

annual report 2010



Beaumaris Community
Financial Services Limited
ABN 25 100 506 643

Beaumaris **Community Bank**[®] Branch

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Chairman's report

For year ending 30 June 2010

What a difference a year, and a more stable global market, makes. Confidence has returned to the banking business and our net profit of \$85,444 for the year clearly reflects this change. Our revenues increased by almost \$194,000, or 39% on last year and we have been able to keep expenses within budget. What is most encouraging is the fact that the considerable deposits we received during the Global Financial Crisis have for the most part been retained. This is a sign that our loyal and enthusiastic customers still recognise the benefits of being with the Beaumaris **Community Bank**[®] Branch.

During the year your Board of Directors recommended a return of capital be made to you as shareholders, and a meeting held on 11 May 2010 confirmed this recommendation. Subsequently \$58,456 of original share capital was returned to shareholders. No dividend has so far been paid and your Board of Directors does not currently recommend the payment of a dividend. However, new Federal legislation permits payment of dividends based on trading profits whilst still incurring accumulated losses from start up capital. If profitability continues to rise, your Board may make a further recommendation during 2010/2011.

Throughout the year we have continued to support and develop our links with the Beaumaris and Black Rock communities in a number of ways. We provide grant support to many organisations, but one in particular comes to mind. We have been privileged and delighted to support the establishment of a Family Room at Sandringham Hospital. Mothers of newborn and often premature babies need space and privacy to help them bond with their siblings and family and this room provides a welcoming space for this very personal experience. The provision of such a room is not a medical priority so cannot be funded in the normal course of events. We, together with our colleagues from Mentone East, Parkdale, Sandringham and Highett branches of the **Community Bank**[®] network, were delighted to step in and provide the necessary funding to make this project happen.

Today, there are more than 264 **Community Bank**[®] branches right across Australia from Alice Springs in the Northern Territory, Augusta in the West and Dover in Tasmania. The figures are impressive as they come entirely from efforts within their own communities. These 264 **Community Bank**[®] branches have over 788,000 accounts between them, employ over 1,150 staff, generate \$16.3 billion in deposit and loan business and to date have provided over \$40 million in support of local communities.

The essence of the **Community Bank**[®] concept is in sharing the responsibilities and rewards between the community and our branch. Communities across Australia have accepted the challenge of providing start-up capital and making their branches successful – and are increasingly reaping rewards that aren't just limited to banking.

In the early days, most attention was focused on how the **Community Bank**[®] concept has secured face-to-face banking services for local communities. Of course this is important, but it ignores the tremendous social and economic contributions being made by **Community Bank**[®] branches as more capital is retained locally, more commercial activity is stimulated and the confidence of local community leaders increases.

In Beaumaris and Black Rock we are also developing and nurturing our community in a number of ways that do not necessarily involve a major financial contribution. Our community forum initiative, Pilot Boat 3193, continues

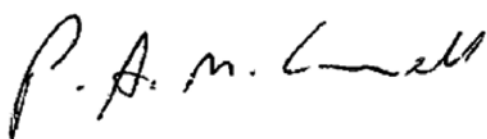
Chairman's report continued

to explore ways of engaging the community. Our most recent forum, held on Wednesday 17 October at the Beaumaris Theatre on Wells Road concentrated on developing a matrix for the social role of Volunteering within the Community. As a result of the forum, we will offer to act as the "glue" to unite those who wish to volunteer their services with those organisations within our community who need the invaluable assistance of those who do volunteer. The community website www.my3193.com.au which is an initiative of Beaumaris **Community Bank**[®] Branch also continues to provide essential information about and for our community.

My thanks again go to our wonderful team of people at the branch, capably led by Rob Fenton. They all share a spirit to treat you as a person and to really understand your needs. Again this year our hard working Board of Directors has put in a huge amount of time to promote the concept of the Beaumaris **Community Bank**[®] Branch and the benefits it brings. As a shareholder you will have received an invitation to consider becoming a Director of our Company and I would urge that if you feel you can make a positive contribution to the future of Beaumaris and Black Rock you should seriously consider the skills you could bring to our Board.

