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Vale



Don Vickers

27 September 1932 – 9 February 2005

Steering Committee Chairman

Inaugural Company Secretary



Ian De La Rue

28 February 1947 – 26 June 2005

Inaugural Company Chairman

The Board of Directors of Warburton Community Financial Services Ltd wish to
express their gratitude for the enormous contributions made by the
Company's founders, Don Vickers and Ian De La Rue.

They are sadly missed.

Chairperson's report

For year ending 30 June 2005

As you will see from the year's financial results, the progress of our Company has continued and led to further increased profit for our community. Warburton Community Bank® Branch opened for trading 28 February 2000, with the firm objective that our shareholders would be proud of their bank's achievements.

In our prospectus it was stated that 20 per cent of our profits would be returned to our shareholders. On 1 August, for the third year in succession, our Board members agreed to a dividend figure of 9.0 cents per share fully franked, which you will have received by now.

Local community groups and projects have always been high on our agenda. The sponsorship sub-committee has spent much time deliberating over the many applications for assistance that we regularly receive. For the first time we awarded grants in excess of \$120,000 earlier this year. This means that along with sponsorship already awarded, we have shared close to \$200,000 of Community Bank® profits with our community members.

As was stated to shareholders back in 1999, Warburton Community Bank® Branch would provide more than simple banking facilities, In fact your Board members feel that we've only just begun in this area of community support.

As the Chairperson, it is only right that on behalf of the Board and our shareholders, I pass on our thanks, once again, to the manager and staff for their sterling efforts on our behalf over the last 12 months. Thank you Mick Spruhan, Derek Brook, Lisa King, Ros Caniva, Linda Wright, Tanya Donnan, Tracey Hatt and Carol Hartshorn.

Having said that, I must extend to Mick our sincere appreciation for his endeavours since we opened and wish him all the best with his new position as manager at Carrum Downs Community Bank® Branch, from June 2005. Also we wish Tracey Hatt all the best at the new Belgrave Community Bank® Branch. I've yet to hear a complaint about the friendly, smiling faces on the other side of the bank counter. Your customer services is first class – keep up the good work!

We have a major partner in our banking endeavours which can't be overlooked. On 1 July 1995, the Bendigo Building Society became the Bendigo Bank Ltd, and in that 10 years has achieved great success. As a Warburton Community Financial Services shareholder, you have contributed to their success and will continue to do so.

Chairperson's report continued

Our franchise agreement in partnership with Bendigo Bank has just been extended for another 5 years. I feel that the mutual respect and trust from both parties is due to the untiring efforts of my predecessor, Ian de la Rue, who left this world too soon in June this year. He had 24 years' experience with the ANZ before starting his own small business at Millgrove. It was the ideal background for a Community Bank® branch Chairman, who thrived on finding solutions, not problems. Also on a sad note, Don Vickers who was the Chairman of our steering committee passed away in February 2005. Don will always be remembered as the man with the foresight to hold that meeting in August 1998 where the thought of a possible Community Bank® branch for Warburton was talked about.

It was Don's ill health that led to Ian taking over as Chairman late in 1999. Our condolences go to both Ian and Don's families.

As you are aware our shares are now listed on the Bendigo Stock Exchange, where you may trade your shares at any time. When I last checked, Warburton Community Financial Services, \$1.00 shares were selling for \$1.35 – a good indication of your Company's performance.

The efforts of your Board members must not go unnoticed. Monthly Board meetings, sub-committee attendances, and various Bendigo Bank workshops are attended regularly on a voluntary basis, in a true community spirit.

Finally, it would be remiss of me not to mention two people whose assistance we could not do without. Tim Mepstead, our legal advisor, and Michael Aicher, our accountant, are two professionals who keep our performance at the highest level.

Another major contributor in the past 12 months has been Geoff Vickers. Geoff wears the caps of both Secretary and Treasurer on the Board, as well as looking after administration duties for the Company. Well done Geoff.

My thanks also go to Jeff Gill of L.S. Gill & Son and former Director, Jed Mahoney of Banshee Graphics for their assistance in the printing and design fields.

