

annual report | 2010



Beaufort Community
Financial Services Limited
ABN 53 097 961 058

Beaufort **Community Bank**[®] Branch

CHAIRMANS REPORT

For year ending 30 June 2010

2010 has been a year of steady growth for the Beaufort **Community Bank**[®] Branch of Bendigo Bank. After eight years of operations the business has experienced both the highs and lows of the banking cycle. We are pleased that in 2010 the business has recovered and managed to produce a profit after tax of \$38,913. This is after a contribution in June of \$50 million to the Community Enterprise Foundation[™].

Total funds under management have grown throughout the year to be \$68.523 million as at 30 June 2010, which is testament to the hard work of the staff and the Board of Directors, and a vote of confidence in the business from our customers.

The contribution to the Community Enterprise Foundation[™] has formed the basis of the 2010 community grants program, and we are encouraged to have a grants program of a similar level to previous years. It is also pleasing that the wider Beaufort district is sharing the benefits of our community grants, with projects in towns such as Learmonth, Skipton, Snake Valley and Landsborough. One project of particular note is a driver education program for Beaufort. This project has the potential to save lives and will hopefully prepare young people for a lifetime of safe driving.

We are also pleased to announce a fully franked dividend to shareholders of 7.5c per share, which is an increase of 4c per share from 2008/09, and returns the dividend to previous levels. Since opening in 2002, the Beaufort **Community Bank**[®] Branch has now paid dividends to shareholders of 31.5c per share from an initial one dollar per share investment.

In April the State Government announced that Beaufort was one of 14 communities chosen as a pilot for the Youth Foundations Victoria (YFV) program. Bendigo Bank is a partner with the State Government in this initiative and the success of the Beaufort **Community Bank**[®] Branch was a major factor in Beaufort becoming part of the YFV program. On 29 April the Member for Ripon and Minister for Agriculture and Minister for Small Business, Joe Helper MP, announced \$184,000 in funding for the YFV project in Beaufort. The YFV project will support youth related grant making in the community and has the potential to provide support for the youth of Beaufort and district for the next 10 years. YFV is proposing an initial \$10,000 grant program in late 2010.

Our two youth advisers for 2010, Glen Holtkamp and Martin Goode, are involved in the YFV project for Beaufort. Throughout the year they have attended Board meetings and also represented Beaufort **Community Bank**[®] Branch at Bendigo Bank's **Community Bank**[®] State Conference. They have also made decisions on the projects to support at the Beaufort Secondary School through the Vic Abdilla memorial award. As Chairman I would like to thank both Glen and Martin for their contributions as youth advisers and wish them well in their future studies.

I would also like to thank all customers and shareholders for their continued support, as the Board of Directors continue to grow the business and provide high quality banking services to the community.



Robert Byrne
Chairman

Manager's report

For year ending 30 June 2010

Your Community Bank[®] branch – supporting a greater community

The 2009-2010 financial year, has seen our bank assist more than 3,000 customers to complete more than 5,000 transactions every month, and service clients from as far away as the USA. The overall result has been a growth in business of 12.13%.

The growth of our business has led to the growth also of our staff, with the internal promotion of two of our inaugural staff members, Julie Lofts and Kathy Glenister. Julie is now employed in our new position of Customer Relationship Manager, looking after customers seeking loans and credit cards. Kathy has filled Julie's previous position of Customer Relationship Officer, and assists our customers who wish to open new accounts, take out insurance, or are just looking for information on what we have to offer. This has also allowed for our sixth permanent staff member employed in early September, in the role of Full Time Customer Service Officer.

We have also welcomed a new Financial Planning specialist – Scott Mueller who joined the team in early 2010, and is available for appointments at the branch. He can assist with matters relating to superannuation, personal insurances, Centrelink issues and retirement strategy, and your first appointment to discuss your requirements is free.

We continue to offer the services of other specialists, including Caius Ryan (commercial and business lending), and Gavin Svanosio (agribusiness), who are available to come to your business or farm, discuss your requirements and help you to find the best solution to suit your needs.

Don't forget that we can also assist you with:

- Banking deposit and withdrawal services
- Loans – personal loans, home loans, business loans, agri loans
- Credit Cards
- Leasing and Equipment Finance
- Insurance – House, contents, car, boat, caravan, travel, liability, business, health & personal insurances such as life insurance and income protection
- EFTPOS merchant services
- Payroll and large volume payments services

For further information on any of our products, or to arrange a meeting with any of our specialists, please phone the branch on 5349 2322 (we are open Monday to Friday 9.00am to 5.00pm and Saturday 9.00am to 12 noon). Or you can email us at beaufort@bendigobank.com.au. Check us out on the web – www.bendigobank.com.au/beaufort.