Our Annual General Meeting will take place this year on 23 November at 7.00 pm, at the Beaumaris Bowling Club, Martin Street Beaumaris. An important part of our meeting is to present the 2010 community grants to a number of local organisations and hear for ourselves their enthusiasm for their own special causes. I would urge you to attend and see for yourself what your Company does and can do and of course to meet with our Board of Directors.

I will finish with a comment I make every year, and it is still valid. This Company is a commercial operation that has a responsibility to maintain a profitable existence. But it is also a Company that has a social responsibility. The **Community Bank**[®] movement is often lauded for its "social responsibility" because of our work with communities – almost as if we have tacked a social conscience on to our business strategy. In fact, working for the benefit of our customers and their communities is our business strategy. Vibrant communities are good for business.



Philip McConnell
Chairman

Manager's report

For year ending 30 June 2010

After coming through the turbulence of the 2009 financial year, during which we saw a significant increase in our business, we approached the 2010 year with some uncertainty. While the issues surrounding the Global Financial Crisis had eased, it was still prevalent, times were still uncertain and it was very difficult to forecast what may happen to our business should global markets and confidence rise or fall.

It was very pleasing therefore that, despite this uncertainty, our business continued to grow during the 2010 year with our total footings increasing by \$3.9 million to \$93 million. What is also pleasing to me is that many of the customers, who were new to our branch in 2009, remained with us and have been happy to do more of their banking with us.

This is in no small measure due to the wonderfully attentive service provided by all of our staff, and I warmly thank Angela, Linda, Jana, Marilyn, Barb and Sue for all their ongoing dedication and commitment. We were sad to have Kim leave us through the year and I thank her also for her efforts while she was with us.

It was a delight to welcome both Angela and Marilyn to our team through the year and they have both settled in extremely well and have contributed greatly to helping our customers.

The Company's Board of Directors works diligently on a volunteer basis to make sure that the business remains strong and that it can provide benefits to all of Beaumaris and surrounding areas. The Directors have given all of our staff excellent support and I thank them all for their efforts, dedication and guidance over the past year.

Our continuing growth is testament to the wonderful support that the Beaumaris community has shown to us since we opened in 2002. The support that we can provide to local groups and the difference we can make to our area can only be maintained with this support and I encourage you all to talk to your friends to help them understand how we do things differently at Beaumaris **Community Bank**[®] Branch and to call in to see how we can help with their banking.

The **Community Bank**[®] model formulated by Bendigo and Adelaide Bank Ltd is unique and has enabled our Company to make an important difference to Beaumaris. Our business has withstood the challenges of the past two years and I look forward to building on the foundations that we have put in place over the past eight years to make sure we continue to make a difference to our customers, shareholders and the wider community.



Rob Fenton
Branch Manager

Bendigo and Adelaide Bank Ltd report

For year ending 30 June 2010

Now in its 13th year, the **Community Bank**[®] network continues to grow and make significant contributions to local communities right across Australia.

In the 2009/10 financial year 22 new **Community Bank**[®] branches were opened, taking the total number of branches to 259.

More than 545,000 customers chose to support the network with their banking business made up of more than 788,000 accounts, giving the networks a combined banking book of more than \$16.3 billion.

Our **Community Bank**[®] customers have been served by more than 1150 staff that are supported by almost 1700 volunteer Directors.

And these Directors are endorsed by around 63,000 shareholders who have received more than \$14.7 million in dividends, a reward for their belief in the **Community Bank**[®] concept.

All of this support has enabled the **Community Bank**[®] network to return more than \$40.3 million to assist local community groups and projects since the first **Community Bank**[®] branch opened in 1998.

These figures add up to a strong **Community Bank**[®] network, a franchise of the Bendigo and Adelaide Bank Ltd, which like its community partners, continues to flourish attracting more than 10,000 new customers every month.

This has been made possible through the restructure of the bank's executive team under the leadership of Managing Director, Mike Hirst.

