

Beaumaris Community
Financial Services Limited

ABN 25 100 506 643

annual report 2011



Beaumaris **Community Bank**[®] Branch

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Chairman's report

For year ending 30 June 2011

The financial year 2010/2011 marked a return to stability for banking services and in particular for the efforts of our Company. This may or may not continue into the future but 2010/2011 gave rise to a satisfactory result. Our revenues increased by 10% to \$753,518 whilst we managed to maintain only a nominal increase in expenses. We were thus able to return a net profit of \$117,776 which is an increase of 38% on the previous year. This profit was achieved after allowing for a considerably increased amount of \$69,000 being provided for community support and sponsorship within the Beaumaris and Black Rock communities.

Earlier this year I wrote to you advising that the Board of Directors had considered our current and future financial prospects and decided to approve our first dividend payment of nine cents per share which has subsequently been paid.

Slightly too late for the financial year, I have been delighted to report that the Company has achieved a very important, if not symbolic, milestone in the fact that we achieved a bank "book" of \$100 million in deposits, loans and other financial business. This means so much to us - it means that our venture is stable, profitable and secure, and has the capacity to grow for the future to even further benefit the Beaumaris and Black Rock communities.

Our strategy remains that of building our business to support the growth of the community. Our partnership with the community goes far beyond a desire to promote our services. The Bendigo Bank brand is trusted and that brand, together with the commitment of our Company, represents a long term community partnership. We support through grants and sponsorships, a wide range of groups and associations whose common purpose is to make Beaumaris and Black Rock a better place to live, work and play.

One example is our work with the sporting clubs in the community. This past year we provided the Beaumaris Soccer Club with the means to develop and initiate a new program, "Goal Kick" to build a culture of healthy sporting activity in young children, to better equip them for their future development. We continue to support the community as a whole with our involvement in the "Pilot Boat 3193" community development forum, which has resulted in a comprehensive review of volunteering in our community.

The **Community Bank**[®] model continues to evolve and expand. Today there are more than 275 **Community Bank**[®] branches with over 1,400 dedicated staff right across Australia who have over 865,000 accounts and generate \$19.5 billion in deposit and loan business. To date over \$58 million has been returned to local communities around Australia in the form of community sponsorship and development.

These branches have over 1,600 volunteer Directors and in our case I am delighted to welcome four new Directors to our Board. They are Tony Falkingham, who is a local businessman with considerable experience in finance and business planning. He is joined by Catherine Powell, who has many years experience working in large corporations and now operates her own consultancy in human resources management, project management, mediation and investigative services. We also welcome Anne Stickland, a recently retired Director of a family engineering consultancy who has considerable experience in all areas of Company administration. Finally we are pleased to have Peter Smith, who is a businessman and also very much involved with sport through his association with the Black Rock Football Club. They join existing Directors Phil McConnell (Chair), David Hall (Secretary), Robin Douglas (Treasurer), Allan Jones, Richard Burrridge and Peter Goodear on the Board. All our Directors are long term Beaumaris or Black Rock residents and all have strong community ties with our beautiful area. I would like to acknowledge the wonderful contribution made by Janine Chugg, who resigned from our

Chairman's report continued

Board during the year. Janine's diligence and practical approach, along with her connection with the Beaumaris community through her long association with Beaumaris Theatre, was extremely valuable.

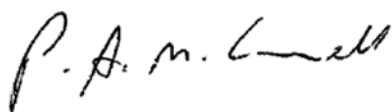
My thanks again go to our wonderful team of people at the branch, capably led by Rob Fenton. They all share a spirit to treat you as a person and to really understand your needs. Sadly during the year we experienced the tragic loss of Barb West who started with us on our very first day and I will leave it to Rob to remember her in his comments.

Our Annual General Meeting will take place this year on Tuesday 22 November at 7.00pm, at Beaumaris North Primary School. An important part of our meeting is to present the 2011 community grants to a number of local organisations and hear for ourselves their enthusiasm for their own special causes. The children at the school will be giving us a special presentation and there will be much more to entertain you on the night. I would urge you to attend and see for yourself what your Company does, and of course to meet with our Board of Directors.

