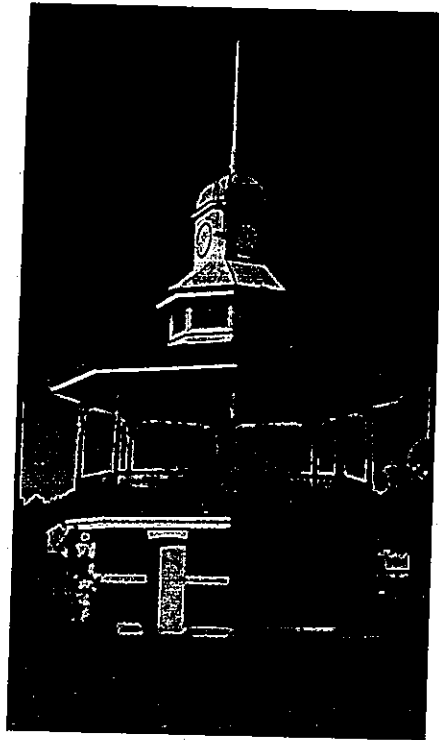


**Beaufort
Community Financial Services
Limited**



FINANCIAL STATEMENTS

For the year ended

30th June 2007

Manager's Report – Beaufort® Annual Report

It's been a big year for our **Community Bank®** branch, with 2006/07 seeing the following achievements:

- The Beaufort Community Complex was opened, with Beaufort **Community Bank®** Branch given the naming rights for the next five years
- We established the Beaufort Telco initiative to assist in raising funds to update the Scout and Guides Hall. We are nearing the 50 required participants for us to be able to make a significant contribution to such a great community group
- Participation in the Community Enterprise Grants program

We have also seen our first staff change since the branch was opened. Former branch manager Stephen Lipscombe has transferred to Bendigo Bank's Wendouree branch. We wish Stephen all the very best, and thank him for his leadership and efforts in promoting the branch, and cementing the branch firmly within the community.

I hope to continue on with Stephen's good groundwork, and I encourage you to call in and say hello. If you have any queries about your existing or future banking needs, I am only too happy to make myself available to talk to you.

Jenny Sheriff
Branch Manager

On behalf of the team at Beaufort **Community Bank®** Branch – Julie Loftis (Customer Relationship Officer), Kathy Glenister (Customer Service Officer), Wendy Crick (Customer Service Officer) and Shirley Wallish (Customer Service Officer)

Chairman's Report 2007

To the shareholders of Beaufort Community Financial Services Limited, the past year has seen your company continue to grow and re-establish banking in our community, embracing the Bendigo Bank **Community Bank**[®] principals and corporate governances.

The community's continued and growing support, by banking with our local **Community Bank**[®] branch, has seen the profits begin to be returned to our community.

One change within our company this year has been moving the share register to Computershare. This will enable shareholders to access their interest in a controlled manner, and enable the Board to manage the share register. This will also relieve a major work load from the company secretary and staff.

In December 2006 Katrina Stevens tendered her resignation as Personal Assistant to the Board. We thank Katrina for all the work done to assist the Board and the structuring of the administration role. Trish Collins was appointed to the position of Personal Assistant to the Board and we thank Trish for her continued professional support to the Board.

In June 2007 we received the resignation of the **Community Bank**[®] branch manager, Mr Stephen Lipscombe. Stephen has accepted a position with Bendigo Bank in Ballarat. We thank Stephen for all the work he has done to help establish a successful banking business in Beaufort. We wish him every success in his new position.

We welcome our new branch manager, Ms Jennifer Sheriff, who began work with us on 3rd September 2007. Jenny has many years of experience in the banking industry, including time with a **Community Bank**[®] branch in Queensland. We look forward to Jenny's contribution and support of our business.

Mr Jeff Torney resigned from the Board in August. Our thanks to Jeff for all his work, from the formation of the Beaufort **Community Bank**[®] Branch to the development of the business as it is today. With Jeff's drive and continued involvement we have developed the Youth Careers Initiative Program in banking in conjunction with our local schools.

