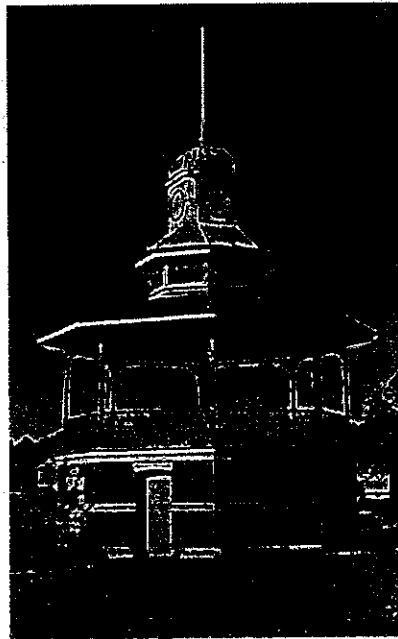


**BEAUFORT COMMUNITY
FINANCIAL SERVICES
LIMITED**



**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30th June, 2005**

Manager's Report.

We have come to the end of another year, which has had its new challenges for us all at our Community Bank[®] branch.

We are fortunate to continue to have the total support of the whole community, which is reflected in our position at this time.

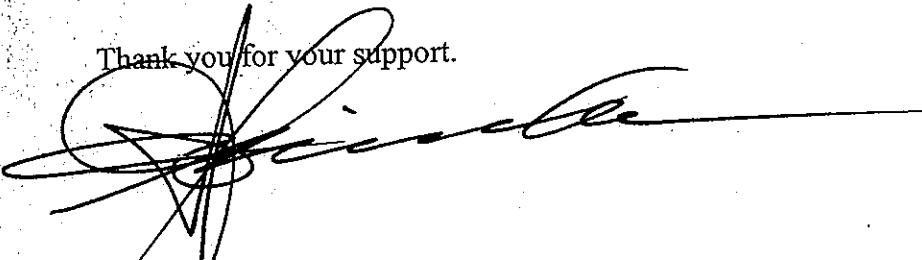
We have seen the total funds under management grow to over \$ 47 million from more than 2300 accounts. This is a testament to the strong support that we have within our community.

As we move forward from this point into further uncharted waters and possibly harder economic times, we will continue to focus on our community and how we can support each other better.

As part of the group responsible for our Community Bank[®] branch we believe that we can all be justifiably proud of our efforts so far and thank you to all concerned.

We encourage you to tell everyone how well your Beaufort Community Bank[®] branch of Bendigo Bank has looked after your needs. We are always glad to look at any banking business with a view to help both of us to become more successful, with the ultimate result of it benefiting the whole community.

Thank you for your support.



Stephen Lipscombe
Manager
Beaufort Community Bank.

Beaufort Community Financial Services Limited

Chairman's Report, October 25 2005

Dear Shareholders,

It is with pleasure that I present this report of the activities of your company, Beaufort Community Financial Services Limited for the financial year ended June 30th 2005

In essence, our dream has become a reality. In three years and three months we have witnessed the aspirations of our community grow from an idea to a successful business operation that is owned by the community, services the community, represents the community and supports the community.

We have worked through all of our growing pains and are now in a position where we are trading profitably, continuing to grow and returning profits to our shareholders and the people and institutions of our district.

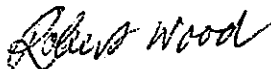
It is with great pride that I draw your attention to our auditor's report of a trading profit of \$134,401 for the financial year just ended. We have recently announced our intention of distributing our first dividend to our shareholders at the end of the financial year 2005/2006 and we are already a significant benefactor to many of the clubs, organizations and institutions that make up our community. This includes our schools, hospital, sporting clubs and other organizations. Recently we have affiliated with the Bendigo Foundation which enables us to support charitable and not-for-profit organizations recommended by our Board and suggested by you in a manner that enables us to make financial contributions in a tax effective manner. This foundation has the ability to accept our contributions, manage them efficiently so that they generate interest, audit our contributions and direct them according to our wishes – an ideal arrangement.