We recently held our annual grants information night, where local community groups gather as we discuss with them their funding needs for the coming year. It was certainly "standing room only" and was an excellent opportunity for many of our community leaders to get together. Afterwards one of the attendees sent us a brief message which, I think, sums up what we are all about:

"In my opinion, last night is what 'community banking' is all about – I was very much impressed by your passion and 'fair dinkum' approach to your audience and community and just wanted to let you and your staff know that your function was very much appreciated. Many thanks to you and the Bendigo Bank staff at Beaumaris for what I feel was an extremely worthwhile event held by a decent group of people – last night reminded me of an old saying we used at the defunct State Bank of Victoria – 'People Bank with People..... Not Banks'. You guys are on a winner."

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. This responsibility forms the core of our existence. Working for the benefit of our customers and their communities is our business strategy. Vibrant communities are good for business.



Phil McConnell
Chairman

Manager's report

For year ending 30 June 2011

We came into the 2011 financial year with some confidence, understanding that the very worst days of the global financial crisis were behind us and that business and consumer confidence had settled, especially in Australia.

This year was again a successful one for Beaumaris **Community Bank**[®] Branch, with our total deposits and loans under management increasing by \$5.3 million to a total of \$98.3 million by the end of the financial year. What pleased me most was that we achieved this growth despite further erosion in confidence from troubled world markets and what was very difficult time for our staff.

We have a superb team at Beaumaris **Community Bank**[®] Branch who is dedicated to bringing our customers the wonderful service that they have come to expect at our branch and I sincerely and warmly thank Ange, Linda, Jana, Marilyn and Kasey for all their efforts and commitment this year. Kim Pearce came back to us for a short time during the year before again leaving to move interstate with her husband.

It was a terrible blow when Barb West, one of our much-loved colleagues, passed away in October from cancer. Barb had been with our branch since we opened in 2002 and from the start of her time with us was an extremely attentive and valuable member of our team. She took a keen personal interest in all her customers, and was often happily chatting to them long after their deposit or withdrawal had finished. Barb's illness came as a shock to us all, and we miss her very much. Vale Barb.

As I have mentioned at many functions, we are able to help the Beaumaris community simply by having people doing their banking with us. We want to do more in our area and so we are always looking to expand and grow our business – the bigger the pie becomes, the more we can serve. I encourage all of our shareholders who may not bank with us to come and talk to us about what they can do with our bank. It all helps.

I thank all of those people who have guided and helped us this year, especially your volunteer Board of Directors, very capably chaired by Phil McConnell. All of the members of our Board have been tireless in their efforts to ensure that the business continues to be strong and have provided real support and comfort to all of the staff through a very trying year.

The staff at Bendigo and Adelaide Bank Ltd have always been incredibly helpful and this year they again provided magnificent support, especially when it was needed most. My thanks go to Janelle and her superb team for everything they have done for us.

I have always said we are here for the long term. We believe we are making a difference in our community and I look forward to leading our branch team to continuing success into the future.



Rob Fenton
Manager

Bendigo and Adelaide Bank Ltd report

For year ending 30 June 2011

As **Community Bank**[®] shareholders you are part of something special, a unique banking movement which has evolved into a whole new way of thinking about organising and strengthening community.

Together, we have reached new heights and achieved many great successes, all of which has been underpinned by our commitment and dedication to the communities we're a part of.

Together we're making extraordinary progress, with more than \$58.25 million returned to support community groups and endeavours since the network was established in 1998.

The returns grow exponentially each year, with \$469 thousand returned within the first five years, \$8.15 million within the first eight and \$22.58 million by the end of the first decade of operation. Based on this, we can predict the community returns should top \$100 million within the next three years, which equates to new community facilities, better health care, increased transport services and generally speaking, more prosperous communities.

Together, we haven't just returned \$58.25 million; there is also the flow on economic impact to consider. Bendigo and Adelaide Bank is in the process of establishing an evidential basis that captures the complete picture and the economic outcomes these initiatives generate. However, the tangible outcomes are obvious. We see it in tenanted shops, increased consumer traffic, retained local capital and new jobs but we know that there are broader elements of community strength beyond the economic indicators, which demonstrate the power of our community models.

