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Chairperson's report

For year ending 30 June 2005

The performance of the Company for the financial year 2005/2006 has met the expectations of the Board. We continue to be the largest Company in terms of funds managed in the Community Bank® network across Australia. The network now consists of in excess of 160 branches.

Because of the growth of the branches at Koo wee Rup and Narre Warren South we have grown to the extent that it is now a requirement from BBL that we must progress the classification of these branches from that of a sub branch to that of a fully franchised branch.

The growth of our Company has been carefully and strategically planned with the interests of our shareholder paramount to the strategies put into place even before we opened our first site at Lang Lang.

Our Board is now confident that we can move into the next phase of our planning with the announcement at our AGM of an exciting Major Grants Program. This initiative will return significant benefits to our communities.

As an aid in providing maximum returns to our communities we have lodged a sum of \$50,000 with the Cardinia Foundation. These funds, after consultation with the Trustees of the Foundation will be distributed into our community.

Once again we acknowledge the performance of the staff at each of our four branches capably led by our Senior Manager, John Dwyer who continues to drive our Company at an operational level and our performance year to date is pleasingly ahead of budget.

Our thanks to BBL and our Relationship Manager, Bill Den Hartog for continued support and guidance.

To our Board of Directors, thank you for your continued dedicated service to our communities in the fulfilment of your role as a Director of our Company.

Chairperson's report continued

To retiring Director Russell Jenkins, I would like to thank you sincerely for your involvement with our Company from its establishment. Russell of course has been the BBL representative on our Board since its inception in 1998. As we were the third Community Bank® branch, Russell was then responsible for the rolling out of the concept Australia wide. Following a recent promotion within BBL, Russell is now general manager of BBL retail banking, Community Bank® department Australia, which gives him responsibility for well in excess of 300 branches Australia wide. Thanks Russ for your help. The door will always be open for you at Lang Lang.



Max Papley

Chairman

Manager's report 30 June 2005

It is nearing seven years now since our community Company started out. Our business now spreads across four branches with an off site ATM at Beaconsfield.

Over the last financial year our business has grown significantly in size with an increase in business for the year of just on 18.5%. This is a fantastic achievement and places us as the largest Community Bank® Company in Australia at the moment.

Due to the diversity of our branches, in terms of longevity, it is interesting to see the spread of business that each of our branches manages.

In percentage terms the spread of business of our total portfolio is as follows:

Lang Lang	35.6% of total business
Pearcedale	30.6% of total business
Koo Wee Rup	21.3% of total business
Narre Warren South	12.5% of total business

This strong growth within our group has been possible because of the continued dedication and support of our branch staff. We have had significant contributions from Darren Guinea and his team at Lang Lang, Scott Williams and his team at Pearcedale, Richard Roach and his team at Koo Wee Rup and last but not least Michelle Hawke and her Narre Warren South team. I congratulate them all on helping to make our branches such friendly & professional places to visit.

I once again seek the support of all our Shareholders and local residents to help us grow our Company even further so that we can contribute to our local community through sponsorships, donations and dividends. Please continue to support our Community Bank® branches and encourage your family and friends to utilise our services and products.

Finally, I must thank Max Papley and the Board of Directors for the support they have given to all our staff and myself over the past 12 months. Their commitment to their local communities is to be congratulated.



John Dwyer
Senior Manager

Directors' report 30 June 2005

Directors

The names and details of the Company's Directors who held office during or since the end of the financial year:

Maxwell William Papley

Chairman

Age: 65

Occupation: Retail Rural Merchandise Propriator

Experience and expertise:

- Chairman CFSV Ltd since inception
- Trustee Cardinia Foundation

Special responsibilities:

- Chairman of the Board

Interests in shares: 5,250 Ordinary Shares

Michael John Duff

Director

Age: 41

Occupation: Owner Operator

Experience and expertise:

- KooWeeRup CFA Captain
- President KooWeeRup Business Association

Special responsibilities:

- Finance & Budget Sub Committee
- Marketing & Promotions Sub Committee

Interests in shares: 30,000 Ordinary Shares

Douglas Hugh Hamilton

Deputy Chairman

Age: 68

Occupation: Grazier

Experience and expertise:

- Councillor Westernport Ward Cardinia Shire

Special responsibilities:

- Chairman of Human Resources Sub Committee
- Audit & Governance Sub Committee

Interests in shares: 9,100 Ordinary Shares

Tania Lyn Hansen

Secretary

Age: 35

Occupation: Student

Experience and expertise:

- Former Secretary of Lang Lang Town Committee
- Lang Lang School Council Member

Special responsibilities:

- Finance & Budget Sub Committee
- Human Resources Sub Committee

Interests in shares: 500 Ordinary Shares

Maxwell Arthur John Kneebone

Director

Age: 68

Occupation: Grazier

Experience and expertise:

Special responsibilities:

- Chairman of Asset Management Sub Committee
- Marketing & Promotions Sub Committee

Interests in shares: 52,500 Ordinary Shares

John Munro Lyle

Director

Age: 54

Occupation: Self Employed Retail Propriator

Experience and expertise:

- Finance and Banking Background

Special responsibilities:

- Chairman of Marketing & Promotions Sub Committee

Interests in shares: 15,850 Ordinary Shares

Directors' report 30 June 2005

Glenister Malcolm McGregor

Director

Age: 64

Occupation: Owner Operator, Grazier

Experience and expertise:

- Former Chairman of Lang Lang Town Committee

Special responsibilities:

- Chairman of Audit & Governance Committee

- Asset Management Committee

Interests in shares: 56,000 Ordinary Shares

Gordon Lovell Sampson

Director

Age: 69

Occupation: Semi Retired Self Employed Electrician

Experience and expertise:

- Chairman of Lang Lang Town Committee

- Chairman of Lang Lang PA&H Society

Special responsibilities:

- Asset Management Committee

- Audit & Governance Committee

Interests in shares: 5,700 Ordinary Shares

Ronald James Witney

Director

Age: 46

Occupation: Pharmacist

Experience and expertise:

- 15 years Pharmacist in Pearcedale

Special responsibilities:

- Audit & Governance Sub Committee

- Human resources Sub Committee

Interests in shares: 17,200 Ordinary Shares

Russell Peter Jenkins

Director

Age: 43

Occupation: Bank Executive

Experience and expertise:

- Bendigo Bank employee with many years experience in banking sector

Special responsibilities:

- Bendigo Bank Ltd consultation

Interests in shares: Nil Shareholding

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

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

Company Secretary

The Company Secretary is Tania Hansen. Tania was appointed to the position of Secretary on 16 September 2003. She holds a Bachelor degree in linguistics. Previously Tania held the position of Treasurer and has a history in the banking sector. She has gained experience whilst being involved at committee level on several local community committees.

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 Bank Limited.

There has been no significant changes in the nature of these activities during the year.

Directors' report 30 June 2005 continued

Operating results

Operations have continued to perform in line with expectations. The profit by the Company for the financial year was:

Year ended 30 June 2005	Year ended 30 June 2004
\$	\$
69,531	1,296

Remuneration report

No Director of the Company receives remuneration for services as a Company Director or Committee member.

The Senior Manager of the Bank receives a gross remuneration of \$78,000. Performance incentives do not form any part of the Manager's remuneration. He also receives employer superannuation support.

Dividends

No dividends were declared or paid for the previous year and the Directors recommend that no dividend be paid for the current year.

Return of capital

The Directors propose a seven cents per share return of capital which will need to be passed at the upcoming Annual General Meeting.

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 or the financial report.

Likely developments

The Company will continue its policy of providing banking services to the community.

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.

Environmental regulation

The Company is not subject to any significant environmental regulation.

Directors' report 30 June 2005 continued

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 of, 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 other than interests and benefits disclosed at Note 19 to the Financial Report.