Recently we held the first of our business evenings where we hosted some seventy leading business men and women in our community to indicate our support for what they are doing in underpinning the financial, commercial industrial and agricultural backbone of Beaufort and district. We intend to follow up this idea with further evenings to show our support for our educators, health professionals and youth as we strive to add to our already significant economic health and wellbeing.

Of course all of this does not come out of thin air. We have an excellent team of banking professionals who have been with us since day one. I lead an outstanding board of directors who take their responsibilities very seriously and give outstanding service in countless hours, kilometres, phone calls and dedication – all for the sheer satisfaction of making sure of our success. To all of the above we owe our heartfelt appreciation.

Lastly, I would like to thank you our customers, shareholders and supporters. Without your support and the great partnership we have with Bendigo Bank, none of this would have transpired.

So here we stand, a Community Bank managing \$47 million worth of business, servicing 2,307 accounts and returning an annual profit of over \$134,000 in three and a quarter years. Long may it continue.



Robert Wood

Chairman, BCFS Limited

October 25 2005

Beaufort Community Finance Services Limited
ABN 53 097 961 058
Directors' Report

Your Directors submit the financial report of the company for the financial year ended 30 June 2005.

Directors

The names and details of the company's directors who held office during or since the end of the financial year are:

David Robert Wood
Chairman

Thomas Peter Oddie
Company Secretary

John Robert Cuthbertson
Director

Victor Francis Roy Abdilla
Director

John Thomas Roxburgh
Director

Jeffrey Alan Torney
Director

Ernest Edward Mitchell Welsh
Director

Robert John Byrne
Director

Jillean Jean Franc
Director

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 Bank Limited.

There has 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 profit/(loss) of the company for the financial year after provision for income tax was \$134,401 (2004: \$39,687).

Dividends

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

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.

Beaufort Community Finance Services Limited
ABN 53 097 961 058
Directors' 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

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

Indemnification and Insurance of Directors and Officers

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

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

Directors' Meetings

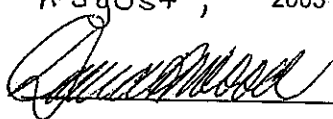
The number of Directors meetings attended by each of the Directors of the company during the year were:

Number of Meetings Held: 12

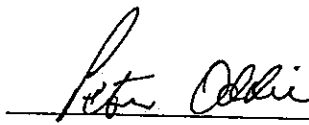
Number of Meetings Attended:

David Robert Wood	10
Thomas Peter Oddie	12
John Robert Cuthbertson	10
Victor Francis Roy Abdilla	11
John Thomas Roxburgh	6
Jeffrey Alan Torney	10
Ernest Edward Mitchell Welsh	11
Robert John Byrne	9
Jillian Jean Franc	11

Signed in accordance with a resolution of the Board of Directors at Beaufort Community Services on
30th August, 2005



David Robert Wood, Chairman



Thomas Peter Oddie, Director

Partners:

Robert J. Evans *B.ECON., C.PA. (FRS.)*
Bryan K. Metcalfe *B.ECON., C.PA.*
Anthony L. Carmody *B.BUS., C.PA.*
Bruce R. Judkins *C.PA.*
Stephen P. Vanderkley *B.BUS., C.PA.*

Associate:

Tony R. Ward *B.BUS., C.PA.*



Main Office:

PO Box 44, Ballarat, 3353
7 Lyons Street North, Ballarat, 3350
Ph: (03) 5331 2911 Fax: (03) 5333 3868
Email: info@evansmetcalfe.com.au

Audit & Bookkeeping Office:

615 Sturt Street, Ballarat, 3350
Ph: (03) 5332 3155 Fax: (03) 5332 3422
Email: auditgst@evansmetcalfe.com.au


Evans & Metcalfe

Certified Practising Accountants

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
BEAUFORT COMMUNITY FINANCE SERVICES LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2005 there have been:

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


BRUCE RONALD JUDKINS
EVANS & METCALFE
615 STURT STREET
BALLARAT 3350

Dated this 30th day of August 2005

Beaufort Community Financial Services Limited
ABN 53 097 961 058
Statement of Financial Performance
for the year ended 30 June 2005