It is now evident that branches go through a clear maturity phase, building customer support, generating surpluses and establishing a sustainable income stream. This enables Boards to focus less on generating business and more on the community's aspirations. Bendigo is facilitating this through Director engagement and education, community consultations and other community solutions (Community Enterprise Foundation[™], Community Sector Banking, Community Telco, Generation Green[™] and Community Enterprises) that will provide Boards with further development options.

In Bendigo, your **Community Bank**[®] Board has a committed and successful partner. Our past efforts and continued commitment to be Australia's leading customer-connected bank, that is relevant, connected and valued, is starting to attract attention and reap rewards.

In January, a Roy Morgan survey into customer satisfaction saw Bendigo Bank achieve an industry leading score among Australian retail banks. This was the first time Bendigo Bank has led the overall results since August 2009.

In May, Fitch Ratings upgraded Bendigo and Adelaide Banks Long-Term Issuer Default Rating (IDR) to A- from BBB+. This announcement saw us become the first Australian bank – and one of the very few banks globally – to receive an upgrade since the Global Financial Crisis.

Standard & Poor's revised credit rating soon followed seeing Bendigo and Adelaide Bank shift from BBB+ stable, to BBB+ positive. These announcements reflect the hard and diligent work by all our staff, our sound risk management practices, low-risk funding and balance sheet structure, sound capital ratios and a sustained improvement in profitability.

The strength of our business model – based on our commitment to our customers and the communities that we operate in – is being recognised by all three ratings agencies.

Bendigo and Adelaide Bank Ltd report continued

Over the past year the bank has also added more than 700 additional ATMs through a network sharing agreement with Suncorp Bank, which further enhances our customers' convenience and expands our footprint across the country. In addition to this a further 16 **Community Bank**[®] branches were opened.

The bank has also had a renewed focus on business banking and re-launched our wealth management services through Bendigo Wealth, which oversees the Adelaide Bank, Leveraged Equities, Sandhurst Trustees and financial planning offering.

The **Community Bank**[®] model is unique and successful, it's one of our major points of difference and it enables us to connect with more than 550,000 customers, in excess of 270 communities and make a difference in the lives of countless people.

We are very proud of the model we have developed and we're very thankful for the opportunity to partner with communities to help build their balance sheets.

We thank you all for the part you play in driving this success.



Russell Jenkins
Executive Customer and Community

Directors' report

For the financial year ended 30 June 2011

Your Directors submit the financial report of the Company for the financial year ended 30 June 2011.

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 (resigned 23 November 2010)

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

Catherine Powell (appointed 27 January 2011)

Director

Occupation: Human Relation Manager

Peter Smith (appointed 27 January 2011)

Director

Occupation: Company Manager

Anne Stickland (appointed 27 January 2011)

Director

Occupation: Retired

Antony Falkingham (appointed 22 February 2011)

Director

Occupation: Accountant

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.

Review of operations

Operations for the financial year have resulted in a profit after income tax expense of \$117,776 (2010: \$85,444).

Directors' report continued

Dividends and return of capital

The Company paid a return of capital of nil cents per share (2010: 10 cents per share) during the year.

The Company paid a an unfranked dividend of 9 cents per share (2010: nil cents per share) during the 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.

Significant events after the balance date

Since the balance date, world financial markets have shown volatility that may have an impact on investment earnings in the 2011/12 financial year. The Company continues to maintain a conservative investment strategy to manage the exposure to market volatility.

There are no other 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.

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' report continued

Directors' meetings

The number of Directors' meetings attended during the year were:

Director	Board meetings #
Philip McConnell	8 (11)
Janine Chugg (resigned 23 November 2010)	4 (5)
Robin Douglas	10 (11)
Richard Burrige	9 (11)
David Hall	11 (11)
Allan Jones	11 (11)
Peter Goodear	11 (11)
Catherine Powell (appointed 27 January 2011)	5 (6)
Anne Stickland (appointed 27 January 2011)	5 (6)
Peter Smith (appointed 27 January 2011)	4 (6)
Antony Falkingham (appointed 22 February 2011)	4 (5)

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

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 Consumer 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 provides occasional consulting as a sole trader registered as Change-Ability.