Indemnification and insurance of Directors and officers

The Company has indemnified all Directors and the Manager in respect of liabilities to other persons (other than the Company or related body corporate) that may arise from their position as Directors or Managers of the Company except where the liability arises out of conduct involving the lack of good faith.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The Company has not provided any insurance for an auditor of the Company or a related body corporate.

Directors meetings

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

	Number of Board meetings	
	eligible to attend	Number attended
Maxwell William Papley	11	10
Michael John Duff	11	7
Douglas Hugh Hamilton	11	10
Tania Lyn Hansen	11	11
Maxwell Arther John Kneebone	11	9
John Munro Lyle	11	9
Glenister Malcolm McGregor	11	9
Gordon Lovell Sampson	11	11
Ronald James Witney	11	8
Russell Peter Jenkins	11	1
Wilhelmus Antonius Den Hartog	11	4
(Alternate for Russell Peter Jenkins)		

Directors' report 30 June 2005 continued

Non Audit services

The Company may decide to employ the Auditor on assignments additional to their statutory duties where the Auditor's expertise and experience with the Company are important. Details of the amounts paid or payable to the Auditor (Andrew Frewin & Stewart) for audit and non audit services provided during the year are set out in the notes to the accounts.

The Board of Directors has considered the position, in accordance with the advice received from the Audit Committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are satisfied that the provision of non-audit services by the Auditor, as set out in the notes did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

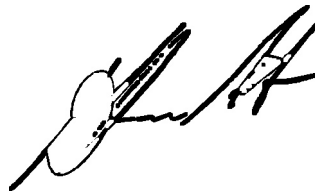
- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact on the impartiality and objectivity of the auditor;
- none of the services undermine the general principles relating to Auditor independence as set out in Professional Statement F1, including reviewing or auditing the Auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

A copy of the Auditors' Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 29.

Signed in accordance with a resolution of the Board of Directors at Lang Lang on 4 October 2005.



Maxwell W. Papley
Chairman



Douglas H. Hamilton
Director

Financial statements

Statement of financial performance

For year ending 30 June 2005

	Note	2005 \$	2004 \$
Revenue from ordinary activities	2	1,392,789	1,104,138
Salaries and employee benefit expense		(683,995)	(612,687)
Depreciation and amortisation expense	3	(61,856)	(60,801)
Occupancy and associated costs		(114,725)	-
General administration expenses		(430,663)	(429,354)
Profit from ordinary activities before income tax expense		101,550	1,296
Income tax expense relating to ordinary activities	4	32,019	-
Profit from ordinary activities after income tax expense		69,531	1,296
Total changes in equity other than those resulting from transactions with owners as owners		69,531	1,296

The accompanying notes form part of these financial statements

Financial statements continued

Statement of financial position

As at 30 June 2005

	Note	2005 \$	2004 \$
CURRENT ASSETS			
Cash assets	5	354,373	238,334
Receivables	6	114,155	112,188
TOTAL CURRENT ASSETS		468,528	350,522
NON-CURRENT ASSETS			
Property, plant and equipment	7	222,236	248,038
Intangibles	8	180,078	212,130
TOTAL NON-CURRENT ASSETS		402,314	460,168
TOTAL ASSETS		870,842	810,690
CURRENT LIABILITIES			
Payables	9	90,403	82,526
Interest bearing liabilities	10	-	8,689
Tax liability	11	29,458	-
Provisions	12	39,228	40,634
TOTAL CURRENT LIABILITIES		159,089	131,849
NON CURRENT LIABILITIES			
Interest bearing liabilities	13	145,030	145,030
TOTAL NON CURRENT LIABILITIES		145,030	145,030
TOTAL LIABILITIES		304,119	276,879
NET ASSETS		566,723	533,811
EQUITY			
Contributed equity	14	659,137	695,756
Accumulated losses	15	(92,414)	(161,945)
TOTAL EQUITY		566,723	533,811

