

**South Burdekin
Community Financial Services Limited**

Financial Statements

as at

30 June 2008

South Burdekin Community Financial Services Limited
ABN 86 113 530 902
Directors' Report

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:

Robert Darren West

Chairman

Age: 45

Occupation: Motor Vehicle Dealership Principal

Past President of Rotaract and Rotary, Chairman of Burdekin Crimestoppers Committee and current member of Ayr Chamber of Commerce.

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

Interest in Shares: 6,001

Nancy Robyn Haller

Director

Age: 63

Occupation: Company Director

Business manager and Director of Scorpion Jacks supplying innovative hydraulic machinery to the mining industry in Australia and abroad. Member of Home Hill Chamber of Commerce and Zonta Club member.

Special responsibilities: Treasurer and Business Development Committee.

Interest in Shares: 5,001

Joan Macedon Heatley

Director

Age: 79

Occupation: Grazier

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

Special responsibilities: Company Secretary and Corporate Governance Committee

Interest in Shares: 10,001

Colin Richard Casswell

Director

Age: 47

Occupation: Administration Officer

Active in various sport, church, school and other community organisations. Winner of Sunwater QLD Employee Innovation Award 2008.

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

Interest in shares: 1,501

David Reginald Jackson *(Resigned 16-November 2007)*

Director

Age: 59

Occupation: Senior Journalist

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

Special responsibilities: Audit Committee

Interest in Shares: 501

Loizos Andreas Loizou

Director

Age: 71

Occupation: Canefarmer

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

Special responsibilities: Audit Committee

Interest in Shares: 6,001

Rodney William Prescott

Director

Age: 68

Occupation: Pharmacist

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

Special responsibilities: Member Public Relations

Interest in shares: 5,000

Constantine Arthur Christofides *(Appointed 15 November 2007)*

Director

Age: 33

Occupation: Canefarmer

Involved in all aspects of farming operations from land, water and crop management to managing the financial administration. Current Treasurer of St Stephens Greek Orthodox Community of Home Hill and Ayr.

Special responsibilities: Audit Committee and Marketing Committee.

Interests in shares: 3,000

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Paul Raymond Benvenuti (*Appointed 15 November 2007*)

Director

Age: 43

Occupation: Business operator and radio technician

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

Special responsibilities: Marketing Committee

Interest in Shares: 2,000

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

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

Company Secretary

The company secretary is Joan Heatley. Joan was appointed to the position of secretary on 24 March 2005. She has a Bachelor of Arts Degree from the University of Queensland and has experience as a community representative with North & West Queensland Primary Health Care Association, a past President of the Burdekin Community Association and is a Partner/Director of Byrne Valley Cattle Company.

Principal activities

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

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

Operating Results

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

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

Remuneration Report

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

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

There are therefore no specified Executives whose remuneration requires disclosure.

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

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Dividends

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

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

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

Likely Developments

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

Environmental Regulation

The company is not subject to any significant environmental regulation.

Directors' Benefits

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest except as disclosed in note 18 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Indemnification and Insurance of Directors and Officers

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

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

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Directors' Report

Directors Meetings

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

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

Non Audit Services

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

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

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

all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the auditor;

none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Auditors' independence declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

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


Robert Darren West, Chairman


Joan Macedon Heatley, Director

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

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

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



David Hutchings
Auditor

Andrew Frewin & Stewart
Bendigo, Victoria

Dated this 25th day of *August* 2008

South Burdekin Community Financial Services Limited
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Income Statement
for the year ended 30 June 2008

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

The accompanying notes form part of these financial statements

South Burdekin Community Financial Services Limited
ABN 86 113 530 902
Balance Sheet
as at 30 June 2008

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

The accompanying notes form part of these financial statements

South Burdekin Community Financial Services Limited
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Statement of changes in equity
for the year ended 30 June 2008

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

The accompanying notes form part of these financial statements

South Burdekin Community Financial Services Limited
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Statement of Cashflows
for the year ended 30 June 2008

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

The accompanying notes form part of these financial statements

1. Summary of significant accounting policies

Basis of preparation

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

Compliance with IFRS

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

Historical cost convention

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

Revenue

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

Goods and services tax

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

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

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

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

Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

1. Summary of significant accounting policies (continued)

Income tax (continued)

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the company/consolidated entity intends to settle its tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Employee entitlements

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

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

Intangibles

The cost of the company's franchise fee has been recorded at cost and is amortised on a straight line basis at a rate of 20% per annum.