Remuneration report

During the financial year ending 30 June 2011 an amount of \$2,200 (2010: nil) was paid to Inspired Business Group which is owned by Director Peter Goodear. An amount of \$1,000 (2010: nil) was also paid to Maximum Enterprises which is owned by Director Phil McConnell both payments were in relation to the development and maintenance of the Company Website.

Other than stated above, 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.

Directors' report continued

Corporate governance

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

- (a) The establishment of an audit & risk committee. Members of the audit & risk committee are Robin Douglas; Richard Burridge; and Rob Fenton (Branch Manager)
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

Auditor independence declaration

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



23 September 2011

The Directors
Beamaris Community Financial Services Ltd
32 East Concourse
BEAUMARIS VIC 3193

Dear Directors

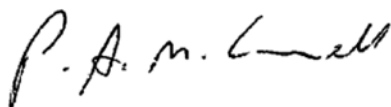
Auditor's Independence Declaration

In relation to our audit of the financial report of Beamaris Community Financial Services Limited for the year ended 30 June 2011, 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

Signed in accordance with a resolution of the Board of Directors at Beamaris, Victoria on 23 September 2011.



Philip McConnell, Chairman

Financial statements

Statement of comprehensive income for the year ended 30 June 2011

	Note	2011 \$	2010 \$
Revenues from continuing operations	2	753,518	685,241
Employee benefits expense	3	(321,821)	(320,143)
Charitable donations and sponsorship		(69,160)	(59,444)
Depreciation and amortisation expense	3	(22,206)	(22,585)
Other expenses		(173,802)	(153,194)
Profit before income tax expense		166,529	129,875
Income tax expense	4	48,753	44,431
Profit after income tax expense		117,776	85,444
Other comprehensive income		-	-
Total comprehensive income		117,776	85,444
Earnings per share (cents per share)			
- basic for profit for the year	22	20.15	14.62
- diluted for profit for the year	22	20.15	14.62

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of financial position as at 30 June 2011

	Note	2011 \$	2010 \$
Current assets			
Cash and cash equivalents	6	283,796	140,518
Receivables	7	71,345	77,800
Total current assets		355,141	218,318
Non-current assets			
Property, plant and equipment	8	74,435	78,044
Deferred tax assets	4	24,929	73,682
Intangible assets	9	12,500	22,500
Total non-current assets		111,864	174,226
Total assets		467,005	392,544
Current liabilities			
Payables	10	53,336	40,023
Provisions	11	33,607	37,625
Total current liabilities		86,943	77,648
Total liabilities		86,943	77,648
Net assets		380,062	314,896
Equity			
Share capital	12	526,103	526,103
Accumulated losses	13	(146,041)	(211,207)
Total equity		380,062	314,896

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows for the year ended 30 June 2011

	Note	2011 \$	2010 \$
Cash flows from operating activities			
Cash receipts in the course of operations		826,832	735,789
Cash payments in the course of operations		(630,282)	(575,273)
Interest received		7,935	2,548
Net cash flows from operating activities	14b	204,485	163,064
Cash flows from investing activities			
Purchase of property plant & equipment		(8,597)	(1,043)
Net cash flows used in investing activities		(8,597)	(1,043)
Cash flows from financing activities			
Return of share capital		-	(58,456)
Dividend paid		(52,610)	-
Net cash flows used in financing activities		(52,610)	(58,456)
Net increase in cash held		143,278	103,565
Cash and cash equivalents at start of year		140,518	36,953
Cash and cash equivalents at end of year	14a	283,796	140,518

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity for the year ended 30 June 2011

	Note	2011 \$	2010 \$
Share capital			
Balance at start of year		526,103	584,559
Less return of share capital		-	(58,456)
Share issue costs		-	-
Balance at end of year		526,103	526,103
Accumulated losses			
Balance at start of year		(211,207)	(296,651)
Profit after income tax expense		117,776	85,444
Dividends paid	20	(52,610)	-
Balance at end of year		(146,041)	(211,207)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2011

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 2011 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 23 September 2011.

(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. These changes are not expected to have a material impact on the Company's financial statements.

(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 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.