The accompanying notes form part of these financial statements

Financial statements continued

Statement of cash flows

For the year ending 30 June 2005

	Note	2005 \$	2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		1,376,635	1,069,899
Other receipts		-	6,500
Cash payments in the course of operations		(1,218,368)	(1,063,612)
Interest received		9,833	7,158
Net cash flows provided by operating activities	16 (b)	168,100	19,945
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(6,474)	(135,040)
Net cash flows used in investing activities		(6,474)	(135,040)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital return (5c/share)		(36,619)	(36,619)
Repayment of borrowings		(8,968)	(10,761)
Proceeds from borrowings		-	145,030
Net cash provided by/used in financing activities		(45,587)	97,650
Net increase in cash held		116,039	(17,445)
Cash at the beginning of the financial year		238,334	255,779
Cash at the end of the financial year	16 (a)	354,373	238,334

The accompanying notes form part of these financial statements

Notes to the financial statements

For year ending 30 June 2005

Note 1: Summary of significant accounting policies

Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 including applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Income tax

Income tax has been brought to account using the liability method of tax effect accounting whereby income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expenses are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised.

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.

Notes to the financial statements continued

Note 1: Summary of significant accounting policies continued

Employee entitlements

The provision for employee entitlements to wages, salaries and annual leave represents the amount which the Company has a present obligation to pay resulting from employees' services provided up to the balance date. The provision has been calculated at nominal amounts based on current wage and salary rates 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

The cost of the Company's franchise fee has been recorded at cost and is amortised on a straight line basis at a rate of 20% per annum.

Cash

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.

Property, plant and equipment

Property, plant and equipment are carried at cost or at independent or Directors' valuation, less where applicable any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the assets employment and subsequent disposal.

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on a straight line basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or estimated useful lives of the improvements.

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

Class of fixed assets	Depreciation rate (%)
Leasehold improvements	2.5 - 15
Motor vehicle	22.5
Plant and equipment	2.5 - 25

Notes to the financial statements continued

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).

Payment terms

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

Receivables and payables

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. 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.

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.

Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business exceeds the fair value attributed to its net assets at the date of acquisition. Purchased goodwill is amortised on a straight line basis over the period of 13 years based on the options for continued support via franchise agreements from Bendigo Bank Limited. The balance is reviewed annually and any balance representing future benefits for which the realisation is considered to be no longer probable is written off.

Notes to the financial statements continued

	2005	2004
	\$	\$

Note 2: Revenue from ordinary activities

OPERATING ACTIVITIES:

- services commissions	1,382,956	1,091,231
- other revenues	-	6,500
Total revenue from operating activities	1,382,956	1,097,731

NON-OPERATING ACTIVITIES:

- interest received	9,833	6,407
Total revenue from non-operating activities	9,833	6,407
Total revenues from ordinary activities	1,392,789	1,104,138

Note 3: Expenses

Depreciation of non-current assets:

- plant & equipment	27,313	18,929
- motor vehicle	4,963	6,403

Amortisation of non-current assets:

- intangibles	12,000	10,910
- goodwill	17,040	17,040
- other	540	7,519
	61,856	60,801

Notes to the financial statements continued

	2005	2004
	\$	\$

Note 4: Income tax expense

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

Operating profit	101,550	1,296
Prima facie tax on profit from ordinary activities at 30%	30,465	389
ADD TAX EFFECT OF:		
- non-deductible expenses	9,995	6,101
LESS:		
- prior year losses brought to account	8,441	6,490
Income tax credit on operating profit	32,019	-

Note 5: Cash assets

Cash at bank and on hand	254,373	138,334
Term deposits	100,000	100,000
	354,373	238,334

6. Receivables

Trade debtors	105,841	108,842
Prepayments	4,320	1,620
Accrued interest	3,994	1,726
	114,155	112,188

Notes to the financial statements continued

	2005 \$	2004 \$
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Note 7: Property, plant and equipment

MOTOR VEHICLE @ COST

At cost	29,289	29,289
Less: accumulated depreciation	(12,196)	(7,233)
Total written down amount	17,093	22,056

PLANT & EQUIPMENT @ COST

At cost	305,803	299,329
Less: accumulated depreciation	(100,660)	(73,347)
Total written down amount	205,143	225,982
	222,236	248,038