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.

1. Summary of significant accounting policies (continued)

Comparative figures

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

Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- leasehold improvements	40 years
- plant and equipment	2.5 - 40 years
- furniture and fittings	4 - 40 years

Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Payment terms

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

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.

1. Summary of significant accounting policies (continued)

Provisions

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

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

Contributed Equity

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

Earnings per Share

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

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
for the year ended 30 June 2008

	2008 \$	2007 \$
3. Revenue from ordinary activities		
Operating activities:		
- services commissions	241,079	169,276
- other revenue	1,394	-
Total revenue from operating activities	<u>242,473</u>	<u>169,276</u>
Non-operating activities:		
- interest received	1	915
Total revenue from non-operating activities	<u>1</u>	<u>915</u>
Total revenues from ordinary activities	<u>242,474</u>	<u>170,191</u>
4. Expenses		
Depreciation of non-current assets:		
- plant and equipment	11,754	12,911
Amortisation of non-current assets:		
- franchise agreement	12,000	12,000
	<u>23,754</u>	<u>24,911</u>
Finance costs:		
- interest paid	<u>5,398</u>	<u>-</u>
5. Income tax expense		
The components of tax expense comprise:		
- Deferred tax on provisions	(5,621)	-
- Future income tax benefit attributable to losses	(14,259)	(32,342)
	<u>(19,880)</u>	<u>(32,342)</u>
The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Operating loss	(62,272)	(92,854)
Prima facie tax on loss from ordinary activities at 30%	(18,682)	(27,856)
Add tax effect of:		
- non-deductible expenses	3,600	3,600
- timing difference expenses	2,672	5,389
- blackhole expenses	(1,849)	(1,849)
Current tax	(14,259)	(20,716)
Movement in deferred tax	<u>(5,621)</u>	<u>-</u>
	<u>(19,880)</u>	<u>(20,716)</u>

10.

Notes to the Financial Statements
for the year ended 30 June 2008

6. Cash assets

Cash at bank and on hand

2008	2007
\$	\$
131	130
<u>131</u>	<u>130</u>

The above figures are reconciled to cash at the end of the financial

6(a) Reconciliation of cash

Cash at bank and on hand

Term deposit

131	130
(88,269)	(46,030)
<u>(88,138)</u>	<u>(45,900)</u>

7. Trade and other receivables

Trade receivables

Prepayments

Other

21,902	8,211
2,784	2,680
800	800
<u>25,486</u>	<u>11,691</u>

8. Property, plant and equipment

Plant and equipment

At cost

Less accumulated depreciation

203,610	203,247
(35,004)	(23,250)
<u>168,606</u>	<u>179,997</u>

Total written down amount

<u>168,606</u>	<u>179,997</u>
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Movements in carrying amounts:

Plant and equipment

Carrying amount at beginning

Additions

Less: depreciation expense

Carrying amount at end

179,997	192,908
363	-
(11,754)	(12,911)
<u>168,606</u>	<u>179,997</u>

Total written down amount

<u>168,606</u>	<u>179,997</u>
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South Burdekin Community Financial Services Limited