	<u>Notes</u>	2005 \$	2004 \$
Revenues from ordinary activities	2	420,842	307,680
Salaries & employee benefits expense		(168,395)	(159,028)
Depreciation and amortisation expense	3	(20,491)	(21,434)
Borrowing costs expense	3	-	-
Other expenses from ordinary activities		<u>(97,555)</u>	<u>(87,531)</u>
Profit/(loss) from ordinary activities before income tax expense		134,401	39,687
Income tax expense relating to ordinary activities	4	-	-
Profit/(loss) from ordinary activities after income tax expense		<u>134,401</u>	<u>39,687</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u><u>134,401</u></u>	<u><u>39,687</u></u>

The accompanying notes form part of these financial statements

Beaufort Community Financial Services Limited
ABN 53 097 961 058
Statement of Financial Position
As at 30 June 2005

	<u>Notes</u>	2005 \$	2004 \$
Current Assets			
Cash assets	6	341,194	187,616
Receivables	7	40,243	35,161
Other		5,418	5,998
Total Current Assets		<u>386,855</u>	<u>228,775</u>
Non-Current Assets			
Property, plant and equipment	8	51,533	62,024
Intangible assets	9	16,250	26,250
Total Non-Current Assets		<u>67,783</u>	<u>88,274</u>
Total Assets		<u>454,638</u>	<u>317,049</u>
Current Liabilities			
Payables	10	27,835	25,346
Interest bearing	11	-	-
Current tax payable	4	-	-
Provisions	12	16,490	11,476
Lease Liability	11	18,340	4,315
Total Current Liabilities		<u>62,665</u>	<u>41,137</u>
Non-Current Liabilities			
Interest bearing liabilities	11	-	-
Lease Liability	11	-	18,340
Total Non-Current Liabilities		<u>-</u>	<u>18,340</u>
Total Liabilities		<u>62,665</u>	<u>59,477</u>
Net Assets/(Liabilities)		<u>391,973</u>	<u>257,572</u>
Equity			
Contributed equity	13	430,440	430,440
Retained Profits/(Accumulated Losses)	14	(38,467)	(172,868)
Total Equity		<u>391,973</u>	<u>257,572</u>

The accompanying notes form part of these financial statements

Beaufort Community Financial Services Limited
ABN 53 097 961 058
Statement of Cash Flows
For the year ended 30 June 2005

	<u>Notes</u>	2005 \$	2004 \$
Cash Flows From Operating Activities			
Cash receipts in the course of operations		405,148.00	287,131.00
Cash payments in the course of operations		- 258,447.00	-236,607.00
Interest paid		-	-
Interest received		11,192.00	7,064.00
Income tax paid		-	-
Net cash flows from/(used in) operating activities	15b	<u>157,893.00</u>	<u>57,588.00</u>
Cash Flows From Investing Activities			
Payment for intangible assets		-	-
Payments for property, plant and equipment		-	-
Net cash flows from/(used in) investing activities		<u>-</u>	<u>-</u>
Cash Flows From Financing Activities			
Proceeds from issue of shares		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		- 4,315.00	- 4,087.00
Finance lease payments		-	-
Dividends paid		-	-
Net cash flows from/(used in) financing activities		<u>- 4,315.00</u>	<u>- 4,087.00</u>
Net increase/(decrease) in cash held		153,578.00	53,501.00
Add opening cash brought forward		187,616.00	134,115.00
Closing cash carried forward	15a	<u>341,194.00</u>	<u>187,616.00</u>

The accompanying notes form part of these financial statements

Beaufort Community Financial Services Ltd
ABN 53 097 961 058
Notes to the Financial Statements
for the year ended 30 June 2005

1. Summary of significant accounting policies

Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 including applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial report has been prepared on an accruals basis and is based on historical costs 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 accounting policies are consistent with the previous year.

Income tax

Income tax has been brought to account using the liability method of tax effect accounting whereby income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expenses are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised.

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 statement of financial position. 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 operating cash flows.