MOVEMENTS IN CARRYING AMOUNTS:

MOTOR VEHICLE @ COST

Carrying amount at beginning	22,056	28,459
Additions	-	-
Disposals	-	-
Less: depreciation expense	(4,963)	(6,403)
Carrying amount at end	17,093	22,056

PLANT & EQUIPMENT @ COST

Carrying amount at beginning	225,985	109,874
Additions	6,472	135,040
Disposals	-	-
Less: depreciation expense	(27,313)	(18,929)
Carrying amount at end	205,143	225,985
	222,236	248,041

Notes to the financial statements continued

	2005	2004
	\$	\$

Note 8: Intangible assets

FRANCHISE FEE (LANG LANG)

At cost	10,000	10,000
Less: accumulated amortisation	(3,152)	(1,152)
	6,848	8,848

FRANCHISE FEE (PEARCEDALE)

At cost	50,000	50,000
Less: accumulated amortisation	(15,758)	(5,758)
	34,242	44,242

GOODWILL

At valuation	218,508	221,520
Less: accumulated amortisation	(79,520)	(62,480)
	138,988	159,040
	180,078	212,130

Note 9: Payables

Trade creditors and accruals	85,260	82,526
Superannuation payable	5,143	-
	90,403	82,526

Note 10: Interest bearing liabilities

CURRENT

Hire purchase liabilities	-	8,968
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Notes to the financial statements continued

	2005 \$	2004 \$
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Note 11: Tax liabilities

Income tax payable	29,458	-
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Note 12: Provisions

Employee provisions	39,228	40,634
Number of employees at year end	13	14

Note 13: Loans

Non-interest bearing liabilities	145,030	145,030
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The cost of fitting out the Narre Warren South branch was funded by the landlords of the building. The Company has a private agreement to repay the fit out costs once the branch is profitable. Interest is not payable on the loan until profitability is achieved.

Note 14: Contributed equity

Ordinary share issued beginning of year	695,756	732,375
Ordinary share capital returned during the year	(36,619)	(36,619)
	659,137	695,756

Note 15: Accumulated losses

Balance at the beginning of the financial year	(161,945)	(163,241)
Net profit from ordinary activities after income tax	69,531	1,296
Balance at the end of the financial year	(92,414)	(161,945)

Notes to the financial statements continued

	2005 \$	2004 \$
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Note 16: Statement of cash flows

(a) Reconciliation of cash

Cash at bank and on hand	354,373	238,334
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(b) Reconciliation of profit from ordinary activities after tax to net cash provided by/(used in) operating activities

Profit from ordinary activities after income tax	69,531	1,296
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Non cash items:

- amortisation	29,580	17,040
- depreciation	32,276	25,332
- hire purchase charges	156	1,005

Changes in assets and liabilities:

- (increase)/decrease in receivables	(1,967)	(9,315)
- (increase)/decrease in other assets	32,052	(40,723)
- increase/(decrease) in payables	7,878	20,294
- increase/(decrease) in other liabilities	(1,406)	5,016
Net cashflows provided by operating activities	168,100	19,945

Note 17: Auditors' remuneration

Amounts received or due and receivable by the auditor of the Company for:

- audit services (Andrew Frewin & Stewart)	2,400	-
- audit and review services (Duncan F Smith)	3,500	3,830
- other services in relation to the entity	-	-
	5,900	3,830

Duncan F Smith resigned as Auditors, and the Directors appointed Andrew Frewin & Stewart.

Notes to the financial statements continued

Note 18: Director and related party disclosures

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

Maxwell William Papley

Michael John Duff

Douglas Hugh Hamilton

Tania Lyn Hansen

Maxwell Arther John Kneebone

John Munro Lyle

Glenister Malcolm McGregor

Gordon Lovell Sampson

Ronald James Witney

The Company made payments of \$19,084 to Maxwell Arthur Kneebone for rental of the branch premises at Lang Lang. The terms and conditions of this rental arrangement are on a commercial basis.