Through the Youth Careers Initiative Program we hope to train a local student in our **Community Bank**[®] branch, with the opportunity for that person to advance into the Bendigo Bank network.

The Board also has two youth observers, Victoria Wallis and Soleille Collins, from Beaufort Secondary College attending the Board meetings. These two people have given the Board exposure to youth affairs in our community and at the same time given our youth an insight into business process.

Using the assistance of the Community Enterprise Foundation of Bendigo Bank, Beaufort Community Financial Services Limited has been able to distribute \$75,200 to 22 organisations within the local district. This was achieved by holding our first grants evening information night to explain the process and organisations submitting an application for funding. These applications were assessed by Bendigo Community Enterprise Foundation under a set of strict guidelines. The funding will be distributed at the Annual Meeting this year.

Together with our sponsorship and combined funding with Federal, State and Local Government we are proud to support the Beaufort Community Complex. This facility will be used by many sporting, educational and community organisations in Beaufort and district.

The business has supported the Beaufort Scout Hall redevelopment. The profits from "Talking Beaufort" (Bendigo Bank Community Telco) will support the refurbishment of the Beaufort Scout Hall. In time the Telco profits will be directed towards other projects within the community. At the local bank branch "Talking Beaufort" can provide all the telecommunication needs for home and business.

The Board is in the process of establishing an ATM for our **Community Bank®** branch and is currently researching sites for this venture.

The Board is pleased to announce a dividend of 7.5% per share this financial year to again thank our shareholders for their continued support. Without your vision and support there would be no banking services in Beaufort and District.

Thank you to the Board of Directors of Beaufort Community Financial Services Limited; all the staff of the Beaufort **Community Bank®** Branch; Personal Assistant Trish Collins; Accountant Jamie Mulcahy; and staff from Bendigo Bank. Thank you for your contribution, work and support during a very busy and productive year. We look forward to continuing to grow and improve the business. Working together we can achieve.

Ernie Welsh
Chairman

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

Your Directors submit their report of the company for the financial year ended 30 June 2007.

Directors

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

Ernest Edward Mitchell Welsh
Chairman

Thomas Peter Oddie
Company Secretary

Victor Francis Roy Abdilla
Director
Resigned: 03/09/06

Robert John Byrne
Director

John Thomas Roxburgh
Director

Jeffrey Alan Torney
Director

David Robert Wood
Director

Jillian Jean Franc
Director

Gregory Lofts
Director

Stephen George Lipscombe
Executive Director
Appointed: 31/10/06

Rodney Grant McErvale
Director
Appointed: 31/10/06

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

Director's Remuneration

Executive's Remuneration

Stephen George Lipscombe

Gross Wages	\$60,496.00
Allowances	\$162.00
Reportable Fringe Benefits	\$4,843.00
Superannuation	\$6,017.42
Total	<u>\$71,518.42</u>

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 the 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 profit of the company for the financial year after provision for income tax was \$45,731 (2006: \$132,910).

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

Year Ended 30 June 2007

Dividends	Cents	\$
Final dividends recommended:	7.5 FF	32,283
Dividends paid in the year:		
- Interim for the year		
- As recommended in the prior year report	5 U/F	21,522

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

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.

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

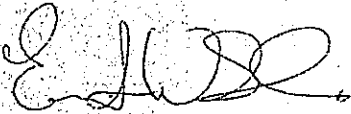
Directors Meetings

Number of Meetings Held: 12

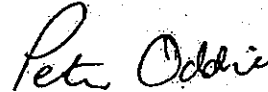
The number of Directors meetings attended by each of the Directors of the company during the year were:

Ernest Edward Mitchell Welsh	12
Thomas Peter Oddie	12
Victor Francis Roy Abdilla	2
Robert John Byrne	11
John Thomas Roxburgh	10
Jeffrey Alan Torney	11
David Robert Wood	8
Jillian Jean Franc	11
Gregory Lofts	11
Rodney Grant McErvale	9
Stephen George Lipscombe	10

Signed in accordance with a resolution of the Board of Directors at Beaufort Community Services on 10th September, 2007.