In closing, I would like to extend an invitation to you to join us for the Annual General Meeting at Warburton Golf Club on Wednesday 26 October 2005 to celebrate our fifth year's performance..



Robert Murray
Chairperson

Manager's report 30 June 2005

I would like to take this opportunity to introduce myself. I am the newly appointed Manager of Warburton Community Bank® Branch of Bendigo Bank. My career in the financial sector spans 17 years with a wide range of experience in banking including lending, investments and relationship management.

Already in my short time with this Company I have noticed a refreshing change in the approach to our clients, a point of difference between your Community Bank® and its competitors. We genuinely enjoy helping and serving our clients. I look forward to providing our existing clients and all future clients with this personal service.

There has been strong support for the branch since its inception. It is important that this support not only continues, but increases. Your Community Bank® needs the continued support of the community to ensure an increasing number of local community groups can benefit from the success of the branch. Already there are many groups that have enjoyed the extra financial support that has been provided through the Community Bank® branches profit sharing scheme.

I ask that when you, your family or friends have a banking need, consider speaking to us at the branch, where myself and the staff will be only too happy to assist you.

I look forward to working with the community and the Board to ensure the future success of this branch.



Darren Pennington
Branch Manager

Secretary's report

In this era of corporate responsibility, our Company's governance obligations are often onerous. To assist our honorary Directors in complying with these regulations we have appointed, on an 'as needs basis', a bookkeeper and administration assistant. The creation of these roles will allow our volunteer Directors to focus on guiding the Company's activities without further imposing on their generous time commitment.

Additional support from our partners in Bendigo continues to lighten our workload. Their payroll services, share registry, Director education and marketing initiatives are invaluable resources as is the ongoing support we receive from the Bendigo personnel.

We are looking forward to improving our community grants process by use of Bendigo's recently launched Community Enterprise Foundation. This will not only provide a transparent assessment tool but offer significant tax advantages to the Company, resulting in further funds being available to our community.

This year has seen funds allocated to the following community groups:

Upper Yarra Secondary College	Tsunami Appeal
Yarra Link Committee	Warburton Sports Club
Yarra Valley Soccer Club	Cerini Centre
St Joseph's School	Wesburn Junior Football Club
Friends of the Water Wheel	Sherbrooke Basketball
Yarra Valley Wine Grower's Association	Warburton Christian School
Victoria Police	Wesburn Primary School
Oxfam	Rangers Australia
Bridge 3799	Warburton Golf and Sports Club
Warburton Advancement League River Crew	Wordworks@Warburton
Warburton Business Incubator	Youth Theatre Group
Upper Yarra Garden Club	1st Warburton Scouts
Yarra Junction Primary School	Yarra Ranges Film Society
Millwarra Primary School	Adult Riding Club
Yarra Valley FM	Winterfest
Warburton Bowls Club	Victoria Police Memorial Fund
St Vincent de Paul	Warburton Ranges Tourism
Warburton Up and Running	Upper Yarra Family History Group
Warburton Primary School	Millgrove Environment Restoration Group
Anglicare	

Secretary's report continued

I extend my congratulations to Bob Murray on his election to Chairman of the Board. I have utmost confidence in Bob and look forward to working closely with him as we enter yet another phase in the life of our Community Bank® branch.

I wish also to express my appreciation for the ongoing support and commitment of my fellow Directors, through what has been a particularly difficult year.

A handwritten signature in black ink, appearing to read 'G. Vickers', with a stylized, cursive script.

Geoff Vickers

Secretary - Treasurer

Directors' report 30 June 2005

Your Directors submit the financial report of the Company for the financial year ended 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 are:

Mr I K De La Rue

Company Director

Deceased: 26 June 2005

Mr G M Vickers

Business Consultant

Mr R J Murray

Newsagent

Mr R V Musgrove

Bank Executive

Mr P M Burney

Lighting Shop Proprietor

Resigned: 3 November 2004

Mrs L Hibbert

Natural Health Therapist

Resigned: 3 November 2004

Mr B Berry

Motel/Conference Centre Owner

Ms C L Fitzpatrick

Salesperson

Mrs R L Chisholm

Teacher

Mr J M Larsen

Retired

Resigned: 5 July 2004

Mr M Magee

Truck Body Builder

Mr L G Corallo

Strawberry Farmer

Appointed: 3 November 2004

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

The Company hired Mr G Vickers, to perform services in relation to secretarial and treasurer operations for the Board. The amount paid to Mr G Vickers was \$4,069 for the financial year ended 30 June 2005 (2004: \$7,826).

