

Beaufort Community
Financial Services Limited

ABN 53 097 961 058

annual report 2011



Beaufort **Community Bank**[®] Branch

Chairman's report

For year ending 30 June 2011

In 2011 Beaufort **Community Bank**[®] Branch of Bendigo and Adelaide Bank continued to grow and provide reliable high quality banking services to Beaufort and district.

Your branch is now nine years old and has become well established. In 2011 the business has produced a profit after tax of \$41,591. This is after a tax-deductible contribution in June 2011 of \$40,000 to the Bank's Community Enterprise Foundation[™].

Total funds under management have grown throughout the year to be \$76 million as at 30 June 2011, an increase of \$8 million from the previous year, representing more than 11% growth in a challenging economic climate including rising interest rates.

This result 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 Community Enterprise Foundation[™] has formed the basis of the 2011 community grants program, to be announced at our Annual General Meeting in October 2011.

We are pleased to announce to shareholders a fully franked dividend for 2011 of 7.5c per share, the same level as 2010, and continuing the strong return to shareholders. Since opening in 2002, Beaufort **Community Bank**[®] Branch has now paid dividends to shareholders of 38c per share plus franking credits, from an initial \$1 per share investment.

Throughout the year the Beaufort Youth Foundations Victoria (YFV) program announced initial rounds of funding for youth related projects, with the involvement of a local young persons' action committee (YPAC). The Bendigo and Adelaide Bank is a partner with the State Government in this initiative which has the potential to provide support for the youth of Beaufort and district for the next 10 years.

In our 10th year as a **Community Bank**[®] branch (and number 58 out of more than 270 **Community Bank**[®] branches now established), I would like to thank all customers and shareholders for their continued support. I would also like to thank the Board of Directors and branch staff for their dedication and professionalism as we continue to work together to grow the business and provide high quality banking services to the community of Beaufort and district.

Robert Byrne



Chairman

Manager' report

For year ended 30 June 2011

Your Community Bank[®] branch – Good for U and your community

\$324,000

This huge figure represents the amount of funds contributed back to the community (as at October 2010) by Beaufort **Community Bank[®]** Branch of Bendigo and Adelaide Bank.

As Beaufort is a town with a population of 1100, it is remarkable to think that by simply banking with us our customers have enabled us to support 65 community organisations and make possible projects we know you consider important.

The past year continues to see our branch grow, with our 6th staff member, Jodie Cuthbertson, being appointed to the role of full time Customer Service Officer. Jodie is a long-term local, and knows the community very well. She has over 11 year's previous banking experience, coming to us from the Beaufort Post Office, where she worked for almost a decade.

Through the hard work of all the staff in the branch, we have seen growth of over 11% in the business for 2011, which will enable the **Community Bank[®]** branch to continue to support important projects.

With Bendigo and Adelaide Bank's purchase of Rural Bank complete, we are more committed than ever to assist you in your farming business. Our Agribusiness Manager, Gavin Svanosio, is available for on-farm appointments to discuss refinancing, new lending, leasing and crop insurance.

We offer the full range of banking products and services, including Caius Ryan (commercial and business lending), and Scott Mueller (financial planning) who are available to discuss your requirements and help you to find the best solution to suit your needs.

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 - 5.00pm and Saturday 9.00am – 12 noon). Or you can email us at beaufort@bendigobank.com.au. And check us out on the web – www.bendigobank.com.au/beaufort.

Remember that the more banking you do with us, the more we can contribute back to the Beaufort community.

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

Jenny Sheriff



Branch Manager

**BEAUFORT COMMUNITY
FINANCIAL SERVICES LIMITED**

Financial Statements

for the year ended

30th June 2011

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

Your Directors submit their report of the company for the year ended 30th June, 2011.

Directors

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

Robert John Byrne Chairman	John Thomas Roxburgh Director	Sharon Michelle Roxburgh Director Appointed 21.10.2010
Ernest Edward Mitchell Welsh Director Resigned 21.10.10	Thomas Peter Oddie Director	Jillean Jean Franc Director
Gregory Lofts Director Resigned 21.10.10	Rodney Grant McErvale Director	Tricia Collins Non Director Secretary Only
Cheryl Anne Johnston Director Appointed 21.10.2010	Timothy George Chandler Director	Nigel Charles Ponder Director
David John Foy Director		

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

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 of the company for the year ended 30th June 2011 after provision for income tax was \$39,783.
(2010: \$35,877)

	Year Ended 30 June, 2011		
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	7.5	FF	32,283

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

Number of Meetings Held: 11

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

Robert John Byrne	8
John Thomas Roxburgh	7
Ernest Edward Mitchell Welsh	2
Jillean Jean Franc	8
Rodney Grant McErvale	8
Thomas Peter Oddie	9
Gregory Lofts	4
Nigel Charles Ponder	10
Timothy George Chandler	10
David John Foy	9
Cheryl Johnston	7
Sharon Roxburgh	6

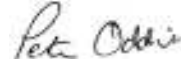
Signed in accordance with a resolution of the Board of Directors at Beaufort Community financial Services limited.
on 07/09/11



Robert John Byrne

07/

(Chairman)



Thomas Peter Oddie

**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

Werribee

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 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.

