Blackburn District
Financial Services Limited
ABN 67 106 202 304

2008 annualreport

Contents

Chairman’s report

For year ending 30 June 2008

Dear fellow shareholders,

Our **Community Bank®** branch has enjoyed its most successful year since we opened in 2004. As our financial report shows we finished the 2007 / 2008 year with over $70 million in banking business and a profit of $59,000. This result will allow the Board to declare our first dividend. A truly momentous occasion in the Companies’ short history. I thank my fellow shareholders for their patience and understanding whilst the business has grown over the last four years to this important stage.

Despite the financial troubles around the world, we believe that our **Community Bank®** branch will continue to progress during 2009 and beyond.

During the 2007 / 2008 financial year our **Community Bank®** branch has provided grants and sponsorships to many local schools, community groups and sporting clubs. These grants and sponsorships help create the vital relationships that continually grow our business and are a vital part of our strategic marketing plan. The monies for these grants come from the Market Development Fund paid to us by Bendigo and Adelaide Bank Limited. These funds are specifically designated for grants and sponsorships and are not available for distribution as dividends to shareholders.

Our staff continue to be our most valuable asset, and I thank Mr Barry Friswell and the team in the branch for their continuing efforts in providing an extremely high level of service for our customers.

I would like to thank my fellow Board members for their support and efforts in the constant development and growth of our business. The voluntary time given is much appreciated.

Damian Ahearne FAICD

Chairman BDFSL

Manager's report

For year ending 30 June 2008

With our fourth year recently completed, I am delighted to report that we have recorded the first profit for Blackburn South **Community Bank®** Branch.

This result is brought about by the excellent growth we have achieved in the financial year to 30 June 2008 with our total business reaching in excess of $74 million – a substantial growth from our previous year end total of almost $40 million. The numbers of accounts held has passed 3000. With this excellent level of support, we can now look to continue to grow profitably well into the future and to share those profits with our shareholders and the broader community - the true meaning of the **Community Bank®** concept.

During the year, we have introduced "School Banking". Staff member Marcy, did a great job with this, and the program have been highly successful in bringing our services to the next generation of customers. For her efforts, Marcy was honoured with an excellence award from Regional Manager, Ashdon Capp.

In May 2008 the branch was awarded "Regional Branch of the Month", another recognition for the great efforts of our staff. We always provide excellent service and I thank Karen, Nola, Marcy, Monika and Cheryl for their support and willing service without hesitation.

Several initiatives were introduced during the past year and as a result, we were able to hold a Business Breakfast, Annual Bowls Tournament, Schools Community Achievement awards as well as ongoing and increasing amounts given to local community partners – all sharing in the success of our branch.

Our growth has been partly achieved by expanding our horizons a little further into the City of Whitehorse extremities of Vermont and Vermont South and we look forward to further development in these areas.

I also wish to thank our Board of Directors who work tirelessly behind the scenes, giving me their complete trust and support.

To our many loyal customers and shareholders, I thank you for your support and your banking business. With your future support as well as the support of your family and friends, we look forward to continued success and provision of a level of excellence in service as your community partners.

Barry Friswell
Branch Manager

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:

Damian Ahearne
Chairman
Age: 49
Retailer & Company Director

Stephen Wayne Yeates
Secretary
Age: 54
Product Compliance Consultant

Phillip Anthony Barresi
Director
Age: 53
Employer Association Director

Noel Richard Moller
Director
Age: 77
Retired Director & Company Executive

Thomas Goulopoulos
Director
Age: 54
Pharmacist

Andrew Stephen Munroe
Director
Age: 44
Telecommunications Engineer

Reginald James Jarvis
Director
Age: 59
Retired Postal Manager

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

No Directors have material interests in contracts or proposed contracts with the Company unless outlined in note 17.

Company Secretary

The Company Secretary is Stephen Yeates. Stephen was appointed to the position of Secretary on 4 September 2003.

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 Bank Limited.

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

Directors' report continued

Operating results

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

Year ended 30 June 2008 $	Year ended 30 June 2007 $
59,142	(24,456)

Remuneration report

(a) Remuneration of Directors

All Directors of the Company are on a voluntary basis, therefore no remuneration guidelines have been prepared.

(b) Remuneration of area and Branch Managers

The Board is reponsible for the determination of remuneration packages and policies applicable to the Branch Manager and all the staff. The Branch Manager is invited to the Board meetings as required to discuss performance and remuneration packages.

The Board's policy in respect of the Branch Manager is to maintain remuneration at parity within the **Community Bank®** network and local market rates for comparable roles.