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.

Notes to the financial statements continued

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

Property, plant and equipment

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

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.

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.

Notes to the financial statements continued

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

Goods and services tax (continued)

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 in the form of 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.

Revenue

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

Receivables and payables

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

Loans and borrowings

All loans are measured at the principal amount. Interest is recognised as an expense as it accrues.

Notes to the financial statements continued

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

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.

Comparative figures

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

	2011 \$	2010 \$
Note 2. Revenue from continuing operations		
Operating activities		
- services commissions	745,583	682,693
- other revenue	745,583	682,693
Non-operating activities:		
- interest received	7,935	2,548
- other revenue	-	-
	7,935	2,548
	753,518	685,241

Notes to the financial statements continued

	2011 \$	2010 \$
Note 3. Expenses		
Employee benefits expense		
- wages and salaries	273,695	270,044
- superannuation costs	30,750	32,501
- workers' compensation costs	851	753
- other costs	16,525	16,845
	321,821	320,143
Depreciation of non-current assets:		
- plant and equipment	7,977	8,356
- leasehold improvements	4,229	4,229
Amortisation of non-current assets:		
- intangibles	10,000	10,000
	22,206	22,585
Bad debts	1,046	28

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%	49,959	38,963
Add tax effect of:		
-Non-deductible expenses	(1,206)	5,468
Current income tax expense	48,753	44,431
Income tax expense	48,753	44,431
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.	24,929	73,682

Notes to the financial statements continued

	2011 \$	2010 \$
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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	3,900
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Note 6. Cash and cash equivalents

Cash on hand	283,796	140,518
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Note 7. Receivables

Accrued income	66,520	69,141
Prepayments	3,025	3,025
Deposits	1,800	1,800
Other receivables	-	3,834
	71,345	77,800

Note 8. Property, plant and equipment

Leasehold improvements

At cost	63,432	63,432
Less accumulated depreciation	(34,840)	(30,611)
	28,592	32,821

Plant and equipment

At cost	172,453	163,856
Less accumulated depreciation	(126,610)	(118,633)
	45,843	45,223
Total written down amount	74,435	78,044

Movements in carrying amounts

Leasehold improvements

Carrying amount at beginning of year	32,821	37,050
Depreciation expense	(4,229)	(4,229)
Carrying amount at end of year	28,592	32,821

Notes to the financial statements continued

	2011	2010
	\$	\$
Note 8. Property, plant and equipment (continued)		
Plant and equipment		
Carrying amount at beginning of year	45,223	52,536
Additions and disposals	8,597	1,043
Depreciation expense	(7,977)	(8,356)
Carrying amount at end of year	45,843	45,223

Note 9. Intangible assets

Franchise fee		
At cost	50,000	50,000
Less accumulated amortisation	(37,500)	(27,500)
	12,500	22,500

Note 10. Payables

Trade creditors	25,790	17,614
Other creditors and accruals	27,546	22,409
	53,336	40,023

Note 11. Provisions

Employee benefits	33,607	37,625
Movement in employee benefits		
Opening balance	37,625	19,597
Additional provisions recognised	20,878	27,481
Amounts utilised during the year	(24,896)	(9,453)
Closing balance	33,607	37,625

Note 12. Share capital

584,559 Ordinary shares fully paid of \$1 each	584,559	584,559
Less return of share capital	(58,456)	(58,456)
	526,103	526,103

Notes to the financial statements continued

	2011 \$	2010 \$
Note 13. Accumulated losses		
Balance at the beginning of the financial year	(211,207)	(296,651)
Profit after income tax	117,776	85,444
Dividends	(52,610)	-
Balance at the end of the financial year	(146,041)	(211,207)

Note 14. Statement of cash flows

(a) Cash and cash equivalents

Cash assets	283,796	140,518
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(b) Reconciliation of profit after tax to net cash from operating activities

Profit after income tax	117,776	85,444
Non cash items		
- Depreciation	12,206	12,585
- Amortisation	10,000	10,000
Changes in assets and liabilities		
- (Increase) decrease in receivables	6,455	(14,202)
- Increase (decrease) in payables	13,313	6,778
- Increase (decrease) in provisions	(4,018)	18,028
- (Increase) decrease in deferred tax asset	48,753	44,431
Net cash flows from operating activities	204,485	163,064