At the start of 2010, the world's great economies continued to feel the aftershocks of the Global Financial Crisis. However, Australia's economy remained relatively stable during the turbulent times. While the impact of the GFC was felt by our community owned and operated branches, it is a testament to our business models and partners that our **Community Bank**[®] network continues to develop.

In fact, not only did our network continue to develop, in the past year we have witnessed one of our most successful launch programs to date. We saw a new branch emerge out of the ashes in Kinglake, less than a year after the region was devastated by Victoria's Black Saturday Bushfires.

The Pymont **Community Bank**[®] Branch saw us make an inroad into the competitive but lucrative Sydney banking market. And over the next 12 months Bendigo Bank will continue to grow its ATM and branch network in New South Wales, providing further support in boosting the profile of Bendigo's brand in the state.

This year we have also launched Community Snapshots on the Bendigo Bank website. This online initiative shares and highlights the great contributions and tangible outcomes the **Community Bank**[®] network generates for its local communities.

Bendigo and Adelaide Bank Ltd report continued

There has also been a focus on the continued roll out of our Good for Business, Good for Community program, which is an important element of our overall Community Strengthening for the coming year.

Thank you again for your continued commitment and support of the **Community Bank**[®] network.



Russell Jenkins

Executive Customer and Community

Directors' report

For the financial year ended 30 June 2010

Your Directors submit the financial 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:

Philip McConnell

Chairman

Occupation: Airport Manager

Janine Chugg (Appointed 24 November 2009)

Director

Occupation: Senior Occupational Therapist

Robin Douglas

Treasurer

Occupation: Office Manager

Richard Burridge

Director

Occupation: Insurance Broker (retired)

David Hall

Company Secretary

Occupation: Retired

Allan Jones

Director

Occupation: Retired

Peter Goodear

Director

Occupation: Company Director

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

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

Principal activities

The principal activities of the Company during the course of the financial year were in providing **Community Bank**[®] services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Ltd.

Operating results

Operations for the financial year have resulted in a profit after income tax expense of \$85,444 (2009: \$5,602).

Dividends and return of capital

The Company paid a return of capital of 10 cents per share (\$58,456 in total) during the year.

No dividends were declared or paid for the previous year.

Significant changes in the state of affairs

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

Directors' report continued

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 agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the Company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The Company also has Officers Insurance for the benefit of Officers of the Company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the Company or in or arising out of the discharge of the Officer's duties.

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 during the year were:

Director	Board meetings #
Philip McConnell	9 (10)
Janine Chugg (Appointed 24 November 2009)	5 (6)
Robin Douglas	10 (10)
Richard Burridge	7 (10)
David Hall	10 (10)
Allan Jones	7 (10)
Peter Goodear	8 (10)

The first number is the meetings attended while in brackets is the number of meetings eligible to attend.

Directors' report continued

Company Secretary

David Hall was appointed Company Secretary on 21 November 2007. David's career began in journalism. Through youth work, social work and community development, social planning and administration he was appointed Director of Community Affairs Victoria (1983 - 1988) and later took up CEO positions with a community mental health organisation and the Victorian Deaf Society.

David maintains involvement in a range of community activities, and chairs the Community Services Panel of the Churchill Trust in Victoria. He provides occasional consulting as a sole trader registered as Change-Ability.

Corporate Governance

The Company has implemented various corporate governance practices, which include:

- (a) Director approval of operating budgets and monitoring of progress against these budgets;
- (b) Ongoing Director training; and
- (c) Monthly Director meetings to discuss performance and strategic plans.

Auditor Independence Declaration

The Directors received the following declaration from the Auditor of the Company:

Richmond Sinnott & Delahunty
Chartered Accountants



Partners:
Kenneth J Richmond
Warren J Sinnott
Philip P Delahunty
Brett A Andrews

Auditor's Independence Declaration

In relation to our audit of the financial report of Beaumaris Community Financial Services Ltd for the financial year ended 30 June 2010, to the best of my knowledge and belief, there have been no contraventions of the Auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Warren Sinnott
Partner

Richmond Sinnott & Delahunty

24 August 2010

Signed in accordance with a resolution of the Board of Directors at Beaumaris, Victoria on 24 August 2010.