There are no executives who are directly accountable and responsible for the strategic direction and operational management of the entity. This is wholly a Board role.

There are therefore no Specified Executives.

Dividends

No dividends were declared or paid for the previous year. The Directors recommend that a dividend, to be determined, be paid from profits 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.

Directors' report continued

Environmental regulation

The Company is not subject to any significant environmental regulation.

Directors' benefits

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest except as disclosed in note 17 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
Damian Ahearne	11	10
Stephen Wayne Yeates	11	9
Phillip Anthony Barresi	11	8
Noel Richard Moller	11	10
Thomas Goulopoulos	11	9
Andrew Stephen Munroe	11	10
Reginald James Jarvis	11	10

Non Audit services

The Company has employed 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

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 8.

Signed in accordance with a resolution of the Board of Directors at Blackburn South, Victoria on 25 September 2008.

Damian Ahearne
Chairman

Stephen Wayne Yeates
Secretary

Auditor's independence declaration

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partners in success
Chartered Accountants & Business Advisors

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

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

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

David Hutchings
Auditor

Andrew Frewin & Stewart
Bendigo, Victoria

Dated this 25th day of September 2008

Financial statements

Income statement
For year ending 30 June 2008

	Note	2008 $	2007 $
Revenues from ordinary activities	3	509,206	377,043
Salaries and employee benefits expense		(264,172)	(239,938)
Advertising and promotion expenses		(23,831)	(18,734)
Occupancy and associated costs		(45,070)	(43,937)
Systems costs		(11,276)	(13,793)
Depreciation and amortisation expense	4	(24,472)	(25,063)
General administration expenses		(61,164)	(67,173)
Profit/(loss) before income tax expense/credit		**79,220**	**(31,594)**
Income tax expense/credit	5	(20,078)	7,138
Profit/(loss) for the period		**59,142**	**(24,456)**
Profit/(loss) attributable to members of the entity		**59,142**	**(24,456)**
Earnings per share (cents per share)		**¢**	**¢**
- based on profit/(loss) for the year	18	9.00	(3.72)

The accompanying notes form part of these financial statements.

Balance sheet
As at 30 June 2008

	Note	2008 $	2007 $
Current assets			
Cash assets	6	134,523	50,807
Trade and other receivables	7	48,968	24,263
Total current assets		**183,491**	**75,070**
Non-current assets			
Property, plant and equipment	8	158,372	169,594
Intangible assets	9	9,000	21,000
Deferred tax assets	10	93,884	113,962
Total non-current assets		**261,256**	**304,556**
Total assets		**444,747**	**379,626**
Current liabilities			
Trade and other payables	11	33,336	39,323
Provisions	12	23,305	16,422
Total current liabilities		**56,641**	**55,745**
Non-current liabilities			
Provisions	12	5,083	-
Total non-current liabilities		**5,083**	**-**
Total liabilities		**61,724**	**55,745**
Net assets		**383,023**	**323,881**
Equity			
Contributed equity	13	629,123	629,123
Accumulated losses	14	(246,100)	(305,242)
Total equity		**383,023**	**323,881**

The accompanying notes form part of these financial statements.

Statement of cash flows
As at 30 June 2008

	Note	2008 $	2007 $
Cash flows from operating activities			
Receipts from customers		482,496	406,466
Payments to suppliers and employees		(399,534)	(404,536)
Interest received		2,004	1,423
Net cash inflow from operating activities	**15**	**84,966**	**3,353**
Cash flows from investing activities			
Proceeds from property, plant and equipment		-	318
Payments for property, plant and equipment		(1,250)	(3,370)
Net cash outflow from investing activities		**(1,250)**	**(3,052)**
Net increase in cash held		**83,716**	**301**
Cash at the beginning of the financial year		50,807	50,506
Cash at the end of the financial year	**6(a)**	**134,523**	**50,807**

The accompanying notes form part of these financial statements.

Statement of changes in equity
As at 30 June 2008

	Note	2008 $	2007 $
Total equity at the beginning of the financial year		323,881	348,337
Net income/expense recognised directly in equity		-	-
Net profit/(loss) for the year		59,142	(24,456)
Shares issued during period		-	-
Dividends provided for or paid		-	-
Total equity at the end of the financial year		**383,023**	**323,881**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2008

Note 1. Summary of significant accounting policies

Basis of preparation

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

Compliance with IFRS

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

Historical cost convention

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

Revenue

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

Goods and services tax

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

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

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

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

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

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

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

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.