WHK Western Victoria Audit Partnership

WHK Western Victoria Audit Partnership

Bruce R Judkins

Bruce R Judkins

Partner

21 Armstrong Street North, Ballarat Vic 3350

Dated this 7th day of September 2011

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

WHK Western Victoria
Audit Partnership
ABN 96 588 679 258

Beaufort Community Financial Services Ltd
ABN 53 097 961 058
Statement of Comprehensive Income For the Year Ended 30 June 2011

	30-Jun 2011 \$	30-Jun 2010 \$
Revenues	657,443	580,591
Employee benefits expense	(339,193)	(263,152)
Depreciation and amortisation expense	(20,188)	(23,858)
Finance costs	(3)	(13)
Other expenses	<u>(241,226)</u>	<u>(229,760)</u>
Profit/(loss) before income tax expense	56,833	63,808
Income tax expense	<u>17,050</u>	<u>27,931</u>
Profit/(loss) after income tax expense	<u><u>39,783</u></u>	<u><u>35,877</u></u>
Other comprehensive income:		
Revaluation increments /decrements	1,808	7,975
Total comprehensive income for the year	<u><u>41,591</u></u>	<u><u>43,852</u></u>

Beaufort Community Financial Services Ltd
ABN 53 097 961 058
Statement of Financial Position For the Year Ended 30 June 2011

	30-Jun 2011 \$	30-Jun 2010 \$
Current Assets		
Cash assets	93,784	51,920
Investment Portfolio	200,138	194,592
Receivables	59,784	57,775
Current tax receivable		-
Other	3,300	5,858
Total Current Assets	<u>357,006</u>	<u>310,145</u>
Non-Current Assets		
Property, plant and equipment	156,100	176,288
Deferred income tax asset	9,620	
Intangible assets	37,393	47,589
Total Non-Current Assets	<u>203,113</u>	<u>223,877</u>
Total Assets	<u>560,119</u>	<u>534,022</u>
Current Liabilities		
Payables	47,589	33,903
Interest bearing liabilities	-	-
Provision for Income Tax	5,304	12,014
Provision for Annual Leave and LSL	29,317	19,505
Total Current Liabilities	<u>82,210</u>	<u>65,422</u>
Non-Current Liabilities		
Interest bearing liabilities	-	-
Total Non-Current Liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u>82,210</u>	<u>65,422</u>
Net Assets/(Liabilities)	<u>477,909</u>	<u>468,600</u>
Equity		
Share capital	430,440	430,440
Revaluation Reserve	(122,702)	(124,510)
Retained earnings	170,171	162,671
Total Equity	<u>477,909</u>	<u>468,601</u>

Beaufort Community Financial Services Ltd
ABN 53 097 961 058
Statement of Cash Flows For the Year Ended 30 June 2011

	30-Jun 2011 \$	30-Jun 2010 \$
Cash Flows From Operating Activities		
Cash receipts in the course of operations	655,434	568,110
Cash payments in the course of operations	(591,723)	(507,542)
Interest paid	(3)	(13)
Interest received	1,304	3,493
Income tax paid	(23,924)	(14,911)
Net cash flows from/(used in) operating activities	<u>41,088</u>	<u>49,137</u>
Cash Flows From Investing Activities		
Payment for intangible assets	-	-
Purchase of property, plant and equipment	-	-
Increase in Investments	33,059	(8,634)
Net cash flows from/(used in) investing activities	<u>33,059</u>	<u>(2,417)</u> <u>(11,051)</u>
Cash Flows From Financing Activities		
Proceeds from borrowings		-
Repayment of borrowings		-
Finance lease payments		-
Dividends paid	(32,283)	(12,913)
Net cash flows from/(used in) financing activities	<u>(32,283)</u>	<u>(12,913)</u>
Net increase/(decrease) in cash held	41,864	25,173
Add opening cash brought forward	51,920	26,747
Closing cash carried forward	<u><u>93,784</u></u>	<u><u>51,920</u></u>

Beaufort Community Financial Services Ltd
ABN 53 097 961 058
Statement of Changes in Equity For the Year Ended 30 June 2011