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

Principal activities

The principal activities of the Company during the course of the financial year were in providing community banking services under management rights to operate a franchised branch of 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 of the Company for the financial year after provision for income tax was \$211,674 (2004: \$184,473).

Dividends	Year Ended 30 June 2005	
	Cents	\$'000
Final dividends recommended after year end:	9	36
Dividends paid in the year:		
- As recommended in the prior year report	9	36

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

Other than the declaration of a dividend as disclosed above, there are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company, in future years.

Likely developments

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

Directors' benefits

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Company's accounts, or the fixed salary of a full-time employee of the Company, controlled entity or related body corporate.

Executive remuneration

	Primary Benefits Salary & Fees \$	Post Employment Superannuation \$	Other \$	Total \$
Mick Spruhan (Branch Manager)				
2005	76,891	5,052	110	82,053
2004	71,982	6,439	50	78,471

Directors' report 30 June 2005 continued

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. The premium paid in respect to this policy is \$2,860.

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:

	2005
Number of Meetings Held:	12
Number of Meetings Attended:	
Mr I K De La Rue (Deceased 26 June 2005)	10
Mr G M Vickers	12
Mr R J Murray	10
Mr R V Musgrove	6
Mr P M Burney (Resigned 3 November 2004)	3
Mrs L Hibbert (Resigned 3 November 2004)	2
Mr B Berry	11
Ms C L Fitzpatrick	12
Mr J M Larsen (Resigned 5 July 2004)	0
Mr M Magee	12
Mrs R L Chisholm	12
Mr L G Corallo (Appointed 3 November 2004)	7

Company Secretary

Mr G M Vickers has been the Company secretary of Warburton Community Financial Services Ltd for 2 1/2 years, he holds qualifications in Hospitality, Horticulture and Community services.

He operated his own crop spraying business for 10 years until he sold the business in 2004. Prior to commencing his business he was Operations Manager for Muirfield Plant Protection.

Directors' report 30 June 2005 continued

Corporate Governance

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

- (a) The establishment of an audit committee. Members of the audit committee are G Vickers (Convenor), R Murray, B Berry and M Magee.
- (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.

Signed in accordance with a resolution of the Board of Directors at Warburton, Victoria on
5 September 2005



Robert J Murray
Chairman



Baden Berry
Director

Financial statements

Statement of financial performance

For year ending 30 June 2005

	Note	2005 \$	2004 \$
Revenues from ordinary activities	2	839,819	730,784
Salaries & employee benefits expense		(247,737)	(244,194)
Depreciation and amortisation expense	3	(15,924)	(19,305)
Borrowing costs expense	3	(2,219)	(2,345)
Administration and other expenses from ordinary activities		(272,255)	(192,183)
Profit from ordinary activities before income tax expense		301,684	272,757
Income tax expense relating to ordinary activities	4	90,010	88,284
Profit from ordinary activities after income tax expense		211,674	184,473
Total changes in equity other than those resulting from transactions with owners as owners		211,674	184,473

Financial statements continued

Statement of financial position

As at 30 June 2005

	Note	2005 \$	2004 \$
CURRENT ASSETS			
Cash assets	6	694,323	529,305
Prepayments		-	6,653
Receivables	7	62,761	60,854
TOTAL CURRENT ASSETS		757,084	596,812
NON-CURRENT ASSETS			
Property, plant and equipment	8	29,697	61,111
Intangible assets	9	9,705	6,470
TOTAL NON-CURRENT ASSETS		39,402	67,581
TOTAL ASSETS		796,486	664,393
CURRENT LIABILITIES			
Payables	10	39,169	27,750
Interest bearing liabilities	11	-	7,259
Current tax liability	4	19,825	35,838
Provisions	12	14,424	22,741
TOTAL CURRENT LIABILITIES		73,418	93,588
NON-CURRENT LIABILITIES			
Interest bearing liabilities	11	-	23,411
TOTAL NON-CURRENT LIABILITIES		-	23,411
TOTAL LIABILITIES		73,418	116,999
NET ASSETS		723,068	547,394
EQUITY			
Contributed equity	13	400,000	400,000
Retained Profits	14	323,068	147,394
TOTAL EQUITY		723,068	547,394