Provisions

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

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

Contributed equity

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

Note 1. Summary of significant accounting policies (continued)

Earnings per share

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

Note 2. Financial risk management

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

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

(i) Market risk

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

(ii) Price risk

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

(iii) Credit risk

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

(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

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

Notes to the financial statements continued

	2008 $	2007 $

Note 3. Revenue from ordinary activities

	2008 $	2007 $
Operating activities:		
- services commissions	506,870	375,620
Total revenue from operating activities	**506,870**	**375,620**
Non-operating activities:		
- interest received	2,335	1,423
Total revenue from non-operating activities	**2,335**	**1,423**
Total revenues from ordinary activities	**509,206**	**377,043**

Note 4. Expenses

	2008 $	2007 $
Depreciation of non-current assets:		
- plant and equipment	3,786	3,254
- leasehold improvements	8,686	9,809
Amortisation of non-current assets:		
- franchise agreement	12,000	12,000
	24,472	**25,063**
Bad debts	**68**	**22**
Loss on disposal of property, plant & equipment	**-**	**2,474**

Note 5. Income tax expense

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

	2008 $	2007 $
Operating profit/(loss)	79,220	(31,594)
Prima facie tax on profit/(loss) from ordinary activities at 30%	23,766	(9,478)

	Note	2008 $	2007 $

Note 5. Income tax expense (continued)

	Note	2008 $	2007 $
Add tax effect of:			
- non-deductible expenses		7,313	3,747
- timing difference expenses		209	267
- other deductible expenses		(1,673)	(1,673)
Current tax payable		29,615	(7,138)
Movement in deferred tax	10	(9,537)	-
		20,078	**(7,138)**

Note 6. Cash assets

	Note	2008 $	2007 $
Cash at bank and on hand		63,932	22,204
Term deposits		70,591	28,602
		134,523	**50,807**

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

	Note	2008 $	2007 $
6(a) Reconciliation of cash			
Cash at bank and on hand		63,932	22,204
Term deposit		70,591	28,602
		134,523	**50,807**

Note 7. Trade and other receivables

	Note	2008 $	2007 $
Trade receivables		48,638	24,263
Accrued Income		330	-
		48,968	**24,263**

Note 8. Property, plant and equipment

	2008 $	2007 $
Leasehold improvements		
At cost	178,497	178,497
Less accumulated depreciation	(45,928)	(37,242)
	132,569	**141,255**
Plant and equipment		
At cost	38,566	37,316
Less accumulated depreciation	(14,345)	(10,759)
	24,221	**26,557**
Office furniture and fittings		
At cost	2,404	2,404
Less accumulated depreciation	(822)	(622)
	1,582	**1,782**
Total written down amount	**158,372**	**169,594**
Movements in carrying amounts:		
Leasehold improvements		
Carrying amount at beginning	141,255	151,064
Additions	-	-
Disposals	-	-
Less: depreciation expense	(8,686)	(9,809)
Carrying amount at end	**132,569**	**141,255**
Plant and equipment		
Carrying amount at beginning	26,557	26,665
Additions	1,250	2,790
Disposals	-	-
Less: depreciation expense	(3,586)	(2,898)
Carrying amount at end	**24,221**	**26,557**

Notes to the financial statements continued

	2008 $	2007 $

Note 8. Property, plant and equipment (continued)

Office furniture and fittings

Carrying amount at beginning	1,782	4,350
Additions	-	579
Disposals	-	(2,792)
Less: depreciation expense	(200)	(355)
Carrying amount at end	**1,582**	**1,782**
Total written down amount	**158,372**	**169,594**

Note 9. Intangible assets

Franchise fee

At cost	60,000	60,000
Less: accumulated amortisation	(51,000)	(39,000)
	9,000	**21,000**

Note 10. Deferred tax

Deferred tax asset

Opening balance	113,962	106,824
Recoupment of prior years tax losses	(29,615)	7,138
Deferred tax on provisions	9,537	-
Closing balance	**93,884**	**113,962**

Note 11. Trade and other payables

Trade creditors	30,016	35,030
Other creditors & accruals	3,320	4,293
	33,336	**39,323**

Notes to the financial statements continued

	2008 $	2007 $

Note 12. Provisions

	2008 $	2007 $
Current		
Employee provisions	**23,305**	**16,422**
Non-current		
Employee provisions	**5,083**	**-**
Number of employees at year end	**5**	**5**

Note 13. Contributed equity

	2008 $	2007 $
657,010 Ordinary shares fully paid of $1 each (2008: 657,010)	657,010	657,010
Less: equity raising expenses	(27,887)	(27,887)
	629,123	**629,123**

