

**Bright Community Financial Services**  
**Financial Statements**  
**as at**  
**30 June 2008**

**Bright Community Financial Services Ltd**  
**ABN 93 117 798 553**  
**Directors' Report**

Your Directors submit their 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:

Roger Williams Chairman Newsagent	Kim Hacon Muhlen-Schulte Director Economic Development Officer
Karen Jane Dentry (resigned 21 January 2008) Director Company Director	Ronald Ido Kool Director Retired
Allan James Poyner Director Civil Engineer	Adrian Victor Smith Director Tyre Retailer / Wholesaler
Carmel Smith (resigned 27 November 2007) Director Tyre Retailer / Wholesaler	Susan Cheryl Jarrett (resigned 22 April 2008) Director Business Services Officer
Stuart Hargreaves Director Retired	Geoffrey Gurner Tually Director Business Consultant
Robert Charles Bone Director Retired	Michael John Wright (appointed 20 November 2007) Director Business Owner
Bruce Reid (appointed 20 November 2007) Director Business Owner	

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

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

**Principal activities**

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

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

**Bright Community Financial Services Ltd**  
**ABN 93 117 798 553**  
**Directors' Report**

**Operating Results**

Operations for the financial year have resulted in a profit/(loss) after income tax expense of (\$90,655) (2007: (\$226,863)).

**Dividends**

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

**Significant changes in the state of affairs**

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

**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.

**Likely Developments**

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

**Directors' Benefits**

During the year ended 30 June 2008 \$38 (2007: \$507) was paid to Bright Authorised Newsagency, which is owned by Roger Williams. All transactions were on normal commercial terms.

During the year ended 30 June 2008 \$Nil (2007: \$534) was paid to B & S Bright Ideas, which is owned by Sue Jarrett and her husband. All transactions were on normal commercial terms.

No other 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.

**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.

**Bright Community Financial Services Ltd**  
**ABN 93 117 798 553**  
**Directors' Report**

**Directors Meetings**

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

**Number of Meetings Held:** 12

**Number of Meetings Attended:**

Roger Williams	10
Karen Jane Dentry (resigned 21 January 2008)	5
Ronald Ido Kool	9
Allan James Poyner	9
Adrian Victor Smith	11
Carmel Smith (resigned 27 November 2007)	5
Stuart Hargreaves	8
Susan Cheryl Jarrett (resigned 22 April 2008)	7
Robert Charles Bone	9
Geoffrey Gurner Tually	11
Kim Hacon Muhlen-Schulte	8
Michael John Wright (appointed 20 November 2007)	6
Bruce Reid (appointed 20 November 2007)	5

**Company Secretary**

Geoff Gurner Tually has been the company secretary of Bright Community Financial Services Ltd since 25 September 2006. Geoff's qualifications and experience include being a senior academic with the University of Melbourne, member of the Association of Taxation and Management Accountants of Australia and a registered taxation agent.

**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 Roger Williams, Karen Dentry, Rob Bone and Kim Muhlen;
- (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.

**Bright Community Financial Services Ltd**  
**ABN 93 117 798 553**  
**Directors' Report**

**Auditor Independence Declaration**

The directors received the following declaration from the auditor of the company:

**Richmond Sinnott & Delahunty**  
**Chartered Accountants**



**172-176 McIvor Rd**  
**PO Box 30**  
**Bendigo. 3552**  
**Ph. 03 5443 1177**  
**Fax. 03 5444 4344**  
**E-mail: [rsd@rsd advisors.com.au](mailto:rsd@rsd advisors.com.au)**

**Auditor's Independence Declaration**

In relation to our audit of the financial report of Bright Community Financial Services Ltd for the financial 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**  
**Bendigo**  
**25 September 2008**

Signed in accordance with a resolution of the Board of Directors at Bright on 25 September 2008.

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Roger Williams, Chairman

**Bright Community Financial Services Limited**  
**ABN 93 117 798 553**  
**Income Statement**  
**for the year ended 30 June 2008**

	<u>Notes</u>	<b>2008</b> <b>\$</b>	<b>2007</b> <b>\$</b>
Revenue from ordinary activities	2	295,772	138,788
Employee benefits expense	3	(199,478)	(184,715)
Charitable donations and sponsorship		(4,721)	(715)
Depreciation and amortisation expense	3	(21,422)	(21,421)
Other expenses from ordinary activities		<u>(199,659)</u>	<u>(252,422)</u>
<b>Profit/(loss) before income tax expense</b>		(129,508)	(320,485)
Income tax expense / (benefit)	4	<u>(38,853)</u>	<u>(93,622)</u>
<b>Profit/(loss) after income tax expense</b>		<u><u>(90,655)</u></u>	<u><u>(226,863)</u></u>
<b>Earnings per share (cents per share)</b>			
- basic for profit / (loss) for the period	20	(13.06)	(32.68)
- diluted for profit / (loss) for the period	20	(13.06)	(32.68)