Ernest Edward Mitchell Welsh (Chairman)



Thomas Peter Oddie (Director)

Beaufort Community Financial Services Limited
ABN 53 097 961 058
Income Statement
for the year ended 30 June 2007

	<u>Notes</u>	2007 \$	2006 \$
Revenues	2	536,533	470,618
Employee benefits expense	3	(216,380)	(186,738)
Depreciation and amortisation expense	3	(17,865)	(18,574)
Finance costs	3	(527)	-
Other expenses		<u>(235,714)</u>	<u>(106,125)</u>
Profit/(loss) before income tax expense		66,047	159,181
Income tax expense	4	<u>20,316</u>	<u>26,271</u>
Profit/(loss) after income tax expense		<u><u>45,731</u></u>	<u><u>132,910</u></u>

The accompanying notes form part of these financial statements

Beaufort Community Financial Services Limited
ABN 53 097 961 058
Balance Sheet
As at 30 June 2007

	<u>Notes</u>	2007 \$	2006 \$
Current Assets			
Cash assets	6	142,541	508,483
Investment Portfolio	6	315,965	
Receivables	7	47,621	46,216
Current tax receivable	4	20,585	-
Other		6,232	5,767
Total Current Assets		<u>532,944</u>	<u>560,466</u>
Non-Current Assets			
Property, plant and equipment	8	55,127	43,412
Deferred income tax asset	4	-	-
Intangible assets	9	67,589	6,250
Total Non-Current Assets		<u>122,716</u>	<u>49,662</u>
Total Assets		<u>655,660</u>	<u>610,128</u>
Current Liabilities			
Payables	10	52,678	36,598
Interest bearing liabilities	11	5,343	-
Current tax payable	4	-	26,271
Provisions	12	22,612	22,376
Total Current Liabilities		<u>80,633</u>	<u>85,245</u>
Non-Current Liabilities			
Interest bearing liabilities	11	17,806	-
Total Non-Current Liabilities		<u>17,806</u>	<u>-</u>
Total Liabilities		<u>98,439</u>	<u>85,245</u>
Net Assets/(Liabilities)		<u>557,221</u>	<u>524,883</u>
Equity			
Share capital	13	430,440	430,440
Revaluation Reserve		8,129	
Retained earnings		118,652	94,443
Total Equity		<u>557,221</u>	<u>524,883</u>

The accompanying notes form part of these financial statements

Beaufort Community Financial Services Ltd
 ABN 53 097 961 058
Cash Flow Statement
 For the year ended 30 June 2007

	<u>Notes</u>	2007 \$	2006 \$
Cash Flows From Operating Activities			
Cash receipts in the course of operations		504,930	444,117
Cash payments in the course of operations		(423,145)	(278,214)
Interest paid		(456)	-
Interest received		20,771	20,179
Income tax paid		(67,172)	-
Net cash flows from/(used in) operating activities	14b	34,928	186,082
Cash Flows From Investing Activities			
Proceeds on sale of assets		8,455	-
Payment for intangible assets		(70,000)	-
Purchase of property, plant and equipment		(1,754)	(453)
Increase in investments		(307,836)	-
Net cash flows from/(used in) investing activities		(371,135)	(453)
Cash Flows From Financing Activities			
Repayment of borrowings		-	(18,340)
Finance lease payments		(8,213)	-
Dividends paid		(21,522)	-
Net cash flows from/(used in) financing activities		(29,735)	(18,340)
Net increase/(decrease) in cash held		(365,942)	167,289
Add opening cash brought forward		508,483	341,194
Closing cash carried forward	14a	142,541	508,483

The accompanying notes form part of these financial statements

Beaufort Community Financial Services Limited
ABN 53 097 961 058
Statement of Changes in Equity
for the year ended 30 June 2007

	Ordinary Shares	Retained Earnings	Revaluation Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2004	430,440	-172,868		257,572
Profit after income tax		134,401		134,401
Balance at 30 June 2005	430,440	-38,467		391,973
Profit after income tax		132,910		132,910
Balance at 30 June 2006	430,440	94,443		524,883
Profit after income tax		45,731		45,731
Dividend Paid		-21,522		-21,522
Revaluation Reserve			8,129	8,129
Balance at 30 June 2007	430,440	118,652	8,129	557,221

The accompanying notes form part of these financial statements

Beaufort Community Financial Services Limited

ABN 53 097 961 058

**Notes to the Financial Statements
for the year ended 30 June 2007**

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.