	Ordinary Shares	Retained Earnings	Revaluation Reserve	Total
	\$	\$	\$	\$
Balance at 30 June 2009	430,440	139,707	-132,485	437,662
Comprehensive income		43,852		43,852
Dividend Paid		-12,913		-12,913
Revaluation Reserve				0
Balance at 30 June 2010	430,440	162,671	-124,510	468,601
Comprehensive income		41,591		41,591
Dividend Paid		-32,283		-32,283
Balance at 30 June 2011	430,440	171,979	-124,510	477,909

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies

Basis of Preparation

Beaufort Community Financial Services has elected to early adopt the pronouncements AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements to the annual reporting period beginning 1 July 2010.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards- Reduced Disclosure Requirements of the Australian Standards Board and the Corporations Act 2001.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial liabilities.

Accounting Policies

a. Income Tax

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities are therefore measured at the amounts expected to be paid to the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax related to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax assets can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

b. Property, Plant & Equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the assets useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Depreciation is recognised in the statement of comprehensive income.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Fixtures & Fittings	15%
Plant and Equipment	25%
Motor Vehicles	18.75%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

c. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (is trade date accounting is adopted).

Financial instrument are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are expensed to the statement of comprehensive income immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- i. The amount at which the financial asset or financial liability is measured at initial recognition;
- ii. Less principal repayments;
- iii. Plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- iv. Less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in the statement of comprehensive income.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Groups intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period, which will be classified as current assets.

If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire category of held-to-maturity investments would be tainted and would be reclassified as available-for-sale.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which expected to be disposed of within 12 months after the end of the reporting period, which will be classified as current assets.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Financial guarantees

Financial guarantees issued, which require the issuer to make specified payment to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as financial liabilities at fair value on initial recognition, where material. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using the probability weighted discounted cash flow approach. The probability has been based on:

- The likelihood of the guaranteed party defaulting in a year's period
- The proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- The maximum loss exposed if the guaranteed party were to default.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the statement of comprehensive income.

d. Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the assets fair value less costs to sell and value in use to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets and indefinite lives.

e. Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increased and the probability that the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

f. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be readily measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

g. Cash & Cash Equivalents

Cash & cash equivalents include cash on hand, deposits held as-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the statement of financial position.

h. Revenue & other income

Revenue comprises management, brokerage and other fees received by Beaufort Community Financial Services Limited. Revenue is deferred when management fees are received upfront but where associated services are yet to be performed.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Administration fees are earned on an instalment basis as the work is performed.

All revenue is stated net of the amount of goods and service tax (GST).

i. Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

j. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. The net amount of GST recoverable from, or payable to, the ATO 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, except for the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO. The GST component of financing and investing activities which is recoverable from, or payable to, the ATO is classified as a part of operating cash flows. Accordingly, investing and financing cash flows are presented in the statement of cash flows net of the GST that is recoverable from, or payable to, the ATO.

k. Comparative Figures

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

Note 2: Revenue and Other Income

	2011	2010
Revenue	\$	\$
Commissions Received	649,025	571,810
Dividends received	-	21
	<u>649,025</u>	<u>571,831</u>
Other revenue		
Interest received	1,304	3,493
Trust Distributions Received	7,114	5,267
Change in fair value of financial assets measured at fair value through profit & loss	-	-
	<u>657,443</u>	<u>580,591</u>
Total revenue		
Other income	-	-

Note 3: Income Tax Expense

	2011	2010
	\$	\$
a. The prima facie tax on loss before income tax is reconciled to income tax as follows:		
Prima facie tax before income tax at 30%	17,050	27,931
Add tax effect of:		
- Annual Leave Provision	4,094	
- LSL Provision	4,701	
- Accrued Audit Fee	825	
	<u>9,620</u>	<u>-</u>
Income tax attributable to entity	<u>26,670</u>	<u>27,931</u>
b. Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(c) occur:		
- Tax losses	-	-
- Temporary differences	-	-

Note 4: Key Management Personnel Compensation

	2011 \$	2010 \$
Key management personnel compensation		
Gross Wages Plus Super	<u>69,920</u>	<u></u>

The totals represent the remuneration paid to key management personnel (KMP) of the Group during the year.