The accompanying notes form part of these financial statements

**Bright Community Financial Services Limited**  
**ABN 93 117 798 553**  
**Balance Sheet**  
**as at 30 June 2008**

	<u>Notes</u>	<b>2008</b> <b>\$</b>	<b>2007</b> <b>\$</b>
<b>Current Assets</b>			
Cash assets	6	98,922	203,545
Receivables	7	16,189	8,425
<b>Total Current Assets</b>		<u>115,111</u>	<u>211,970</u>
<b>Non-Current Assets</b>			
Property, plant and equipment	8	123,670	139,129
Deferred income tax asset	4	132,475	93,622
Intangible assets	9	17,889	23,852
<b>Total Non-Current Assets</b>		<u>274,034</u>	<u>256,603</u>
<b>Total Assets</b>		<u>389,145</u>	<u>468,573</u>
<b>Current Liabilities</b>			
Payables	10	19,966	13,923
Provisions	11	16,350	11,166
<b>Total Current Liabilities</b>		<u>36,316</u>	<u>25,089</u>
<b>Total Liabilities</b>		<u>36,316</u>	<u>25,089</u>
<b>Net Assets</b>		<u>352,829</u>	<u>443,484</u>
<b>Equity</b>			
Share capital	12	670,347	670,347
Retained earnings/(accumulated losses)	13	(317,518)	(226,863)
<b>Total Equity</b>		<u>352,829</u>	<u>443,484</u>

The accompanying notes form part of these financial statements

**Bright Community Financial Services Limited**  
**ABN 93 117 798 553**  
**Cash Flow Statement**  
**for the year ended 30 June 2008**

	<u>Notes</u>	<b>2008</b> <b>\$</b>	<b>2007</b> <b>\$</b>
<b>Cash Flows From Operating Activities</b>			
Cash receipts in the course of operations		300,072	120,303
Cash payments in the course of operations		(412,786)	(422,880)
Interest received		8,091	20,177
<b>Net cash flows from/(used in) operating activities</b>	14b	<u>(104,623)</u>	<u>(282,400)</u>
<b>Cash Flows From Investing Activities</b>			
Payment for intangible assets		-	(29,815)
Payments for property, plant and equipment		-	(154,587)
<b>Net cash flows from/(used in) investing activities</b>		<u>-</u>	<u>(184,402)</u>
<b>Cash Flows From Financing Activities</b>			
Proceeds from issue of shares		-	694,113
Share issue costs		-	(23,766)
<b>Net cash flows from/(used in) financing activities</b>		<u>-</u>	<u>670,347</u>
<b>Net increase/(decrease) in cash held</b>		(104,623)	203,545
Add opening cash brought forward		203,545	-
<b>Closing cash carried forward</b>	14a	<u>98,922</u>	<u>203,545</u>

The accompanying notes form part of these financial statements



**Bright Community Financial Services Limited**  
**ABN 93 117 798 553**  
**Statement of Changes in Equity**  
**for the year ended 30 June 2008**

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>SHARE CAPITAL</b>		
<i>Ordinary shares</i>		
Balance at start of year	670,347	-
Issue of share capital	-	694,113
Share issue costs	<u>-</u>	<u>(23,766)</u>
<b>Balance at end of year</b>	<u><u>670,347</u></u>	<u><u>670,347</u></u>
 <b>RETAINED EARNINGS / (ACCUMULATED LOSSES)</b>		
Balance at start of year	(226,863)	-
Profit/(loss) after income tax expense	(90,655)	(226,863)
Dividends paid	<u>-</u>	<u>-</u>
<b>Balance at end of year</b>	<u><u>(317,518)</u></u>	<u><u>(226,863)</u></u>

The accompanying notes form part of these financial statements

**Bright Community Financial Services Limited**  
**ABN 93 117 798 553**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

**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 25 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.

**Bright Community Financial Services Limited**  
**ABN 93 117 798 553**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

**1. Basis of preparation of the Financial Report (continued)**

**Property, plant and equipment**

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

<i>Class of Asset</i>	<i>Depreciation Rate</i>
Branch fit out	10.0%

*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.

*Revaluations*

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the balance sheet unless it reverses a revaluation decrease of the same asset previously recognised in the income statement.

Any revaluation deficit is recognised in the income statement unless it directly offsets a previous surplus of the same asset in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve is made to retained earnings for the depreciation relating to the revaluation surplus.

**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.

**Bright Community Financial Services Limited**  
**ABN 93 117 798 553**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

**1. Basis of preparation of the Financial Report (continued)**

**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.

**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, net of outstanding bank overdrafts.

**Revenue**

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

**Bright Community Financial Services Limited**  
**ABN 93 117 798 553**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

**1. Basis of preparation of the Financial Report (continued)**

**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.

**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.

**Comparative figures**

The entity commenced operations during the previous period. The comparative figures are for the period ended 30 June 2007.