(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 2006 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.

Beaufort Community Financial Services Limited

ABN 53 097 961 058

Notes to the Financial Statements
for the year ended 30 June 2007

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>
Fixtures & Fittings	15.00%
Plant & Equipment	25.00%
Motor Vehicle	18.75%

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.

Beaufort Community Financial Services Limited

ABN 53 097 961 058

**Notes to the Financial Statements
for the year ended 30 June 2007**

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.

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).

Beaufort Community Financial Services Limited

ABN 53 097 961 058

Notes to the Financial Statements
for the year ended 30 June 2007

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.

2. Revenue

	2007	2006
	\$	\$
Operating activities		
- services commissions	506,335	450,439
- other revenue	-	-
Total revenue from operating activities	<u>506,335</u>	<u>450,439</u>
Non-operating activities:		
- interest received	20,771	20,179
- other revenue	9,427	-
Total revenue from non-operating activities	<u>30,198</u>	<u>20,179</u>
Total revenue	<u>536,533</u>	<u>470,618</u>

Beaufort Community Financial Services Limited

ABN 53 097 961 058

Notes to the Financial Statements
for the year ended 30 June 2007

3. Expenses

	2007	2006
	\$	\$
Employee benefits expense		
- wages and salaries	189,544	159,250
- superannuation costs	17,617	14,768
- post-employment benefits (other than superannuation)	-	-
- workers' compensation costs	669	728
- other costs	8,550	11,992
	<u>216,380</u>	<u>186,738</u>

Depreciation of non-current assets:

- plant and equipment	8,819	8,574
- buildings	-	-

Amortisation of non-current assets:

- intangibles	9,046	10,000
	<u>17,865</u>	<u>18,574</u>

Finance Costs:

- Interest paid	456	-
- Bad debts	71	-
	<u>527</u>	<u>-</u>

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%	19,814	47,755
Add tax effect of:		
- Non-deductible expenses	502	1,032
- Prior year tax losses not previously brought to account	-	(22,516)
- Deferred tax assets not brought to account	-	-
<i>Current income tax expense</i>	<u>20,316</u>	<u>26,271</u>
Origination and reversal of temporary differences		
<i>Deferred income tax expense</i>		
Income tax expense	<u>20,316</u>	<u>26,271</u>
Tax liabilities		
Current tax payable	<u>(20,585)</u>	

Deferred income tax asset

Deferred tax assets arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.

	<u>-</u>	<u>-</u>
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Beaufort Community Financial Services Limited

ABN 53 097 961 058

Notes to the Financial Statements
for the year ended 30 June 2007

5. Auditors' Remuneration

	2007	2006
	\$	\$
Amounts received or due and receivable by Evans & Metcalfe for:		
- Audit or review of the financial report of the company	1,250	1,500
- Other services in relation to the company	-	-
	<u>1,250</u>	<u>1,500</u>

6. Cash Assets

Cash at bank and on hand	142,541	508,483
Investment Portfolio	315,965	-
	<u>458,506</u>	<u>508,483</u>

7. Receivables

GST receivable	1,117	-
Trade debtors	46,504	46,216
	<u>47,621</u>	<u>46,216</u>

8. Property, Plant and Equipment

<i>Plant and equipment</i>		
At cost	92,342	90,801
Less accumulated depreciation	37,215	47,389
	<u>55,127</u>	<u>43,412</u>
Total written down amount	<u>55,127</u>	<u>43,412</u>

Movements in carrying amounts

<i>Plant & Equipment</i>		
Carrying amount at beginning of year	43,412	51,533
Additions	33,116	453
Disposals	(12,582)	-
Depreciation expense	(8,819)	(8,574)
Carrying amount at end of year	<u>55,127</u>	<u>43,412</u>