Beaufort Community Financial Services Ltd
ABN 53 097 961 058
Notes to the Financial Statements
for the year ended 30 June 2005

1. Summary of significant accounting policies (continued)

Employee Benefits

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

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

Property, Plant and Equipment

Property, plant and equipment are brought to account at cost or at independent directors' valuation, less, where applicable, any accumulated depreciation or amortisation. Items of property, plant and equipment, including buildings but excluding freehold land, are depreciated over their useful life to the entity commencing from the date of acquisition/revaluation. All property, plant and equipment is depreciated using the prime cost method.

Class of Asset	Depreciation Rate
Buildings	2.5%
Computers	40%
Plant & Equipment	20%

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 statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Comparative Figures

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

Revenue

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

Receivables and Payables

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

Beaufort Community Financial Services Ltd
 ABN 53 097 961 058
 Notes to the Financial Statements
 for the year ended 30 June 2005

1. Summary of significant accounting policies (continued)

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.

	2005	2004
	\$	\$
2. Revenue from ordinary activities		
Operating activities		
- services commissions	409,650	302,439
- other revenue	-	-
Total revenue from operating activities	409,650	302,439
Non-operating activities:		
- interest received	11,192	5,241
- rental revenue	-	-
Total revenue from non-operating activities	11,192	5,241
Total revenues from ordinary activities	420,842	307,680

3. Expenses

Borrowing expenses:

- Interest paid

Depreciation of non-current assets:

- plant and equipment

- buildings

Amortisation of non-current assets:

- intangibles

Bad debts

Beaufort Community Financial Services Ltd
ABN 53 097 961 058
Notes to the Financial Statements
for the year ended 30 June 2005

	2005	2004
	\$	\$
4. 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:		
Prima facie tax on profit/(loss) from ordinary activities at 30%	-	-
Add tax effect of:		
- Non-deductible expenses	-	-
- Prior year tax losses not previously brought to account	-	-
- Future income tax benefit not brought to account	-	-
Income tax expense on operating profit/(loss)	<u>-</u>	<u>-</u>
Tax liabilities		
Current tax payable	<u>-</u>	<u>-</u>
Income tax losses		
Future income tax benefits arising from tax losses are not recognised at reporting date as realisation of the benefit is not regarded as virtually certain. Future income tax benefit carried forward is:	<u>-</u>	<u>-</u>
5. Auditors' Remuneration		
Amounts received or due and receivable by Evans & Metcalfe for:		
- Audit or review of the financial report of the company	1,650	1,136
- Other services in relation to the company	-	-
	<u>1,650</u>	<u>1,136</u>
6. Cash Assets		
Cash at bank and on hand	<u>341,194</u>	<u>187,616</u>
7. Receivables		
GST receivable	-	-
Trade debtors	40,243	35,161
	<u>40,243</u>	<u>35,161</u>

Beaufort Community Financial Services Ltd
 ABN 53 097 961 058
 Notes to the Financial Statements
 for the year ended 30 June 2005

	2005	2004
	\$	\$
8. Property, Plant and Equipment		
<i>Land</i>		
Freehold land at cost	-	-
<i>Buildings</i>		
At cost	-	-
Less accumulated depreciation	-	-
<i>Plant and equipment</i>		
At cost	90,348	90,348
Less accumulated depreciation	(38,815)	(28,324)
	<u>51,533</u>	<u>62,024</u>
Total written down amount	<u>51,533</u>	<u>62,024</u>
Movements in carrying amounts		
<i>Building</i>		
Carrying amount at beginning of year	62,024	73,458
Additions	-	-
Disposals	-	-
Depreciation expense	(10,491)	(11,434)
Carrying amount at end of year	<u>51,533</u>	<u>62,024</u>
<i>Plant and equipment</i>		
Carrying amount at beginning of year	-	-
Additions	-	-
Disposals	-	-
Depreciation expense	-	-
Carrying amount at end of year	<u>-</u>	<u>-</u>
9. Intangible Assets		
<i>Franchise Fee</i>		
At cost	50,000	50,000
Less accumulated amortisation	(33,750)	(23,750)
	<u>16,250</u>	<u>26,250</u>
<i>Preliminary Expenses</i>		
At cost	-	-
Less accumulated amortisation	-	-
	<u>-</u>	<u>-</u>
10. Payables		
Trade creditors	4,530	6,004
Other creditors and accruals	23,305	19,342
	<u>27,835</u>	<u>25,346</u>