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 (Resigned 23 November 2010)
Robin Douglas
Richard Burridge
David Hall
Allan Jones
Peter Goodear
Catherine Powell (Appointed 27 January 2011)
Anne Stickland (Appointed 27 January 2011)
Peter Smith (Appointed 27 January 2011)
Antony Falkingham (Appointed 22 February 2011)

During the financial year ending 30 June 2011 an amount of \$2,200 (2010: nil) was paid to Inspired Business Group which is owned by Director Peter Goodear. An amount of \$1,000 (2010: nil) was also paid to Maximum Enterprises which is owned by Director Phil McConnell both payments were in relation to the development and maintenance of the Company Website.

Other than stated above, 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	2011	2010
Philip McConnell	3,400	3,400
Janine Chugg (Resigned 23 November 2010)	-	-
Robin Douglas	10,001	10,001
Richard Burridge	1,000	1,000
David Hall	500	500
Allan Jones	1,000	1,000
Peter Goodear	-	-
Catherine Powell (appointed 27 January 2011)	-	-
Anne Stickland (appointed 27 January 2011)	1,000	1,000
Peter Smith (appointed 27 January 2011)	-	-
Antony Falkingham (appointed 22 February 2011)	-	-

There was no movement in Directors' shareholdings during the year. Each share held has a paid up value of 90 cents and is fully paid.

Notes to the financial statements continued

Note 16. Subsequent events

Since the balance date, world financial markets have shown volatility that may have an impact on investment earnings in the 2011/12 financial year. The Company continues to maintain a conservative investment strategy to manage the exposure to market volatility.

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

Note 17. Contingent liabilities and assets

There were no contingent liabilities or assets 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.

Note 19. Corporate information

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

The registered office is:	The principal place of business is:
13 North Concourse, Beaumaris VIC 3193	32 East Concourse, Beaumaris VIC 3193

	2011	2010
	\$	\$

Note 20. Dividends paid or provided for on ordinary shares

(a) Dividends paid during the year

Current year final		
Unfranked dividends - 9 cents per share (2010: nil cents per share)	52,610	-

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.

Notes to the financial statements continued

	2011 \$	2010 \$
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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	117,776	85,444
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.

(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	
	2011 \$	2010 \$
Cash assets	283,796	140,518
Receivables	71,345	77,800
	355,141	218,318

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.

Notes to the financial statements continued

Note 23. Financial risk management (continued)

(a) Credit risk (continued)

None of the assets of the Company are past due (2010: 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.

	Carrying amount \$	Contractual cash flows \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$
30 June 2011					
Payables	53,336	(53,336)	(53,336)	-	-
	53,336	(53,336)	(53,336)	-	-
30 June 2010					
Payables	40,023	(40,023)	(40,023)	-	-
	40,023	(40,023)	(40,023)	-	-

(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.

Notes to the financial statements continued

Note 23. Financial risk management (continued)

(c) Market risk (continued)

Sensitivity analysis

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

	Carrying amount	
	2011	2010
	\$	\$
Fixed rate instruments		
Financial assets	204,622	-
Financial liabilities	-	-
	204,622	-
Variable rate instruments		
Financial assets	79,174	140,518
Financial liabilities	-	-
	79,174	140,518

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.

(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.

Notes to the financial statements continued

Note 23. Financial risk management (continued)

(e) Capital management (continued)

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 2011 can be seen in the Statement of Comprehensive Income.

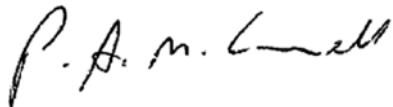
There were no changes in the Company's approach to capital management during the year.

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 2011 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia, International Financial Reporting Standards 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 23 September 2011.

Independent audit report



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

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 2011.

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.

Partners: Kenneth J Richmond • Warren J Sinnott • Philip P Delahunty • Brett A Andrews
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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 2011 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

Chartered Accountants



W. J. SINNOTT

Partner
Bendigo

Date: 23 September 2011



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(BMPAR11120) (10/11)