Philip McConnell
Chairman

Financial statements

Statement of comprehensive income For the year ended 30 June 2010

	Note	2010 \$	2009 \$
Revenues from ordinary activities	2	685,241	491,635
Employee benefits expense	3	(320,143)	(260,231)
Charitable donations and sponsorship		(59,444)	(48,253)
Depreciation and amortisation expense	3	(22,585)	(24,116)
Finance costs	3	-	(110)
Other expenses from ordinary activities		(153,194)	(150,449)
Profit before income tax expense		129,875	8,476
Income tax expense	4	44,431	2,874
Profit after income tax expense		85,444	5,602
Other comprehensive income		-	-
Total comprehensive income		85,444	5,602
Earnings per share (cents per share)			
- basic for profit for the year	22	14.62	0.96
- diluted for profit for the year	22	14.62	0.96

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of financial position As at 30 June 2010

	Note	2010 \$	2009 \$
Current assets			
Cash and cash equivalents	6	140,518	36,953
Receivables	7	77,800	63,598
Total current assets		218,318	100,551
Non-current assets			
Property, plant and equipment	8	78,044	89,586
Deferred tax assets	4	73,682	118,113
Intangible assets	9	22,500	32,500
Total non-current assets		174,226	240,199
Total assets		392,544	340,750
Current liabilities			
Payables	10	40,023	33,245
Provisions	11	37,625	19,597
Total current liabilities		77,648	52,842
Total liabilities		77,648	52,842
Net assets		314,896	287,908
Equity			
Share capital	12	526,103	584,559
Accumulated losses	13	(211,207)	(296,651)
Total equity		314,896	287,908

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows For the year ended 30 June 2010

	Note	2010 \$	2009 \$
Cash flows from operating activities			
Cash receipts in the course of operations		738,337	539,722
Cash payments in the course of operations		(575,273)	(507,328)
Borrowing costs		-	(110)
Net cash flows used in operating activities	14b	163,064	32,284
Cash flows from investing activities			
Payments for fixed assets		(1,043)	-
Net cash flows used in investing activities		(1,043)	-
Cash flows from financing activities			
Return of share capital		(58,456)	-
Net cash flows from/(used in) financing activities		(58,456)	-
Net increase in cash held		103,565	32,284
Cash and cash equivalents at start of year		36,953	4,669
Cash and cash equivalents at end of year	14a	140,518	36,953

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity For the year ended 30 June 2010

	Note	2010 \$	2009 \$
Share capital			
Balance at start of year		584,559	584,559
Less return of share capital		(58,456)	-
Share issue costs		-	-
Balance at end of year		526,103	584,559
Accumulated losses			
Balance at start of year		(296,651)	(302,253)
Profit after income tax expense		85,444	5,602
Dividends paid	20	-	-
Balance at end of year		(211,207)	(296,651)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2010

Note 1. Basis of preparation of the financial report

(a) Basis of preparation

Beaumaris Community Financial Services Limited ('the Company') is domiciled in Australia. The financial statements for the year ending 30 June 2010 are presented in Australian dollars. The Company was incorporated in Australia and the principal operations involve providing **Community Bank®** services.

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets.

The financial statements require judgements, estimates and assumptions to be made that affect the application of accounting policies. Actual results may differ from these estimates.

The financial statements were authorised for issue by the Directors on 24 August 2010.

(b) Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial report of the Company complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board. 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 2009 financial statements.

Income tax

Deferred income tax is provided on all temporary differences at the reporting 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 reporting 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.

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Income tax (continued)

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.

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:

Class of asset	Depreciation rate
Leasehold improvement	6.67%
Property, plant & equipment	10% - 30%

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.

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.

Notes to the financial statements continued

Note 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 Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis.

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

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

Comparative figures

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

Revenue

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

Notes to the financial statements continued

Note 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.

Loans and borrowings

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.

Share 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.