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		885,184	770,549
Cash payments in the course of operations		(593,079)	(494,397)
Interest received		32,045	22,025
Income tax paid		(106,023)	(86,155)
Net cash flows from operating activities	15b	218,127	212,022
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		25,219	8,036
Payments for property, plant and equipment		(1,658)	(33,293)
Payments for intangible assets		(10,000)	-
Net cash flows from investing activities		13,561	(25,257)
Cash Flows From Financing Activities			
Proceeds from borrowings		-	34,300
Repayment of borrowings		(30,670)	(5,000)
Finance lease payments		-	(18,705)
Dividends paid		(36,000)	(36,000)
Net cash flows from/(used in) financing activities		(66,670)	(25,405)
Net increase in cash held		165,018	161,360
Add opening cash brought forward		529,305	367,945
Closing cash carried forward	15a	694,323	529,305

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.

The accounting policies are consistent with the previous year.

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 benefits

The provision for employee benefits to wages, salaries and annual leave represents the amount which the Company has a present obligation to pay resulting from employees' services provided up to the balance 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.

Property, plant and equipment

Property, plant and equipment are brought to account at cost or at independent Directors' valuation, less, where applicable, any accumulated depreciation or amortisation. Items of property, plant and equipment, including buildings but excluding freehold land, are depreciated over their useful life to the entity commencing from the date of acquisition/revaluation. All property, plant and equipment is depreciated using the diminishing value method.

Class of Asset	Depreciation Rate
Motor Vehicles	18.8%
Computers	25%
Plant & Equipment	10-20%

Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 10% per annum. Franchise fees have been amortised at a rate of 20% per annum.

Cash

Cash on hand and in banks are stated at nominal value.

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

Comparative Figures

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

Revenue

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

Notes to the financial statements continued

Note 1: Summary of significant accounting policies continued

Receivables and payables

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

Leased assets

Leases under which the Company assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases. A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed.

Interest bearing liabilities

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

Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

Contributed Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Notes to the financial statements continued

	2005	2004
	\$	\$

Note 2: Revenue from ordinary activities

OPERATING ACTIVITIES

- services commissions	805,985	704,439
- other revenue	1,789	4,320
Total revenue from operating activities	807,774	708,759

NON-OPERATING ACTIVITIES:

- interest received	32,045	22,025
Total revenue from non-operating activities	32,045	22,025
Total revenues from ordinary activities	839,819	730,784

Note 3: Expenses

Borrowing expenses:

- borrowing fees	84	100
- interest paid	2,135	2,245
Total Borrowing Expenses	2,219	2,345

Depreciation of non-current assets:

- plant and equipment	9,159	8,962
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Amortisation of non-current assets:

- intangibles	6,765	10,343
Bad debts	5,716	79

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:

Prima facie tax on profit from ordinary activities at 30%	90,505	81,827
Add tax effect of:		
- Non-deductible expenses	(495)	6,457
Income tax expense on operating profit	90,010	88,284
Tax liabilities		
Current tax payable	19,825	35,838

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	3,650	3,650
	3,650	3,650

Note 6: Cash assets

Cash at bank and on hand	694,323	529,305
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Note 7: Receivables

Commission receivable	62,761	60,854
	62,761	60,854

Notes to the financial statements continued

	2005 \$	2004 \$
Note 8: Property, plant and equipment		
PLANT AND EQUIPMENT		
At cost	27,345	25,687
Less accumulated depreciation	(15,249)	(13,136)
	12,096	12,551
FURNITURE AND FITTINGS		
At cost	33,872	33,872
Less accumulated depreciation	(16,271)	(13,996)
	17,601	19,876
MOTOR VEHICLE		
At cost	-	31,303
Less accumulated depreciation	-	(2,619)
	-	28,684
Total written down amount	29,697	61,111

The motor vehicle was purchased under hire purchase agreement and acts as security for the hire purchase liability.