On behalf of myself and the team here, thank you for your continuing support.



Jenny Sheriff
Branch Manager

**BEAUFORT COMMUNITY
FINANCIAL SERVICES LIMITED**

Financial Statements

for the year ended

30 June 2010

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 2010.

Directors

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

Robert John Byrne Chairman	John Thomas Roxburgh Director	Kathryn Melanie Martin Director Resigned 21.10.2009
Ernest Edward Mitchell Welsh Director	Thomas Peter Oddie Director	Jillean Jean Franc Director
Gregory Lofts Director	Rodney Grant McErvale Director	Tricia Collins Non Director Secretary Only
Leonard James Carey Director Resigned 21.10.2009	Timothy George Chandler Director Appointed 21.10.2009	Nigel Charles Ponder Director Appointed 21.10.2009
David John Foy Director Appointed 21.10.2009		

Directors were in office for the 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 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 \$35,877 (2009: \$5,516).

Year Ended 30 June 2010

Dividends	Cents Per Share	\$
Final dividends recommended:	7.5 FF	32,283
Dividends paid in the year:		
- Interim for the year		
- As recommended in the prior year report	3.0 FF	12,913

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 Financial Services Ltd
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:

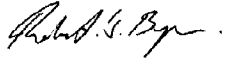
Robert John Byrne	12
John Thomas Roxburgh	9
Ernest Edward Mitchell Welsh	11
Jillian Jean Franc	10
Rodney Grant McErvale	12
Leonard James Carey	1
Thomas Peter Oddie	11
Gregory Lofts	9
Kathryn Melanie Martin	2
Timothy George Chandler	9
David John Foy	8
Nigel Charles Ponder	7
Tricia Collins	12

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

Auditor's Independence Declaration:

The lead auditor's independence declaration for the year ended 30 June, 2010 has been received.

Signed in accordance with a resolution of the Board of Directors at Beaufort Community Services
on 31st July, 2010



Robert John Byrne

(Chairman)



Director

(Director)

Ballarat
9 Creswick Road
Ballarat, Victoria 3350

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Ballarat, Victoria 3353

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

Casterton
Colac
Coleraine
Geelong
Hamilton
Ocean Grove
Portland
Stawell
Warrnambool

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010 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.

ballarat@whk.com.au
www.whk.com.au

WHK Western Victoria
Audit Partnership
ABN 96 588 679 258



Bruce R Judkins
Audit Principal
WHK Western Victoria Audit Partnership

Dated this 21st day of September 2010

Beaufort Community Financial Services Ltd
ABN 53 097 961 058
Income Statement
For the year ended 30 June 2010

	<u>Notes</u>	2010 \$	2009 \$
Revenues	2	580,591	520,102
Employee benefits expense	3	(263,152)	(278,054)
Charitable donations and sponsorship			
Depreciation and amortisation expense	3	(23,858)	(35,075)
Finance costs	3	(13)	(7,386)
Other expenses		<u>(229,760)</u>	<u>(176,160)</u>
Profit/(loss) before income tax expense		63,808	23,427
Income tax expense	4	<u>27,931</u>	<u>17,911</u>
Profit/(loss) after income tax expense		<u><u>35,877</u></u>	<u><u>5,516</u></u>

The accompanying notes form part of these financial statements

Beaufort Community Financial Services Ltd
ABN 53 097 961 058
Balance Sheet
As at 30 June 2010

	<u>Notes</u>	2010 \$	2009 \$
Current Assets			
Cash assets	6	51,920	26,747
Investment Portfolio	6	194,592	184,200
Receivables	7	57,775	48,787
Current tax receivable	4	-	-
Other		5,858	5,900
Total Current Assets		<u>310,145</u>	<u>265,634</u>
Non-Current Assets			
Property, plant and equipment	8	176,288	191,512
Deferred income tax asset	4	-	-
Intangible assets	9	47,589	47,589
Total Non-Current Assets		<u>223,877</u>	<u>239,101</u>
Total Assets		<u>534,022</u>	<u>504,735</u>
Current Liabilities			
Payables	10	33,902	32,958
Interest bearing liabilities	11	-	-
Current tax payable	4	12,014	11,911
Provisions	12	19,505	22,204
Total Current Liabilities		<u>65,421</u>	<u>67,073</u>
Non-Current Liabilities			
Interest bearing liabilities	11	-	-
Total Non-Current Liabilities		<u>-</u>	<u>-</u>
Total Liabilities		<u>65,421</u>	<u>67,073</u>
Net Assets/(Liabilities)		<u>468,601</u>	<u>437,662</u>
Equity			
Share capital	13	430,440	430,440
Revaluation Reserve		(124,510)	(132,485)
Retained earnings		162,671	139,707
Total Equity		<u>468,601</u>	<u>437,662</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 2010