	2010	2009
	\$	\$

Note 2. Revenue from ordinary activities

Operating activities

- services commissions	685,241	491,635
Total revenue from ordinary activities	685,241	491,635

Notes to the financial statements continued

	2010 \$	2009 \$
Note 3. Expenses		
Employee benefits expense		
- wages and salaries	270,044	218,726
- superannuation costs	32,501	26,861
- workers' compensation costs	753	786
- other costs	16,845	13,858
	320,143	260,231
Depreciation of non-current assets:		
- plant and equipment	8,356	9,882
- leasehold improvements	4,229	4,234
Amortisation of non-current assets:		
- intangibles	10,000	10,000
	22,585	24,116
Finance costs:		
- Interest paid	-	110
Bad debts	28	183

Note 4. Income tax expense

The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:

Prima facie tax on profit before income tax at 30%	38,963	2,543
Add tax effect of:		
-Non-deductible expenses	5,468	331
Current income tax expense	44,431	2,874
Income tax expense	44,431	2,874
Deferred tax asset		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	73,682	118,113

Notes to the financial statements continued

	2010 \$	2009 \$
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Note 5. Auditors' remuneration

Amounts received or due and receivable by Richmond,
Sinnott & Delahunty for:

- Audit or review of the financial report of the Company	3,900	3,650
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Note 6. Cash and cash equivalents

Cash on hand	140,518	36,953
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Note 7. Receivables

Accrued income	69,141	58,470
Prepayments	3,025	3,328
Deposits	1,800	1,800
Other receivables	3,834	-
	77,800	63,598

Note 8. Property, plant and equipment

Leasehold Improvements

At cost	63,432	63,432
Less accumulated depreciation	(30,611)	(26,382)
	32,821	37,050

Plant and equipment

At cost	163,856	162,813
Less accumulated depreciation	(118,633)	(110,277)
	45,223	52,536

Total written down amount	78,044	89,586
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Notes to the financial statements continued

	2010 \$	2009 \$
Note 8. Property, plant and equipment (continued)		
Movements in carrying amounts		
Leasehold Improvements		
Carrying amount at beginning of year	37,050	41,284
Depreciation expense	(4,229)	(4,234)
Carrying amount at end of year	32,821	37,050
Plant and equipment		
Carrying amount at beginning of year	52,536	62,418
Additions	1,043	-
Depreciation expense	(8,356)	(9,882)
Carrying amount at end of year	45,223	52,536

Note 9. Intangible assets

Franchise fee

At cost	50,000	50,000
Less accumulated amortisation	(27,500)	(17,500)
	22,500	32,500

Note 10. Payables

Trade creditors	17,614	16,335
Other creditors and accruals	22,409	16,910
	40,023	33,245

Note 11. Provisions

Employee benefits	37,625	19,597
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Notes to the financial statements continued

	2010 \$	2009 \$
Note 12. Share capital		
584,559 Ordinary Shares fully paid of \$1 each	584,559	584,559
Less return of share capital	(58,456)	-
	526,103	584,559

Note 13. Accumulated losses

Balance at the beginning of the financial year	(296,651)	(302,253)
Profit after income tax	85,444	5,602
Balance at the end of the financial year	(211,207)	(296,651)

Note 14. Statement of cash flows

(a) Cash and cash equivalents

Cash assets	140,518	36,953
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(b) Reconciliation of profit after tax to net cash used in operating activities

Profit after income tax	85,444	5,602
Non cash items		
- Depreciation	12,585	14,116
- Amortisation	10,000	10,000
Changes in assets and liabilities		
- (Increase) decrease in receivables	(14,202)	(907)
- Increase (decrease) in payables	6,778	(3,368)
- Increase (decrease) in provisions	18,028	3,967
- (Increase) decrease in deferred tax asset	44,431	2,874
Net cash flows used in operating activities	163,064	32,284

Notes to the financial statements continued

Note 15. Director and related party disclosures

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

Philip McConnell

Janine Chugg (Appointed 24 November 2009)

Robin Douglas

Richard Burridge

David Hall

Allan Jones

Peter Goodear

No Director or related entity has entered into a material contract with the Company during the year.