Note 14. Accumulated losses

	2008 $	2007 $
Balance at the beginning of the financial year	(305,242)	(280,786)
Net profit/(loss) from ordinary activities after income tax	59,142	(24,456)
Balance at the end of the financial year	**(246,100)**	**(305,242)**

Note 15. Statement of cash flows

Reconciliation of profit/(loss) from ordinary activities after tax to net cash provided by operating activities

	2008 $	2007 $
Profit/(loss) from ordinary activities after income tax	59,142	(24,456)
Non cash items:		
- depreciation	12,472	13,063
- amortisation	12,000	12,000
Changes in assets and liabilities:		
- increase in receivables	(24,705)	(6,748)
- (increase)/decrease in other assets	20,078	(4,665)
- increase/(decrease) in payables	(5,987)	13,270
- increase in provisions	11,966	889
Net cash flows provided by operating activities	**84,966**	**3,353**

	2008 $	2007 $

Note 16. Auditors' remuneration

Amounts received or due and receivable by the Auditor of the Company for:		
- audit & review services	3,500	3,000
- non audit services	2,284	2,710
	5,784	**5,710**

Note 17. Director and related party disclosures

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

Damian Ahearne

Stephen Wayne Yeates

Phillip Anthony Barresi

Noel Richard Moller

Thomas Goulopoulos

Andrew Stephen Munroe

Reginald James Jarvis

With the exception of Stephen Yeates no Director or related entity has entered into a material contract with the Company. No Director's fees have been paid as the positions are held on a voluntary basis.

During the year the Company entered into two transactions with Compliance Services Asia-Pacific a Company controlled by Director Stephen Yeates.

The Company appointed Compliance Services Asia-Pacific in May 2008 to undertake its Company Secretary Services at a cost of $550 per month.

Directors shareholdings	**2008**	**2007**
Damian Ahearne	6,501	6,501
Stephen Wayne Yeates	3,001	3,001
Phillip Anthony Barresi	5,001	5,001
Noel Richard Moller	5,001	5,001
Thomas Goulopoulos	5,001	5,001
Andrew Stephen Munroe	2,001	2,001
Reginald James Jarvis	501	501

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

	2008 $	2007 $
Note 18. Earnings per share		
(a) Profit/(Loss) attributable to the ordinary equity holders of the Company used in calculating earnings per share	59,142	(24,456)

	2008 Number	2007 Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	657,010	657,010

Note 19. 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 20. Contingent liabilities

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

Note 21. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank®** services pursuant to a franchise agreement with Bendigo Bank Limited. The economic entity operates in one geographic area being Blackburn and surrounding district, Victoria.

Note 22. Registered office/principal place of business

The registered office and principal place of business is:

Registered office	Principal place of business
1/134 Canterbury Road,	1/134 Canterbury Road,
Blackburn South VIC 3130	Blackburn South VIC 3130

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

			Fixed interest rate maturing in									
Financial instrument	**Floating interest rate**		**1 year or less**		**Over 1 to 5 years**		**Over 5 years**		**Non interest bearing**		**Weighted average effective interest rate**	
	2008 $	**2007 $**	**2008 $**	**2007 $**	**2008 $**	**2007 $**	**2008 $**	**2007 $**	**2008 $**	**2007 $**	**2008 %**	**2007 %**
Financial assets												
Cash assets	63,932	22,204	-	-	-	-	-	-	-	-	0.05	0.05
At call account	70,591	28,602	-	-	-	-	-	-	-	-	5.88	4.80
Receivables	-	-	-	-	-	-	-	-	48,968	24,263	N/A	N/A
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	33,336	39,323	N/A	N/A

Director's declaration

In accordance with a resolution of the Directors of Blackburn District Financial Services Limited, we state that:

In the opinion of the Directors:

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

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

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

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

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

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

Damian Ahearne
Chairman

Stephen Wayne Yeates
Secretary

Signed on 25 September 2008.

Independent audit report

partners in success
Chartered Accountants & Business Advisors

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INDEPENDENT AUDITOR'S REPORT

To the members of Blackburn District Financial Services Limited

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

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

Directors Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

In conducting our audit we have met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the 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

In our opinion:

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

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

Dated this 25th day of September 2008

Blackburn South **Community Bank**® Branch
1/134 Canterbury Road, Blackburn South VIC 3130
Phone: (03) 9894 8467 Fax: (03) 9894 7862

Franchisee: Blackburn District Financial Services Limited
1/134 Canterbury Road, Blackburn South VIC 3130
ABN 67 106 202 304

www.bendigobank.com.au
Bendigo and Adelaide Bank Limited, The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR8021) (08/08)