ABN 86 113 530 902

**Notes to the Financial Statements
for the year ended 30 June 2008**

	2008	2007
	\$	\$
9. Intangible assets		
<i>Franchise Fee</i>		
At cost	60,000	60,000
Less: accumulated amortisation	<u>(36,000)</u>	<u>(24,000)</u>
	<u>24,000</u>	<u>36,000</u>
10. Deferred Tax		
Deferred Tax Asset		
- Opening Balance	127,282	94,940
Future income tax benefits attributable to losses	14,259	32,342
Deferred tax on provisions	<u>5,621</u>	<u>-</u>
- Closing Balance	<u>147,162</u>	<u>127,282</u>
11. Trade and other payables		
Trade creditors	6,837	5,293
Other creditors & accruals	<u>3,000</u>	<u>3,000</u>
	<u>9,837</u>	<u>8,293</u>
12. Borrowings		
Current		
Bank overdraft	<u>88,269</u>	<u>46,030</u>
The approved overdraft limit is \$100,000. Interest is charged at a rate of 11.6% (2007: 0%).		
13. Provisions		
Current		
Employee provisions	<u>14,095</u>	<u>8,709</u>
Non-Current		
Employee provisions	<u>3,446</u>	<u>-</u>
Number of employees at year end	<u>3</u>	<u>3</u>
14. Contributed equity		
641,060 Ordinary shares fully paid of \$1 each (2007: 641,060)	641,060	641,060
Less: equity raising expenses	<u>(30,814)</u>	<u>(30,814)</u>
	<u>610,246</u>	<u>610,246</u>
15. Accumulated losses		
Balance at the beginning of the financial year	(318,178)	(225,324)
Net loss from ordinary activities after income tax	<u>(42,392)</u>	<u>(92,854)</u>
Balance at the end of the financial year	<u>(360,570)</u>	<u>(318,178)</u>

16. Statement of cashflows	2008 \$	2007 \$
<i>Reconciliation of loss from ordinary activities after tax to net cash used in operating activities</i>		
Loss from ordinary activities after income tax	(42,392)	(92,854)
Non cash items:		
- depreciation	11,754	12,911
- amortisation	12,000	12,000
Changes in assets and liabilities:		
- increase in receivables	(13,795)	(1,642)
- increase in other assets	(19,880)	(28,659)
- increase/(decrease) in payables	1,606	(24,655)
- increase in provisions	8,832	1,510
Net cashflows used in operating activities	<u>(41,875)</u>	<u>(121,389)</u>

17. Auditors' remuneration

Amounts received or due and receivable by the auditor of the company for:

- audit & review services	4,000	4,595
- non audit services	1,100	464
	<u>5,100</u>	<u>5,059</u>

18. Director and related party disclosures

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

Robert Darren West

Nancy Robyn Haller

Joan Macedon Heatley

Colin Richard Casswell

David Reginald Jackson (Resigned 16-November 2007)

Loizos Andreas Loizou

Rodney William Prescott

Constantine Arthur Christofides (Appointed 15 November 2007)

Paul Raymond Benvenuti (Appointed 15 November 2007)

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

18. Director and Related party disclosures (continued)

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

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

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

20. Events occurring after the balance sheet date

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

21. Contingent liabilities

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

22. Segment reporting

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

23. Registered office/Principal place of business

The registered office and principal place of business is:

Registered office
93 Eighth Avenue
Home Hill QLD 4806

Principal place of business
93 Eighth Avenue
Home Hill QLD 4806

South Burdekin Community Financial Services Limited

ABN:86 113 530 902

Notes to the Financial Statements for the year ended 30 June 2008

24. Financial Instruments

Net fair values

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

Credit risk

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

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

Interest rate risk

Financial instrument	Floating interest rate		Fixed interest rate maturing in						Non interest bearing		Weighted average effective interest rate	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash assets	131	130	-	-	-	-	-	-	-	-	0.05	0.05
Receivables	-	-	-	-	-	-	-	-	21,902	11,398	N/A	N/A
Financial liabilities												
Interest bearing liabilities	88,269	46,030	-	-	-	-	-	-	-	-	11.60	0.00
Payables	-	-	-	-	-	-	-	-	6,837	26,641	N/A	N/A

South Burdekin Community Financial Services Limited
ABN 86 113 530 902
Directors' Declaration

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

In the opinion of the directors:

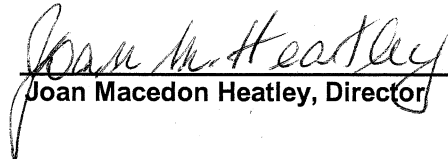
- (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting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

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

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



Robert Darren West, Chairman



Joan Macedon Heatley, Director

Signed on the 10th of September 2008.

INDEPENDENT AUDITOR'S REPORT

To the members of South Burdekin Community Financial Services Limited

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

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

Directors Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

Auditor's Opinion

In our opinion:

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



DAVID HUTCHINGS

ANDREW FREWIN & STEWART

61-65 Bull Street, Bendigo, 3550

Dated this 25th day of August 2008