No Directors' fees have been paid as the positions are held on a voluntary basis.

Directors' shareholdings	2010	2009
Philip McConnell	3,400	3,400
Janine Chugg (Appointed 24 November 2009)	-	-
Robin Douglas	10,001	10,001
Richard Burridge	1,000	1,000
David Hall	500	500
Allan Jones	1,000	1,000
Peter Goodear	-	-

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

Note 16. Subsequent events

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

Note 17. Contingent liabilities

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

Note 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 Beaumaris, Victoria.

Notes to the financial statements continued

Note 19. Corporate information

Beumaris Community Financial Services Ltd is a Company limited by shares incorporated in Australia.

The registered office and principal place of business is:

32 East Concourse,
Beumaris VIC 3193

Note 20. Dividends paid or provided for on ordinary shares

No dividends were paid or proposed by the Company during the period.

Note 21. Return of capital

A return of capital was paid to shareholders on 21 June 2010 at the rate of 10 cents per share.

	2010	2009
	\$	\$

Note 22. Earnings per share

Basic earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Profit after income tax expense	85,444	5,602
Weighted average number of ordinary shares for basic and diluted earnings per share	584,559	584,559

Note 23. 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 is assisted in the area of risk management by an internal audit function.

Notes to the financial statements continued

Note 23. Financial risk management (continued)

(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 receivables and cash assets.

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

	Carrying amount	
	2010	2009
	\$	\$
Cash assets	140,518	36,953
Receivables	77,800	63,598
	218,318	100,551

The Company's exposure to credit risk is limited to Australia by geographic area. The majority of receivables are 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.

In addition, the Company has an established overdraft facility of \$150,000 with Bendigo and Adelaide Bank Ltd.

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

Notes to the financial statements continued

Note 23. Financial risk management (continued)

(b) Liquidity risk (continued)

	Carrying amount \$	Contractual cash flows \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$
30 June 2010					
Payables	40,023	(40,023)	(40,023)	-	-
	40,023	(40,023)	(40,023)	-	-
30 June 2009					
Payables	33,245	(33,245)	(33,245)	-	-
	33,245	(33,245)	(33,245)	-	-

(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:

	Carrying amount	
	2010 \$	2009 \$
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	-	-
	-	-
Variable rate instruments		
Financial assets	140,518	36,953
Financial liabilities	-	-
	140,518	36,953

Notes to the financial statements continued

Note 23. Financial risk management (continued)

(c) Market risk (continued)

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 2009 there was also no impact. As at both dates this assumes all other variables remain constant.

(d) Net fair values

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

(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 Statement of Financial Position.

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 Statement of Comprehensive Income.

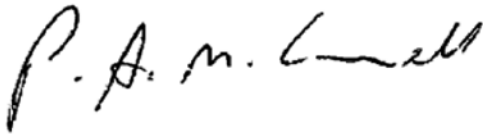
There were no changes in the Company's approach to capital management during the year.

Directors' declaration

In accordance with a resolution of the Directors of Beaumaris 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; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



Philip McConnell
Chairman

Signed at Beaumaris on 24 August 2010.

Independent audit report

Richmond Sinnott & Delahunty Chartered Accountants



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

Partners:
Kenneth J Richmond
Warren J Sinnott
Philip P Delahunty
Brett A Andrews

SCOPE

The financial report comprises the statement of financial position, statement of comprehensive income, statement of cash flows, statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for Beaumaris Community Financial Services Limited, for the year ended 30 June 2010.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are established to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

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

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

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

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

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

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

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ABN 60 616 244 309

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Independent audit report continued

INDEPENDENCE

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

AUDIT OPINION

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

- (a) the Corporations Act 2001 including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

Richmond Sinnott & Delahunty

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W. J. Sinnott

W. J. SINNOTT
Partner
Bendigo

Date: 24 August 2010



Beaumaris **Community Bank**[®] Branch
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Phone: (03) 9589 5366

Franchisee: Beaumaris Community Financial Services Limited
13 North Concourse, Beaumaris VIC 3193
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(BMPAR10034) (08/10)