**2. Revenue from ordinary activities**

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
Operating activities		
- services commissions and fee income	287,681	118,611
Total revenue from operating activities	<u>287,681</u>	<u>118,611</u>
Non-operating activities:		
- interest received	8,091	20,177
- other revenue	-	-
Total revenue from non-operating activities	<u>8,091</u>	<u>20,177</u>
Total revenue from ordinary activities	<u><u>295,772</u></u>	<u><u>138,788</u></u>

**Bright Community Financial Services Limited**  
**ABN 93 117 798 553**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

**3. Expenses**

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
Employee benefits expense		
- wages and salaries	172,535	153,115
- superannuation costs	15,375	13,306
- workers' compensation costs	416	903
- other costs	11,152	17,391
	<u>199,478</u>	<u>184,715</u>
Depreciation of non-current assets:		
- branch fit out	15,459	15,458
Amortisation of non-current assets:		
- set up costs	3,963	3,963
- franchise fee	2,000	2,000
	<u>21,422</u>	<u>21,421</u>
Finance Costs:		
- Interest paid	96	-
Bad debts	-	-

**4. Income Tax Expense**

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

Prima facie tax on profit/(loss) before income tax at 30%	(38,853)	(96,145)
Add tax effect of:		
- Non-deductible expenses	<u>-</u>	<u>2,523</u>
<i>Current income tax expense / (benefit)</i>	<u>(38,853)</u>	<u>(93,622)</u>
Income tax expense /(benefit)	<u>(38,853)</u>	<u>(93,622)</u>

**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.

<u>132,475</u>	<u>93,622</u>
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**Bright Community Financial Services Limited**  
**ABN 93 117 798 553**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

**5. Auditors' Remuneration**

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
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
- Completion of feasibility study	-	5,000
- Accounting work for prospectus	-	2,000
	<u>3,650</u>	<u>10,650</u>

**6. Cash Assets**

Cash at bank and on hand	<u>98,922</u>	<u>203,545</u>
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**7. Receivables**

Trade debtors	<u>16,189</u>	<u>8,425</u>
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**8. Property, Plant and Equipment**

*Branch fit out costs*

At cost	154,587	154,587
Less accumulated depreciation	<u>(30,917)</u>	<u>(15,458)</u>
	<u>123,670</u>	<u>139,129</u>
Total written down amount	<u>123,670</u>	<u>139,129</u>

**Movements in carrying amounts**

*Branch fit out costs*

Carrying amount at beginning of year	139,129	-
Additions	-	154,587
Disposals	-	-
Depreciation expense	<u>(15,459)</u>	<u>(15,458)</u>
Carrying amount at end of year	<u>123,670</u>	<u>139,129</u>

**Bright Community Financial Services Limited**  
**ABN 93 117 798 553**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

**9. Intangible Assets**

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<i>Franchise fee</i>		
At cost	10,000	10,000
Less accumulated amortisation	<u>(4,000)</u>	<u>(2,000)</u>
	<u>6,000</u>	<u>8,000</u>
<i>Set up costs</i>		
At cost	19,815	19,815
Less accumulated amortisation	<u>(7,926)</u>	<u>(3,963)</u>
	<u>11,889</u>	<u>15,852</u>
	<u><u>17,889</u></u>	<u><u>23,852</u></u>

**10. Payables**

Trade creditors	13,723	9,705
Other creditors and accruals	<u>6,243</u>	<u>4,218</u>
	<u><u>19,966</u></u>	<u><u>13,923</u></u>

**11. Provisions**

Employee benefits	<u>16,350</u>	<u>11,166</u>
Number of employees at year end	<u>5</u>	<u>5</u>

**12. Share Capital**

694,113 Ordinary Shares fully paid of \$1 each	694,113	694,113
Less capital raising costs	<u>(23,766)</u>	<u>(23,766)</u>
	<u><u>670,347</u></u>	<u><u>670,347</u></u>

**13. Retained Earnings / (Accumulated Losses)**

Balance at the beginning of the financial year	(226,863)	-
Profit/(loss) after income tax	(90,655)	(226,863)
Dividends	-	-
Balance at the end of the financial year	<u><u>(317,518)</u></u>	<u><u>(226,863)</u></u>



**Bright Community Financial Services Limited**  
**ABN 93 117 798 553**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