The Company made payments of \$2,400 to Tania Hansen for services performed as Secretary, including but not limited to, bookkeeping, corporate affairs administration, accounts liaison, and other Company Secretarial duties.

In the normal course of business operations, Community Financial Services Victoria Ltd utilised services offered by local community business. Some of these transactions included businesses which some Directors have direct or indirect interest. These transactions are not material, are considered to be on arms length basis and on normal commercial terms.

Notes to the financial statements continued

Note 18: Director and related party disclosures continued

	2005	2004
Directors shareholdings	\$	\$
Maxwell William Papley	5,250	5,250
Michael John Duff	30,000	30,000
Douglas Hugh Hamilton	9,100	9,100
Tania Lyn Hansen	500	500
Maxwell Arther John Kneebone	52,500	52,500
John Munro Lyle	15,850	15,850
Glenister Malcolm McGregor	56,000	56,000
Gordon Lovell Sampson	5,700	5,700
Ronald James Witney	17,200	11,200

	2005	2004
	¢	¢

Note 19: Earnings per share

Profit per share for the financial year were:	9.5	0.18
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Note 20: International Financial Reporting Standards - Impact of adopting Australian equivalents to IFRS

Entities complying with AIFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of AIFRS to that comparative period. Most adjustments required on transition to AIFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

The Company has established a project team to manage the transition to AIFRS, including training of staff and internal control changes necessary to gather all the required financial information. The transition is currently on schedule.

Notes to the financial statements continued

Note 20: International Financial Reporting Standards - Impact of adopting Australian equivalents to IFRS continued

20 (a) Goodwill

Under AASB 3: Business Combinations, goodwill is capitalised to the Statement of Financial Position and subject to an annual impairment test. Amortisation of goodwill is prohibited. Current accounting policy of the Company is to amortise goodwill on a straight-line basis over a period of 20 years.

Impairment testing as at 1 July 2005 confirmed no impairment of the \$218,508 goodwill less accumulated amortisation of \$79,520 as disclosed in the financial statements of 30 June 2005. The goodwill of \$79,520 previously amortised will therefore be reversed, resulting in a corresponding increase in profit to amounting to \$79,520 for the year ended 30 June 2005.

20 (b) Income tax

Under AASB 112 Income Taxes, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity.

If the policy required by AASB 112 had been applied during the year ended 30 June 2005, there would have been no impact on the value of deferred tax assets or liabilities.

Note 21: Subsequent events

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

Note 22: Contingent liabilities

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

Notes to the financial statements continued

Note 23: Registered office/principal place of business

The registered office and principal place of business is:

Registered office	Principal place of business
29 Westernport Road	29 Westernport Road
Lang Lang, VIC 3984	Lang Lang, VIC 3984

Note 24: Segment Reporting

	Total revenue		Profit/(loss) from ordinary activities after income tax		Total assets	
	2005	2004	2005	2004	2005	2004
Geographic segments	\$	\$	\$	\$	\$	\$
Lang Lang	569,619	584,531	148,192	142,988	531,532	486,738
Pearcedale	480,017	358,773	131,616	63,330	169,884	146,951
Koo Wee Rup	206,745	134,598	(60,747)	(87,456)	35,941	42,233
Narre Warren South	136,408	26,236	(149,530)	(117,566)	133,485	134,768
Total	1,392,789	1,104,138	69,531	1,296	870,842	810,690

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity primarily operates in the geographic areas of Lang Lang, Pearcedale, Koo Wee Rup, Narre Warren South & their surrounding districts of Victoria.

Notes to the financial statements continued

Note 25: Financial instruments

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 the year end.