Beaufort Community Financial Services Ltd
ABN 53 097 961 058
Notes to the Financial Statements
for the year ended 30 June 2005

11. Interest Bearing Liabilities	2005	2004
	\$	\$
Bank Loan - current	-	4,315
Bank Loan - secured	18,340	18,340
	<u>18,340</u>	<u>22,655</u>

Bank loans are repayable monthly with the final instalment due on 05/03/06. Interest is recognised at an average rate of 5.46%

12. Provisions

Employee benefits	<u>16,490</u>	<u>11,476</u>
Number of employees at year end	<u>5</u>	<u>5</u>

13. Contributed Equity

430,440 Ordinary Shares fully paid of \$1 each	<u>430,440</u>	<u>430,440</u>
--	----------------	----------------

14. Retained Profits/(Accumulated Losses)

Balance at the beginning of the financial year	(172,868)	(212,555)
Net profit/(loss) from ordinary activities after income tax	134,401	39,687
Dividends	-	-
Balance at the end of the financial year	<u>(38,467)</u>	<u>(172,868)</u>

15. Statement of Cashflows

(a) Reconciliation of cash

Cash assets	341,194	187,616
Bank overdraft	-	-
	<u>341,194</u>	<u>187,616</u>

(b) Reconciliation of profit from ordinary activities after tax to net cash provided from/(used in) operating activities

Profit from ordinary activities after income tax	134,401	39,687
Non cash items		
- Depreciation	10,491	11,434
- Amortisation	10,000	10,000
Changes in assets and liabilities		
- (Increase) decrease in receivables	(4,502)	(13,485)
- Increase (decrease) in payables	2,489	5,483
- Increase (decrease) in provisions	5,014	4,469
Net cashflows from/ (used in) operating activities	<u>157,893</u>	<u>57,588</u>

Beaufort Community Financial Services Ltd
ABN 53 097 961 058
Notes to the Financial Statements
for the year ended 30 June 2005

16. Director and Related Party Disclosures

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

David Robert Wood
Thomas Peter Oddie
John Robert Cuthbertson
Victor Francis Roy Abdilla
John Thomas Roxburgh
Jeffrey Alan Torney
Ernest Edward Mitchell Welsh
Robert John Byrne
Jillian Jean Franc

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.

17. Subsequent Events

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

18. Contingent Liabilities

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

19. 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 Beaufort, Victoria.

20. Registered office/Principal place of business

The registered office and principal place of business is: 15 Lawrence Street, Beaufort Victoria 3373

Beaufort Community Financial Services Ltd
ABN 53 097 961 058
Notes to the Financial Statements
for the year ended 30 June 2005

	2005	2004
	\$	\$
21. Dividends paid or provided for on ordinary shares		
(a) Dividends proposed and recognised as a liability		
Franked dividends - 0 cents per share (2004: 0 cents)	-	-
(b) Dividends paid during the year		
(i) Current year interim		
Franked dividends - 0 cents per share (2004: 0 cents per share)	-	-
(ii) Previous year final		
Franked dividends - 0 cents per share (2004: 0 cents per share)	-	-
(c) Dividends proposed and not recognised as a liability		
Franked dividends - 0 cents per share (2004: 0 cents per share)	-	-
(d) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
- Franking account balance as at the end of the financial year at 30% (2004: 30%)	-	-
- Franking credits that will arise from the payment of income tax payable as at the end of the financial year	-	-
- Franking debits that will arise from the payment of dividends as at the end of the financial year	-	-
- Franking credits that will arise from the payment of dividends recognised as receivables at the reporting date	-	-
- Franking credits that the entity may be prevented from distributing in the subsequent year	-	-
	-	-
	-	-

The tax rate at which dividends have been franked is 30% (2004: 30%).
Dividends proposed will be franked at a rate of 30% (2004: 30%).

Beaufort Community Financial Services Ltd
ABN 53 097 961 058
Notes to the Financial Statements
for the year ended 30 June 2005

22. International Financial Reporting Standards

The company has commenced transitioning its accounting policies and financial reporting from current Australian Generally Accepted Accounting Principals (AGAAP) to Australian equivalents of International Financial Reporting Standards (IFRS). In consultation with our external auditor, Evans & Metcalfe, the company has allocated resources to assess the impact of transition to IFRS.