Notes to the financial statements continued

	2005 \$	2004 \$
Note 8: Property, plant and equipment continued		
MOVEMENTS IN CARRYING AMOUNTS		
Plant and equipment		
Carrying amount at beginning of year	12,551	12,678
Additions	1,658	1,990
Disposals	-	-
Depreciation expense	(2,113)	(2,117)
Carrying amount at end of year	12,096	12,551
FURNITURE AND FITTINGS		
Carrying amount at beginning of year	19,876	22,487
Additions	-	-
Disposals	-	-
Depreciation expense	(2,275)	(2,611)
Carrying amount at end of year	17,601	19,876
MOTOR VEHICLE		
Carrying amount at beginning of year	28,684	12,850
Additions	-	31,303
Disposals	(25,219)	(8,036)
Loss on disposal	1,306	(3,199)
Depreciation expense	(4,771)	(4,234)
Carrying amount at end of year	-	28,684

Notes to the financial statements continued

	2005	2004
	\$	\$

Note 9: Intangible assets

FRANCHISE FEE

At cost	10,000	50,000
Less accumulated amortisation	(834)	(44,167)
	9,166	5,833

PRELIMINARY EXPENSES

At cost	980	980
Less accumulated amortisation	(441)	(343)
	539	637
	9,705	6,470

Note 10: Payables

Trade creditors	39,169	27,750
	39,169	27,750

Note 11: Interest bearing liabilities

CURRENT

Secured loans		
- Hire purchase	-	7,259

NON-CURRENT

Secured loans		
- Hire purchase	-	23,411

The hire purchase was secured by a charge over the motor vehicle for which the loan was incurred. Interest is recognised at an average rate of 7.35% (2004: 7.35%) .

Notes to the financial statements continued

	2005 \$	2004 \$
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Note 12: Provisions

Employee benefits	14,424	22,741
Number of employees at year end	5	7

Note 13: Contributed Equity

400,000 Ordinary Shares fully paid of \$1 each	400,000	400,000
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Note 14: Accumulated profit

Balance at the beginning of the financial year	147,394	(1,079)
Net profit from ordinary activities after income tax	211,674	184,473
Dividends	(36,000)	(36,000)
Balance at the end of the financial year	323,068	147,394

Note 15: Statement of cashflows

(a) Reconciliation of cash

Cash assets	694,323	529,305
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(b) Reconciliation of profit from ordinary activities after tax to net cash from operating activities

Profit from ordinary activities after income tax	211,674	184,473
Non cash items		
- Depreciation	9,159	8,962
- Loss (Profit) on disposal of plant and equipment	(1,306)	3,199
- Amortisation	6,765	10,343
Changes in assets and liabilities		
- (Increase) decrease in receivables	(1,907)	(9,605)
- (Increase) decrease in prepayments	6,653	(6,653)
- Increase (decrease) in payables	(4,594)	9,781
- Increase (decrease) in provisions	(8,317)	11,522
Net cashflows from operating activities	218,127	212,022

Notes to the financial statements continued

Note 16: Director and related party disclosures

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

Mr I K De La Rue (Deceased 26 June 2005)

Mr G M Vickers

Mr R J Murray

Mr R V Musgrove

Mr P M Burney (Resigned 3 November 2004)

Mrs L Hibbert (Resigned 3 November 2004)

Mr B Berry

Ms C L Fitzpatrick

Mr J M Larsen (Resigned 5 July 2004)

Mr M Magee

Mrs R L Chisholm

Mr L G Corallo (Appointed 3 November 2004)

The Company hired Mr G Vickers, to perform services in relation to secretarial and treasurer operations for the Board. The amount paid to Mr G Vickers was \$4,069 for the financial year ended 30 June 2005 (2004: \$7,826).