	<u>Notes</u>	2010 \$	2009 \$
Cash Flows From Operating Activities			
Cash receipts in the course of operations		568,110	523,096
Cash payments in the course of operations		(507,542)	(433,575)
Interest paid		(13)	(7,386)
Interest received		3,493	1,469
Income tax paid		(14,911)	(17,745)
Net cash flows from/(used in) operating activities	14b	<u>49,137</u>	<u>65,859</u>
Cash Flows From Investing Activities			
Proceeds on sale of assets		-	-
Payment for intangible assets		-	-
Purchase of property, plant and equipment		(8,634)	(149,920)
Decrease (Increase) in Investments		(2,417)	31,670
Net cash flows from/(used in) investing activities		<u>(11,051)</u>	<u>(118,250)</u>
Cash Flows From Financing Activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Finance lease payments		-	-
Dividends paid		(12,913)	(32,283)
Net cash flows from/(used in) financing activities		<u>(12,913)</u>	<u>(32,283)</u>
Net increase/(decrease) in cash held		25,173	(84,674)
Add opening cash brought forward		26,747	111,421
Closing cash carried forward	14a	<u>51,920</u>	<u>26,747</u>

The accompanying notes form part of these financial statements

Beaufort Community Financial Services Ltd
ABN 53 097 961 058
Statement of Changes in Equity
For the year ended 30 June 2010

	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
Profit after income tax		80,104		80,104
Dividend Paid		-32,283		-32,283
Revaluation Reserve			-75,965	-75,965
Balance at 30 June 2008	430,440	166,473	-67,836	529,077
Profit after income tax		5,517		5,517
Dividend Paid		-32,283		-32,283
Revaluation Reserve			-64,649	-64,649
Balance at 30 June 2009	430,440	139,707	-132,485	437,662
Profit after income tax		35,877		35,877
Dividend Paid		-12,913		-12,913
Revaluation Reserve			7,975	7,975
Balance at 30 June 2010	430,440	162,671	-124,510	468,601

The accompanying notes form parts 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 2010

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 land and buildings and available-for-sale financial assets that have been measured at fair value) and not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report was authorised for issue by the Directors on 1st September, 2010.

(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 ensure 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 the 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 2010 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 Ltd
ABN 53 097 961 058
Notes to the Financial Statements
For the year ended 30 June 2010

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 both the straight line and diminishing value basis over the estimated useful life of the asset as follows:

<i>Class of Asset</i>	<i>Depreciation Rate</i>
Buildings	33.3 %
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 Ltd
ABN 53 097 961 058
Notes to the Financial Statements
For the year ended 30 June 2010

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 wh 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 sala 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.

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 Ltd
ABN 53 097 961 058
Notes to the Financial Statements
For the year ended 30 June 2010

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

	2010	2009
	\$	\$
Operating activities		
- services commissions	571,810	489,270
- other revenue	-	-
Total revenue from operating activities	<u>571,810</u>	<u>489,270</u>
Non-operating activities:		
- interest received	3,493	1,469
- other revenue	5,288	29,363
Total revenue from non-operating activities	<u>8,781</u>	<u>30,832</u>
Total revenue from ordinary activities	<u>580,591</u>	<u>520,102</u>

Beaufort Community Financial Services Ltd
ABN 53 097 961 058
Notes to the Financial Statements
For the year ended 30 June 2010