Based on current requirements, the financial statements of the company prepared at 30 June 2006 will need to comply with IFRS. Comparative figures for the year ended 30 June 2005, within the 30 June 2006 financial statements, will also need to comply with IFRS.

Based on the assessment completed to date the key potential implications of the conversion to IFRS on the company are:

- a) financial instruments will need to be classified under one of five categories, which will in turn determine the accounting treatment. The classifications are loans and receivables - measured at amortised cost, held to maturity - measured at amortised cost, held for trading - measured at fair value, available for sale - measured at fair value and non trading liabilities - measured at amortised cost. Based on current assets and liabilities held this is not expected to have an impact on the financial statements of the company.
- b) Income tax will be calculated based on the "balance sheet" approach, which may result in more deferred tax assets and liabilities.

For the company this will result in the recognition of a future income tax benefit under IFRS as follows:

	IFRS	Transition Impact	AGAAP
	\$	\$	\$
<u>As at 30 June 2004</u>			
Opening retained earnings			
Future income tax benefit (asset)			
<u>As at 30 June 2005</u>			
Future income tax benefit (asset)			
<u>Year ended 30 June 2005</u>			
Income tax expense			

No other adjustments to deferred tax balances would currently be expected on adoption of AASB 112 *Income Taxes*.

- c) Intangible assets with an indefinite useful life will be tested annually for impairment and will not be amortised. This is not expected to have an impact on the financial statements of the company based on current intangible assets held.
- d) Changes in accounting policies will be recognised by restating prior year figures, rather than making current year adjustments and the impact will be disclosed in the notes to the financial statements.

23. 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 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		
	2005	2004	1 year or less		Over 1 to 5 years		Over 5 years		2005	2004	2005	2004	
			2005	2004	2005	2004	2005	2004					%
Financial Assets													
Cash assets	5.40%	5.00%	300,000	153,006	-	-	-	-	41,194	34,610	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial Liabilities													
Payables	-	-	-	-	-	-	-	-	27,835	25,346	-	-	-
Lease liabilities	-	-	-	-	-	-	-	-	18,340	22,655	-	-	-

Partners:

Robert J. Evans *B.ECON., C.PA. (F.R.S.)*
Bryan K. Metcalfe *B.ECON., C.PA.*
Anthony L. Carmody *B.BUS., C.PA.*
Bruce R. Judkins *C.PA.*
Stephen P. Vanderkley *B.BUS., C.PA.*



Associate:

Tony R. Ward *B.BUS., C.PA.*

Main Office:

PO Box 44, Ballarat, 3353
7 Lyons Street North, Ballarat, 3350
Ph: (03) 5331 2911 Fax: (03) 5333 3868
Email: info@evansmetcalfe.com.au

Audit & Bookkeeping Office:

615 Sturt Street, Ballarat, 3350
Ph: (03) 5332 3155 Fax: (03) 5332 3422
Email: auditgst@evansmetcalfe.com.au

Evans & Metcalfe

Certified Practising Accountants

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF
BEAUFORT COMMUNITY FINANCIAL SERVICES LIMITED

ABN 35 058 071 631

Scope

The financial report and director's responsibility.

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the director's declaration for Beaufort Community Financial Services Limited for the year ended 30 June 2005.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

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

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

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

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

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

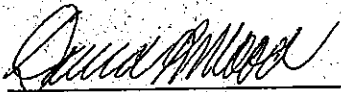
Beaufort Community Financial Services Ltd
ABN 53 097 961 058
Directors' Declaration

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

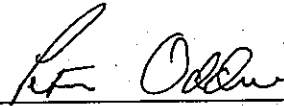
In the opinion of the directors:

- (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 2005 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001; 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.



David Robert Wood, Chairman



Thomas Peter Oddie, Director

Signed on the 30th of August, 2005.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit Opinion

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

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2005 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.



.....
Bruce R. Judkins
EVANS & METCALFE

Dated this 30th day of August 2005