No Director or related entity has entered into a material contract with the Company. No Director's fees have been paid as the positions are held on a voluntary basis.

Notes to the financial statements continued

Note 16: Director and related party disclosures continued

Directors shareholdings	2005	2004
Mr I K De La Rue (Deceased 26 June 2005)	3,500	3,500
Mr G M Vickers	500	500
Mr R J Murray	990	990
Mr R V Musgrove	-	-
Mr P M Burney (Resigned 3 November 2004)	500	500
Mrs L Hibbert (Resigned 3 November 2004)	1,500	1,500
Mr B Berry	1,000	1,000
Ms C L Fitzpatrick	100	100
Mr J M Larsen (Resigned 5 July 2004)	2,000	2,000
Mr M Magee	2,000	2,000
Mrs R L Chisholm	5,000	5,000
Mr L G Corallo (Appointed 3 November 2004)	1,000	-
L Corallo		
Shares held at beginning of financial year	-	-
Shares purchased	1,000	-
Shares sold	-	-
Shares held at end of financial year	1,000	-

Other than stated above there was no movement in Directors shareholdings during the year. Each share held is valued at \$1 and is fully paid. The above holdings are held personally or in associated entities.

Executive Remuneration

	Primary Benefits Salary & Fees \$	Post Employment Superannuation \$	Other \$	Total \$
Mick Spruhan (Branch Manager)				
2005	76,891	5,052	110	82,053
2004	71,982	6,439	50	78,471

Notes to the financial statements continued

Note 17: Subsequent events

On 5 September 2005 the Directors confirmed to pay a dividend of 9 cents per share (fully franked) to shareholders recorded on their share registry at 26 September 2005. There have been no other events after the end of the financial year that would materially affect the financial statements.

Note 18: Contingent liabilities

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

Note 19: 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 Warburton, Victoria.

Note 20: Registered office/principal place of business

The registered office and principal place of business is:

3399 Warburton Highway

Warburton VIC 3799

Notes to the financial statements continued

	2005 \$	2004 \$
Note 21: Dividends paid or provided for on ordinary shares		
(a) Dividends paid during the year		
(i) Previous year final		
Franked dividends - 9 cents per share (2004: 9 cents unfranked per share)	36,000	36,000
(b) Dividends proposed and not recognised as a liability		
Franked dividends - 9 cents per share (2004: 9 cents per share)	36,000	36,000
(c) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
- Franking account balance as at the end of the financial year at 30% (2004: 30%)	176,769	86,155
- Franking credits that will arise from the payment of income tax payable as at the end of the financial year	19,825	35,838
	196,594	121,993

The tax rate at which dividends have been franked is 30% (2004: 0%).

Dividends proposed will be franked at a rate of 30% (2004: 30%).

Note 22: International financial reporting standards

The Company has commenced transitioning its accounting policies and financial reporting from current Australian Generally Accepted Accounting Principals (AGAAP) to Australian equivalents of International Financial Reporting Standards (IFRS). In consultation with our external auditor, Richmond Sinnott & Delahunty, the Company has allocated resources to assess the impact of transition to IFRS.

Based on current requirements, the financial statements of the Company prepared at 30 June 2006 will need to comply with IFRS. Comparative figures for the year ended 30 June 2005, within the 30 June 2006 financial statements, will also need to comply with IFRS.

Notes to the financial statements continued

Note 22: International financial reporting standards continued

Based on the assessment completed to date the key potential implications of the conversion to IFRS on the Company are:

- a) financial instruments will need to be classified under one of five categories, which will in turn determine the accounting treatment. The classifications are loans and receivables - measured at amortised cost, held to maturity - measured at amortised cost, held for trading - measured at fair value, available for sale - measured at fair value and non trading liabilities - measured at amortised cost. Based on current assets and liabilities held this is not expected to have an impact on the financial statements of the Company.
- b) Income tax will be calculated based on the “balance sheet” approach, which may result in more deferred tax assets and liabilities. For the Company this is not expected to have an impact on the financial statements.
- c) Intangible assets with an indefinite useful life will be tested annually for impairment and will not be amortised. This is not expected to have an impact on the financial statements of the Company based on current intangible assets held.
- d) Changes in accounting policies will be recognised by restating prior year figures, rather than making current year adjustments and the impact will be disclosed in the notes to the financial statements. This is not expected to have an impact on the financial statements of the Company.

