risk management (continued)

	Carrying amount	
	2008	2007
	\$	\$
Cash assets	136,073	27,631
Receivables	141,064	144,707
	277,137	172,338

The Company's exposure to credit risk is limited to Australia by geographic area. The entire balance of receivables is due from Bendigo and Adelaide Bank Ltd.

None of the assets of the Company are past due (2007: nil past due) and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Ltd.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the Company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

In addition, the Company has an established overdraft facility of \$150,000 with Bendigo and Adelaide Bank Ltd.

The following are the estimated contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount	Contractual cash flows	1 year or less	over 1 to 5 years	more than 5 years
	\$	\$	\$	\$	\$
30 June 2008					
Payables	102,666	(102,666)	(102,666)	-	-
Interest bearing liabilities	-	-	-	-	-
	102,666	(102,666)	(102,666)	-	-
30 June 2007					
Payables	97,539	(97,539)	(97,539)	-	-
Interest bearing liabilities	118,805	(118,805)	(118,805)	-	-
	216,344	(216,344)	(216,344)	-	-

Notes to the financial statements continued

Note 23. Financial risk management (continued)

(c) Market risk

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

Interest rate risk

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

Sensitivity analysis

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

	Carrying amount	
	2008	2007
	\$	\$
Fixed rate instruments		
Financial assets	18,345	17,356
Financial liabilities	-	-
	18,345	17,356
Variable rate instruments		
Financial assets	107,925	472
Financial liabilities	-	(118,805)
	107,925	(118,333)
Non interest bearing		
Financial assets	150,867	154,510
Financial liabilities	(102,666)	(97,539)
	48,201	56,971

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Notes to the financial statements continued

Note 23. Financial risk management (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. For the analysis performed on the same basis as at 30 June 2007 there was also no impact. As at both dates this assumes all other variables remain constant.

(d) Net fair values

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

(e) Capital management

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

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

(i) the Distribution Limit is the greater of:

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

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

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2008 can be seen in the Income Statement.

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

Director's declaration

In accordance with a resolution of the Directors of Sunshine Coast Community Financial Services Limited, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001;
- (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; and
- (c) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2008.



Peter Billinghamurst
Secretary

Signed at Cooroy on 18 September 2008.

Independent audit report

Richmond Sinnott & Delahunty

Chartered Accountants



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF SUNSHINE COAST COMMUNITY FINANCIAL SERVICES LIMITED

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

SCOPE

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for Sunshine Coast Community Financial Services Limited, for the year ended 30 June 2008.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are established to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant account estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

Woodbury Court, 172 McIvor Road Bendigo 3550. PO Box 30 Bendigo 3552. Ph: (03) 5443 1177. Fax: (03) 5444 4344. Email: rsd@rsdadvisors.com.au

ABN 60 616 244 309

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Independent audit report continued

INDEPENDENCE

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

AUDIT OPINION

In our opinion, the financial report of Sunshine Coast Community Financial Services Limited is in accordance with:

- (a) the Corporations Act 2001 including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

Richmond Sinnott & Delahunty
RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W. J. Sinnott

W. J. SINNOTT
Partner
Bendigo

Date: 18 September 2008

BSX report

For year ending 30 June 2008

Additional information required by the Bendigo Stock Exchange Limited and not shown elsewhere in the report are as follows. The information is current as at the 30 September 2008.

(a) Distribution of equity securities

The number of shareholders, by size of holding, are:

Range	Number of shareholders	Number of shares
1-1000	417	272,038
1,001-5,000	296	636,505
5,001-10,000	50	352,809
10,001 -100,0000	25	442,886
Total	788	1,704,238

The number of non marketable parcels less than 500 was 13.

(b) Ten largest shareholders

The names of the ten largest shareholders of quoted shares are:

Name	No of shares held
M Wicklandt	44,500
Hinternoosa Super Fund	35,000
J Killen	30,000
Zedmont Pty Ltd	26,993
Winpar Holdings Limited	24,975
T Killen	23,125
G Reddaway	21,875
K & E Faggotter	21,000
D Daebritz	20,500
J Bell & E Bell	20,000
North Shore Realty Holding	20,000

BSX report continued

(c) Voting rights

Each shareholder has one vote.

(d) Corporate governance statement

The Board manages and monitors the business on behalf of the shareholders to whom they are accountable.

The Board recognises the importance of strong corporate governance. The Board has developed a policies and procedures manual which is subject to ongoing review. This framework will assist with governing the Company into the future by providing accountability and guiding principles for future decision making. The Board has an audit committee.

Composition of the Board

The Directors in office at the date of this statement are:

Name	Position
Gregory John Reddaway	Director/Chairman
Peter William Billinghamurst	Director/Secretary/Treasurer
Geoffrey Thomas Nicholls	Director
Jay Pashley	Director
Karla May Hobson	Director
Leonard Harold Daddow	Director
Lewis James Brennan	Director
Louis Formosa	Director
Frederick Charles Broomhall	Director
Richard (Rick) John Cooper	Director

The Board meets monthly and follows meeting guidelines to ensure that all Directors have all of the necessary information to participate in discussion on all agenda items.

Board responsibilities

The Board acts on behalf of and is accountable to the shareholders of the Company and as such it seeks to identify the expectations of its shareholders. The Board also reviews its regulatory and ethical expectations and obligations. In addition the Board is responsible for identifying areas of significant business risk and ensuring that arrangements are in place to adequately manage those risks.

The Board is also responsible for ensuring that its management activities are aligned with its future goals and appropriate strategies to mitigate material business risks. The mechanisms in place that assist the Board to meet these objectives are:

BSX report continued

- Board approval of a business plan for each branch which encompasses the Company's vision and mission statements. Ongoing review and adjustments to the business plans to ensure future growth and success.
- Formation of a policies and procedures manual to give the Board a clear framework for its administrative decisions.
- Implementation of operating plans and budgets and monitoring progress against budgets both internally and industry performance guidelines.
- Attending state and national conferences with representatives from other **Community Bank**[®] branches in the network.
- Provision of training opportunities for Directors to assist them with the discharge of their obligations.

Monitoring of the Board's performance

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner the performance of all Directors is reviewed by the Chairman. Directors are subject to a peer review process. Directors whose performance is unsatisfactory would be asked to retire.

(e) Name of Company Secretary

Peter William Billinghamurst

(f) Address and telephone number of registered office

36A Maple Street,
Cooroy QLD 4563
Phone: (07) 5447 7131

(g) Address and telephone number at which securities register is kept

Computershare Investor Services Pty Limited,
Yarra Falls,
452 Johnson Street,
Abbotsford VIC 3067
Phone: (03) 9415 5000

Cooroy **Community Bank**[®] Branch
36 Maple Street, Cooroy QLD 4563
Phone: (07) 5447 7131 Fax: (07) 5447 7723

Marcoola **Community Bank**[®] Branch
Shop 2, 932 David Low Way, Marcoola QLD 4564
Phone: (07) 5448 8582 Fax: (07) 5448 9689

Tewantin **Community Bank**[®] Branch
Shop 1, 105 Poinciana Avenue, Tewantin QLD 4565
Phone: (07) 5440 5289 Fax: (07) 5440 5291

Franchisee: Sunshine Coast Community Financial Services Limited
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