Credit risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Interest rate risk

			Fixed interest rate maturing in									
Financial instrument	Floating interest Rate		1 year or less		Over 1 to 5 years		Over 5 years		Non interest bearing		Weighted average effective interest rate	
	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$	2005 %	2004 %
FINANCIAL ASSETS												
Cash assets	109,117	25,038	-	-	-	-	-	-	-	-	.05	.05
Ethical investment	145,256	113,296	-	-	-	-	-	-	-	-	4.76	4.76
Term deposit	-	-	100,000	100,000	-	-	-	-	-	-	5.35	5.25
Receivables	-	-	-	-	-	-	-	-	114,155	165,278	N/A	N/A
FINANCIAL LIABILITIES												
Payables	-	-	-	-	-	-	-	-	90,404	82,526	N/A	N/A
Hire purchase liabilities	-	-	-	8,968	-	-	-	-	-	-	N/A	3.11
Loan - private	-	-	-	-	-	-	-	-	145,030	145,030	Nil	Nil

Directors' declaration

In the Directors opinion:

- (1) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards the Corporations Regulations 2001; and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's financial position as at 30 June 2005 and of its performance as represented by the results of its operations and its cash flows for the financial year ended on that date; and
- (2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board:



Maxwell W. Papley
Chairman



Douglas H. Hamilton
Director

Signed on 4 of October 2005.

Independent audit report



INDEPENDENT AUDIT REPORT

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ABN 51 061 795 337

To the members of Community Financial Services Victoria Limited

Scope

We have audited the financial report of Community Financial Services Victoria Limited for the financial year ended 30 June 2005 including the Directors' Declaration. The company's Directors are responsible for the financial report. We have 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 to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements in Australia, so as to present a view which is consistent with our understanding of the company's financial position and performance as presented by the results of its operations and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In our opinion the financial report of Community Financial Services Victoria 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 2005 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.

DAVID HUTCHINGS
ANDREW FREWIN & STEWART
61-65 Bull Street, Bendigo, 3550

Dated 13 October 2005

Auditor's independence declaration

As lead Auditor for the audit of Community Financial Services Victoria Limited for the year ended 30 June 2005, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the Auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Community Financial Services Victoria Limited.



David Hutchings
Auditor

Andrew Frewin & Stewart

Bendigo VIC 3550

BSX report

Additional information required by the Bendigo Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 27 September 2005.

1. Corporate governance statement

The Board guides and monitors the business and affairs on behalf of the Shareholders to whom they are accountable.

The Board recognises the importance of a strong corporate governance focus and methodology. The Board has compiled policies and procedures that will govern our Company into the future. We believe that building policy framework will assist clarify the future direction of our local Company, provide accountability and transparency and ensure there are guiding principles in place for future decision making.

2. Substantial shareholders – ten largest shareholders

	Ordinary shares	Number of ord shares
1. McGregor Sands Pty Ltd	45,000	6.14%
2. Sea Leaf Products Pty Ltd	44,000	6.01%
3. M & L Duff Pty Ltd	30,000	4.10%
4. Maureen Dwyer	25,000	3.41%
5. Seventy Second Colro Pty Ltd	25,000	3.41%
6. John & Jennifer Lyle	15,850	2.16%
7. Ron Witney	11,200	1.53%
8. Colin Fell	10,250	1.40%
9. Admar Creations Pty Ltd	10,000	1.37%
10. Michael Dwyer	10,000	1.37%

3. Voting rights

Each shareholder has one vote.

BSX report continued

4. Distribution of shareholders

The number of Shareholders, by size of holding, is:

	Ordinary shares	
	Number of Holders	Number of Shares
1 - 1,000	100	61,953
1,001 - 5,000	86	197,322
5,001 - 10,000	42	266,800
10,001 - 100,000	8	206,300
100,001 and over	0	0
Total	236	732,375

There are 12 shareholders holding less than a marketable parcel of shares.

5. Monitoring of the Board's performance and communication to shareholders

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Director's is reviewed annually by the chairperson. Director's whose performance is unsatisfactory are asked to retire.

The Board and Director's aim to ensure that Shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors.

The Board does have an Audit and Governance Committee.

6. Address and telephone number of the office which the securities register is kept:

Bendigo Bank Limited

Share Registry Office

Fountain Court

Bendigo, VIC 3552

Telephone: (03) 5433 9339