Notes to the financial statements continued

Note 23: 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 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	65,468	43,774	-	-	-	-	-	-	-	-	3.75	3.75
Term deposit	628,835	485,531	-	-	-	-	-	-	-	-	5.20	5.20
Receivables	-	-	-	-	-	-	-	-	62,761	60,854	N/A	N/A
FINANCIAL LIABILITIES												
Payables	-	-	-	-	-	-	-	-	39,169	27,750	N/A	N/A
Interest bearing liabilities	-	-	-	7,259	-	23,411	-	-	-	-	7.35	7.35

Directors' declaration

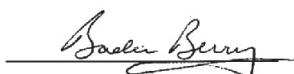
In accordance with a resolution of the Directors of Warburton Community Financial Services Limited, we state that:

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 2005 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2005.



Robert J Murray
Chairman



Baden Berry
Director

Signed on 5 September 2005.

Independent audit report

Richmond Sinnott & Delahunty Chartered Accountants



INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF Warburton Community
Financial Services Limited

10 Forest Street
PO Box 30
Bendigo. 3552
Ph. 03 5443 1177
Fax. 03 5444 4344
E-mail: rsd@rsdadvisors.com.au

Scope

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the Directors' declaration for Warburton Community Financial Services Limited, for the year ended 30 June 2005.

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 designed 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.

Independent audit report continued

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.

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 Warburton 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 2005 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: 5 September 2005

Auditor's independence declaration

Richmond Sinnott & Delahunty Chartered Accountants



10 Forest Street
PO Box 30
Bendigo. 3552
Ph. 03 5443 1177
Fax. 03 5444 4344
E-mail: rsd@rsdadvisors.com.au

In relation to our audit of the financial report of Warburton Community Financial Services Ltd for the financial year ended 30 June 2005, 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

5 September 2005

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 15 September 2005.

A. 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 is currently working towards adopting 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.

B. Substantial Shareholders – Ten largest shareholders

	Ordinary Shares	Number of Ord Shares
1. Mr Stanley Frederick Peate	10,000	2.50%
2. Mr Stephen Istvan Raskovy	10,000	2.50%
3. Mr John Ridley & Mrs Patricia Ridley [Ridley Family Super Fund]	7,500	1.88%
4. Mr Noel William Arnold	7,200	1.80%
5. Middle Park Investments Pty Ltd [Slender Teal Staff S/F A/C]	6,200	1.55%
6. Allindara Pty Ltd [The Arrabri Lodge Unit Trust]	5,250	1.31%
7. Warburton Advancement League Inc	5,250	1.31%
8. Mr Gordon Stewart Buller	5,000	1.25%
9. Mrs Raylene Lesley Chisholm	5,000	1.25%
10. Mrs Lois Ellis	5,000	1.25%
	66,400	16.60%

C. Voting Rights

Each shareholder has one vote regardless of the number of shares held.

BSX report continued

D. Distribution of Shareholders

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

	Ordinary Shares	
	Number of Holders	Number of Shares
1 - 1,000	239	145,700
1,001 - 5,000	85	202,900
5,001 - 10,000	7	51,400
10,001 - 100,000	-	-
100,001 and over	-	-
Total	331	400,000

There are 26 shareholders holding less than a marketable parcel of shares (\$500 in value).

E. 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 aims 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 Committee.

F. Address and telephone number of the Office which securities register is kept:

Bendigo Bank Limited
Share Registry Office
Fountain Court
BENDIGO 3552
Telephone: 03 5433 9339

G. Warburton Community Financial Services Limited

Geoffrey Vickers
Company Secretary
3399 Warburton Highway
WARBURTON Victoria 3799
Telephone: 03 59662122
Fax: 03 59662144