3. Expenses	2010	2009
	\$	\$
Employee benefits expense		
- wages and salaries	218,674	223,774
- superannuation costs	26,815	23,586
- post-employment benefits (other than superannuation)	-	-
- workers' compensation costs	339	997
- other costs	17,324	29,697
	<u>263,152</u>	<u>278,054</u>
 Depreciation of non-current assets:		
- plant and equipment	1,466	947
- buildings	22,392	24,128
 Amortisation of non-current assets:		
- intangibles	-	10,000
	<u>23,858</u>	<u>35,075</u>
 Finance Costs:		
- Interest paid	1	7,371
 - Bad debts	12	15
	<u>13</u>	<u>7,386</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%	19,142	7,028
Add tax effect of:		
- Non-deductible expenses	8,789	10,883
- Prior year tax losses not previously brought to account	-	-
- Deferred tax assets not brought to account	-	-
<i>Current income tax expense</i>	<u>27,931</u>	<u>17,911</u>
Origination and reversal of temporary differences		
<i>Deferred income tax expense</i>	<u>-</u>	<u>-</u>
Income tax expense	<u>27,931</u>	<u>17,911</u>
 Tax liabilities		
Current tax payable	<u>12,014</u>	<u>11,911</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>

Beaufort Community Financial Services Ltd
ABN 53 097 961 058
Notes to the Financial Statements
For the year ended 30 June 2010

5. Auditors' Remuneration	2010	2009
	£	£
Amounts received or due and receivable by WHK Western Victoria Audit Partnership for:		
- Audit or review of the financial report of the company	2,750	1,650
- Other services in relation to the company	-	-
	<u>2,750</u>	<u>1,650</u>
6. Cash Assets		
Cash at bank and on hand	51,920	26,747
Investment Portfolio	194,592	184,200
	<u>246,512</u>	<u>210,947</u>
7. Receivables		
Sundry debtors	-	-
Trade debtors	57,775	48,787
	<u>57,775</u>	<u>48,787</u>
8. Property, Plant and Equipment		
<i>Plant and equipment</i>		
At cost	264,989	256,355
Less accumulated depreciation	88,701	64,843
	<u>176,288</u>	<u>191,512</u>
Total written down amount	<u>176,288</u>	<u>191,512</u>
Movements in carrying amounts		
<i>Plant & Equipment</i>		
Carrying amount at beginning of year	191,512	66,667
Additions	8,634	149,920
Disposals	-	-
Depreciation expense	(23,858)	(25,075)
Carrying amount at end of year	<u>176,288</u>	<u>191,512</u>
9. Intangible Assets		
<i>Franchise Fee</i>		
At cost	120,000	120,000
Less accumulated amortisation	72,411	72,411
	<u>47,589</u>	<u>47,589</u>
<i>Preliminary Expenses</i>		
At cost	-	-
Less accumulated amortisation	-	-
	<u>47,589</u>	<u>47,589</u>

Beaufort Community Financial Services Ltd
ABN 53 097 961 058
Notes to the Financial Statements
For the year ended 30 June 2010

	2010	2009
	\$	\$
10. Payables		
Trade creditors	21,940	18,647
Other creditors and accruals	11,962	14,311
	<u>33,902</u>	<u>32,958</u>
11. Interest Bearing Liabilities		
Bank overdraft	<u>-</u>	<u>-</u>
12. Provisions		
Employee benefits	<u>19,505</u>	<u>22,204</u>
Number of employees at year end	<u>5</u>	<u>5</u>
13. Share Capital		
430,440 Ordinary Shares fully paid of \$1 each	<u>430,440</u>	<u>430,440</u>
14. Cash Flow Statement		
<i>(a) Reconciliation of cash</i>		
Cash assets	51,920	26,747
Bank overdraft	-	-
	<u>51,920</u>	<u>26,747</u>
<i>(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities</i>		
Profit / (loss) after income tax	35,877	5,516
Non cash items		
- Depreciation	23,858	25,075
- Amortisation	-	10,000
- Loss on sale of Non-Current Asset	-	-
Changes in assets and liabilities		
- (Increase) decrease in other assets	42	(1,205)
- (Increase) decrease in receivables	(8,988)	4,463
- Increase (decrease) in payables	944	12,547
- Increase (decrease) in provisions	(2,699)	9,297
- Increase (decrease) in income tax	103	166
Net cashflows from/(used in) operating activities	<u>49,137</u>	<u>65,859</u>

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15. Director and Related Party Disclosures

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

Robert John Byrne
John Thomas Roxburgh
Ernest Edward Mitchell Welsh
Jillean Jean Franc
Rodney Grant McErvale
Leonard James Carey
Thomas Peter Oddie
Gregory Lofts
Kathryn Melanie Martin
Timothy George Chandler
Nigel Charles Ponder
David John Foy

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.