Beaufort Community Financial Services Limited

ABN 53 097 961 058

**Notes to the Financial Statements
for the year ended 30 June 2007**

9. Intangible Assets

	2007	2006
	\$	\$
<i>Franchise Fee</i>		
At cost	120,000	50,000
Less accumulated amortisation	52,411	43,750
	<u>67,589</u>	<u>6,250</u>
<i>Preliminary Expenses</i>		
At cost	-	-
Less accumulated amortisation	-	-
	<u>-</u>	<u>-</u>
	<u>67,589</u>	<u>6,250</u>

10. Payables

Trade creditors	10,487	9,891
Other creditors and accruals	42,191	26,707
	<u>52,678</u>	<u>36,598</u>

11. Interest Bearing Liabilities

Bank overdraft	-	-
Chattel Mortgage (Motor Vehicle)	23,149	-
	<u>23,149</u>	<u>-</u>

Chattel Mortgage is repayable monthly with the final instalment due in March 2010. Interest is recognised at an average rate of 7.60%. The loan is secured by mortgage over the motor vehicle.

12. Provisions

Employee benefits	22,612	22,376
	<u>22,612</u>	<u>22,376</u>
Number of employees at year end	5	6
	<u>5</u>	<u>6</u>

13. Share Capital

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

Beaufort Community Financial Services Limited

ABN 53 097 961 058

Notes to the Financial Statements
for the year ended 30 June 2007

14. Cash Flow Statement

	2007	2006
	\$	\$
<i>(a) Reconciliation of cash</i>		
Cash assets	142,541	508,483
Bank overdraft	-	-
	<u>142,541</u>	<u>508,483</u>
<i>(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities</i>		
Profit / (loss) after income tax	45,731	132,910
Non cash items		
- Depreciation	8,819	8,574
- Amortisation	8,661	10,000
- Loss on sale of Non-Current Asset	4,127	-
Changes in assets and liabilities		
- (Increase) decrease in other assets	(465)	-
- (Increase) decrease in receivables	(1,405)	(6,322)
- Increase (decrease) in payables	16,080	8,763
- Increase (decrease) in provisions	236	32,157
- Increase (decrease) in income tax	(46,856)	-
Net cashflows from/(used in) operating activities	<u>34,928</u>	<u>186,082</u>

15. Director and Related Party Disclosures

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

Ernest Edward Mitchell Welsh
Thomas Peter Oddie
Victor Francis Roy Abdilla
Robert John Byrne
John Thomas Roxburgh
Jeffrey Alan Torney
David Robert Wood
Jillian Jean Franc
Gregory Lofts
Rodney Grant McErvale
Stephen George Lipscombe

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.

Beaufort Community Financial Services Limited

ABN 53 097 961 058

**Notes to the Financial Statements
for the year ended 30 June 2007**

Directors shareholdings

2007

Ernest Edward Mitchell Welsh	3,000
Thomas Peter Oddie	1,050
Victor Francis Roy Abdilla	5,100
Robert John Byrne	750
John Thomas Roxburgh	1,000
Jeffrey Alan Torney	1,600
David Robert Wood	2,500
Jillian Jean Franc	5,000
Gregory Lofts	500
Rodney Grant McErvale	250
Stephen George Lipscombe	250

There was no movement in directors shareholdings during the year. Each share held has a paid up value of \$1 and is fully paid.

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 Beaufort, Victoria.

19. Corporate Information

Beaufort Community Financial Services Ltd is a company limited by shares incorporated in Australia.

The registered office and principal place of business is: 17 Lawrence Street Beaufort Victoria 3373.