Note 5: Property, Plant & Equipment

PLANT AND EQUIPMENT	2011 \$	2010 \$
Plant and Equipment:		
At Cost:	17,426.00	17,426.00
Less Accumulated Depreciation:	<u>9,550.00</u>	<u>6,864.00</u>
	<u>7,876.00</u>	<u>10,562.00</u>
 OFFICE FURNITURE AND EQUIPMENT		
Office Furniture and Equipment:		
At Cost:	247,563.00	247,563.00
Less Accumulated Depreciation:	<u>99,339.00</u>	<u>81,837.00</u>
	<u>148,224.00</u>	<u>165,726.00</u>

Movements in Carrying Amounts

Movement in the carrying amount for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Plant & Equipment \$	Office Furniture & Equipment \$
2011		
Balance at the beginning of the year	10,562.00	165,726.00
Additions at cost	-	-
Additions at fair value	-	-
Disposals	-	-
Depreciation expense	2,686.00	17,502.00
Carrying amount at the end of the year	<u>7,876.00</u>	<u>148,224.00</u>

Note 6: Financial Risk Management

The company's financial instruments consist mainly of bank deposits, short-term investments, and accounts receivable and payable.

	2011	2010
	\$	\$
Financial Assets		
Cash and cash Equivalents	93,784.00	51,921.00
Receivables	59,784.00	57,775.00
Investment Portfolio	200,138.00	194,092.00
Total financial assets	<u>353,706.00</u>	<u>303,788.00</u>
Financial Liabilities		
Trade and other payables	30,948.00	21,973.00
Total Financial Liabilities	<u>30,948.00</u>	<u>21,973.00</u>

Note 7: Events subsequent to Reporting Date

The remuneration model with the Bendigo Bank has been amended with effect from 1 April 2011. The amount of remuneration received by the company in relation to fixed rate home loans and term deposits over 90 day will be reduced. It is expected that the change in remuneration will reduce the income of the company by \$2,000 per month.

Note 8: Contingent Assets and Liabilities

The company has a contingent liability of up to \$50,000 potentially payable as a part of a dispute settlement. The company is unable to quantify the exact liability as at reporting date. The maximum liability payable as a result of settling this matter will be \$50,000.

Note 9: Segment Reporting

There have been no events subsequent to reporting date that would materially effect the financial statements at the reporting date.

Note 10: Dividends Paid	2011	2010
	\$	\$
<i>Dividends paid during the half year</i>		
Franked dividends - 7.5 cents per share (20: 7.5 cents per share)	32,283	12,913
<i>Dividends proposed and not recognised as a liability</i>		
Franked dividends - 7.5 cents per share (20: 7.5 cents per share)	32,283	32,283

Note 11: Director and Related Party Disclosures

The names of directors who have held office during the year ended 30 June 2011 are:

Robert John Byrne
John Thomas Roxburgh
Ernest Edward Mitchell Welsh
Jillean Jean Franc
Rodney Grant McErvale
Sharon Roxburgh
Thomas Peter Oddie
Gregory Lofts
Cheryl Johnston
Nigel Charles Ponder
Timothy George Chandler
David John Foy
Tricia Collins (Company Secretary)

Beaufort Community Financial Services Ltd
ABN 53 097 961 058
Directors' Declaration
For the year ended 30 June 2011

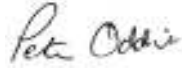
In accordance with a resolution of the directors of Beaufort Community Financial Services Limited, I state that:

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 2011 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 2011



Robert John Byrne



(Chairman) Thomas Peter Oddie (Director)

Signed at Beaufort on the 7th day of sept 2011

INDEPENDENT AUDITOR'S REPORT

BEAUFORT COMMUNITY FINANCIAL SERVICES LTD

Report on the Financial Report

Ballarat
21 Armstrong Street North
Ballarat, Victoria 3350

PO Box 44
Ballarat, Victoria 3353

T 03 5304 5700

F 03 5304 5750

We have audited the accompanying financial report of Beaufort Community Financial Services Ltd., which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Casterton

Colac

Coleraine

Geelong

Hamilton

Ocean Grove

Portland

Stawell

Warrnambool

Werribee

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

ballarat@whk.com.au

www.whk.com.au

Whk Western Victoria

Audit Partnership

BN 96 588 679 258

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 of the financial report that gives a true and fair view 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*, which has been given to the directors of Beaufort Community Financial Services Ltd., would be in the same terms if given to the directors as at the time of this auditor's report.

AUDIT OPINION

In our opinion:

(a) the financial report of Beaufort Community Financial Services Ltd. 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 2011 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*

WHK Western Victoria Audit Partnership

WHK Western Victoria Audit Partnership

Judkins

Bruce R Judkins

Partner

21 Armstrong Street North, Ballarat Victoria

Dated this 7th day of September 2011



Beaufort **Community Bank**® Branch
17 Lawrence Street, Beaufort VIC 3373
Phone: (03) 5349 2322

Franchisee: Beaufort Community Financial Services Limited
17 Lawrence Street, Beaufort VIC 3373
Phone: (03) 5349 5579
ABN: 53 097 961 058

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Bendigo and Adelaide Bank Limited,
The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879.
(BMPAR11037) (07/11)