Directors shareholdings	2010
Robert John Byrne	750
John Thomas Roxburgh	1,000
Ernest Edward Mitchell Welsh	3,000
Jillean Jean Franc	5,000
Rodney Grant McErvale	250
Thomas Peter Oddie	1,050
Gregory Lofts	500
Nigel Charles Ponder	2,000
David John Foy	4,000

There was no movement in directors shareholdings during the year. Each share held has a paid up 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.

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20. Dividends paid or provided for on ordinary shares	2010	2009
	\$	\$
(a) Dividends proposed and recognised as a liability		
Franked dividends - 7.5 cents per share (2009: 3.0 cents per share)	32,283	12,913
(b) Dividends paid during the year		
(i) Current year interim		
Franked dividends - 0 cents per share	-	-
Unfranked dividends - 0 cents per share	-	-
(ii) Previous year final		
Franked dividends - 3.0 cents per share (2009: 7.5 cents per share)	12,913	32,283
Unfranked dividends - 0 cents per share	-	-
(c) Dividends proposed and not recognised as a liability		
Franked dividends - 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%	54,855	48,659
- Franking credits that will arise from the payment of income tax payable as at the end of the financial year	10,889	11,910
- Franking debits that will arise from the payment of dividends as proposed	(13,836)	(5,534)
- 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>51,908</u>	<u>55,035</u>

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

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For the year ended 30 June 2010

22. Financial risk management

The Company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

(a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the Company it arises from cash assets, investment portfolio and receivables.

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Balance Sheet and notes to the financial statements. The Company's maximum exposure to credit risk at reporting date was:

	Carrying Amount	
	2010	2009
	£	£
Cash assets	51,920	26,747
Investment Portfolio	194,592	184,200
Receivables	57,775	48,787
	<u>304,287</u>	<u>259,734</u>

The Company's exposure to credit risk is limited to Australia by geographic area. The entire balance of receivables is due from Bendigo and Adelaide Bank Ltd.

None of the assets of the Company are past due (2009: nil past due) and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Ltd.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the Company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Beaufort Community Financial Services Ltd
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Notes to the Financial Statements
For the year ended 30 June 2010

22. Financial risk management (continued)

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

	Carrying amount \$	Contractual cash flows \$	1 year or less \$	over 1 to 5 years \$	more than 5 years \$
30 June 2010					
Payables	33,902	33,902	33,902	-	-
Interest bearing liabilities	-	-	-	-	-
	<u>33,902</u>	<u>33,902</u>	<u>33,902</u>	<u>-</u>	<u>-</u>
30 June 2009					
Payables	32,958	32,958	32,958	-	-
Interest bearing liabilities	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Interest Rate Risk

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company reviews the exposure to interest rate risk as part of the regular board meetings.

Sensitivity analysis

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	<u>Carrying Amount</u>	
	2010 \$	2009 \$
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	-	-
	<u>-</u>	<u>-</u>
Variable rate instruments		
Financial assets	-	-
Financial liabilities	-	-
	<u>-</u>	<u>-</u>

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. For the analysis performed on the same basis as at 30 June 2010 there was also no impact. As at both dates this assumes all other variables remain constant.

Beaufort Community Financial Services Ltd
ABN 53 097 961 058
Notes to the Financial Statements
For the year ended 30 June 2010

22. Financial risk management (continued)

(d) Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Balance Sheet. The Company does not have any unrecognised financial instruments at year end.

(e) Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the Company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Balance Sheet.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the Distribution Limit.

- (i) the Distribution Limit is the greater of:
 - (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
 - (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and
- (ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2010 can be seen in the Income Statement.

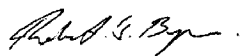
There were no changes in the Company's approach to capital management during the year.

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 2010 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 2010



Robert John Byrne

(Chairman)



Director

(Director)

Signed at Beaufort on the 31st July, 2010

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

Ballarat
9 Creswick Road
Ballarat, Victoria 3350

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Colac

Coleraine

Geelong

Hamilton

Ocean Grove

Portland

Stawell

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WHK Western Victoria
Audit Partnership
ABN 96 588 679 258

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 2010, 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 21 September 2010 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 2010 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

Audit Principal

WHK Western Victoria Audit Partnership

Dated this 21st day of September 2010

Liability limited by a scheme approved under Professional Standards
Legislation other than for the acts or omissions of financial services licensees

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