Beaufort Community Financial Services Limited

ABN 53 097 961 058

Notes to the Financial Statements
for the year ended 30 June 2007

20. Dividends paid or provided for on ordinary shares	2007	2006
	\$	\$
(a) Dividends proposed and recognised as a liability		
Franked dividends - 0 cents per share (2006: 0 cents)	-	-
(b) Dividends paid during the year		
(i) Current year interim		
Franked dividends - 0 cents per share (2006: 0 cents per share)	-	-
Unfranked dividends - 0 cents per share (2006: 0 cents per share)	-	-
(ii) Previous year final		
Franked dividends - 0 cents per share (2006: 0 cents per share)	-	-
Unfranked dividends - 5 cents per share (2006: 0 cents per share)	21,522	-
(c) Dividends proposed and not recognised as a liability		
Franked dividends - 7.5 cents per share (2006: 5 cents per share unfranked)	32,283	21,522
(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%	32,172	-
- Franking credits that will arise from the payment of income tax payable as at the end of the financial year	14,415	26,271
- Franking debits that will arise from the payment of dividends as proposed	(13,836)	-
- 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	-	-
	<u>32,751</u>	<u>26,271</u>

Dividends proposed will be franked at a rate of 30%.

Beaufort Community Financial Services Limited
 ABN 53 097 961 058
 Notes to the Financial Statements
 For the year ended 30 June 2007

21. Financial Instruments

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.

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 Balance Sheet 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

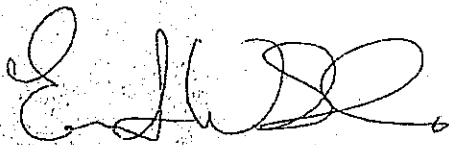
Financial Instrument	Floating Interest Rate		Fixed Interest Rate maturing in						Non Interest Bearing		Weighted average Effective interest rate	
	2007 \$	2006 \$	1 year or less		Over 1 to 5 years		Over 5 years		2007 \$	2006 \$	2007 %	2006 %
			2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$				
Financial Assets												
Cash assets	5.95%	5.40%	128,799	463,940	-	-	-	-	13,742	44,543	-	-
Investment Portfolio	5.32%		315,965	-	-	-	-	-	-	-	-	-
Receivables	-		46,504	46,216	-	-	-	-	-	-	-	-
Financial Liabilities												
Payables	-		-	-	-	-	-	-	52,678	62,869	-	-
Interest bearing liabilities	-		-	-	-	-	-	-	23,149	-	-	7.60%

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

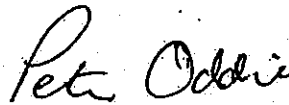
In accordance with a resolution of the directors of Beaufort Community Financial Services Limited, I state that:

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 2007 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 2007.



Ernest Edward Mitchell Welsh (Chairman)



Thomas Peter Oddie (Director)

Signed at Beaufort on the 10th September, 2007.

Partners:

Robert J. Evans *B.ECON., C.PA. (FPS.)*
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.*



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Email: info@evansmetcalfe.com.au

Audit & Bookkeeping Office:

615 Sturt Street, Ballarat, 3350
Ph: (03) 53323155 Fax: (03) 53323422
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 FINANCIAL SERVICES LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2007 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.

Evans & Metcalfe
Certified Practising Accountants
615 Sturt Street Ballarat 3350

A handwritten signature in black ink, appearing to read 'judkins', written over a light background.

Bruce R. Judkins
Partner

Dated this 3rd day of September 2007

Partners:

Robert J. Evans *B.ECON., C.PA. (FRS.)*
Bryan K. Metcalfe *B.ECON., C.PA.*
Anthony L. Carmody *B.BUS., C.PA.*
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Evans & Metcalfe

Certified Practising Accountants

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

Report on the financial report

We have audited the accompanying financial report of Beaufort Community Financial Services Limited which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company 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 establishing and maintaining internal control 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, in accordance with Accounting Standard AASB 101: "Presentation of Financial Statements" that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

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 as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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, the auditor considers internal control 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

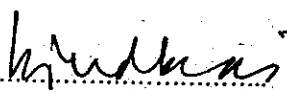
Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Beaufort Community Financial Services Limited on 3 September 2007 would be on the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion:

- a. the financial report of Beaufort Community Financial Services Limited is 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 2007 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting interpretations) and the Corporations Regulations 2001.
- b. The financial report also complies with international Financial Reporting Standards as disclosed in Note 1.


Bruce R. Judkins
Evans & Metcalfe

Dated this 3rd day of September 2007