<b>14. Cash Flow Statement</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Reconciliation of cash</b>		
Cash assets	<u>98,922</u>	<u>203,545</u>
<b>(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities</b>		
Profit / (loss) after income tax	(90,655)	(226,863)
Non cash items		
- Depreciation	15,459	15,458
- Amortisation	5,963	5,963
Changes in assets and liabilities		
- (Increase) decrease in receivables	(7,764)	(8,425)
- (Increase) decrease in deferred income tax asset	(38,853)	(93,622)
- Increase (decrease) in payables	6,043	13,923
- Increase (decrease) in provisions	5,184	11,166
Net cashflows from/(used in) operating activities	<u>(104,623)</u>	<u>(282,400)</u>

**15. Director and Related Party Disclosures**

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

Roger Williams  
Karen Jane Dentry (resigned 21 January 2008)  
Ronald Ido Kool  
Allan James Poyner  
Adrian Victor Smith  
Carmel Smith (resigned 27 November 2007)  
Stuart Hargreaves  
Susan Cheryl Jarrett (resigned 22 April 2008)  
Robert Charles Bone  
Geoffrey Gurner Tually  
Kim Hacon Muhlen-Schulte  
Michael John Wright (appointed 20 November 2007)  
Bruce Reid (appointed 20 November 2007)

During the year ended 30 June 2008 \$38 (2007: \$507) was paid to Bright Authorised Newsagency, which is owned by Roger Williams. All transactions were on normal commercial terms.

During the year ended 30 June 2008 \$Nil (2007: \$534) was paid to B & S Bright Ideas, which is owned by Sue Jarrett and her husband. All transactions were on normal commercial terms.

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.

**Bright Community Financial Services Limited**  
**ABN 93 117 798 553**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

**15. Director and Related Party Disclosures (continued)**

<b>Directors shareholdings</b>	<b>2008</b>	<b>2007</b>
Roger Williams	10,001	10,001
Karen Jane Dentry (resigned 21 January 2008)	1	1
Ronald Ido Kool	5,000	5,000
Allan James Poyner	2,301	2,301
Adrian Victor Smith	1,001	1,001
Carmel Smith (resigned 27 November 2007)	1,001	1,001
Stuart Hargreaves	20,801	20,801
Susan Cheryl Jarrett (resigned 22 April 2008)	20,000	20,000
Robert Charles Bone	2,000	2,000
Geoffrey Gurner Tually	10,000	10,000
Kim Hacon Muhlen-Schulte	-	-
Michael John Wright (appointed 20 November 2007)	5,000	5,000
Bruce Reid (appointed 20 November 2007)	500	500

There was no movement in the directors shareholdings during the year. Each share held is valued at \$1 and is fully paid. The above holdings are held personally or by associated parties.

**16. Subsequent Events**

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

**17. Contingent Liabilities**

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

**18. 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 Bright, Victoria.

**19. Corporate Information**

Bright 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:

Shop 2, 104 Gavan Street  
Bright, Victoria

**Bright Community Financial Services Limited**  
**ABN 93 117 798 553**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

**20. Earnings per share**

**2008**

**2007**

**\$**

**\$**

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

(90,655)

(226,863)

Weighted average number of ordinary shares for basic and diluted earnings per share

694,113

694,113

**Bright Community Financial Services Limited**  
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**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

**21. 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:

	<u>Carrying Amount</u>	
	<u>2008</u>	<u>2007</u>
	<u>\$</u>	<u>\$</u>
Cash assets	98,922	203,545
Receivables	16,189	8,425
	<u>115,111</u>	<u>211,970</u>

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.

**Bright Community Financial Services Limited**  
**ABN 93 117 798 553**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

**21. Financial risk management (continued)**

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

	<b>Carrying amount \$</b>	<b>Contractual cash flows \$</b>	<b>1 year or less \$</b>	<b>over 1 to 5 years \$</b>	<b>more than 5 years \$</b>
<b>30 June 2008</b>					
Payables	19,966	(19,966)	(19,966)	-	-
	<u>19,966</u>	<u>(19,966)</u>	<u>(19,966)</u>	<u>-</u>	<u>-</u>
<b>30 June 2007</b>					
Payables	13,923	(13,923)	(13,923)	-	-
	<u>13,923</u>	<u>(13,923)</u>	<u>(13,923)</u>	<u>-</u>	<u>-</u>

**(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:

	<b><u>Carrying Amount</u></b>	
	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>Fixed rate instruments</b>		
Financial assets	97,535	196,122
Financial liabilities	-	-
	<u>97,535</u>	<u>196,122</u>
<b>Variable rate instruments</b>		
Financial assets	1,387	7,423
Financial liabilities	-	-
	<u>1,387</u>	<u>7,423</u>

***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.

***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.

**21. Financial risk management (continued)**

**Bright Community Financial Services Limited**  
**ABN 93 117 798 553**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

**(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.

**Bright Community Financial Services Ltd**  
**ABN 93 117 798 553**  
**Directors' Declaration**

In accordance with a resolution of the directors of Bright 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.

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Roger Williams, Chairman

Signed at Bright on 25 September 2008.