



annual report

Byford & Districts Community Development
Services Limited

ABN 49 105 289 450

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Chairman's report

For year ending 30 June 2012

Here we are yet again at that time of year where you are all eagerly awaiting the Annual Report of the Byford & Districts **Community Bank**® Branch. It has been yet another busy year for our staff and our Board and I'm proud to say that we just keep on growing which is fantastic in this current economic climate. I can tell you that our branch is doing very well and continues to go from strength to strength.

Our profits have grown once again which has allowed us to continue to make considerable contributions back into our community. During the past financial year we have been proud to donate a total of \$75,430 via grants and sponsorships to a large number of community groups. This brings the total amount donated to the community so far to over \$400,000, which is pretty impressive. This money has gone to a great number of different groups in our community, plus has also been spread further afield by the branch once again joining forces with the Serpentine Jarrahdale Shire for their Grants Program of which we contributed \$20,000, up \$2,000 from last year. Aside from these donations, the board have also placed \$150,000 into the Community Enterprise Foundation™, which will be used in the future for a large project.

Aside from the usual donations to schools, sporting and local community groups, some of our contributions were of a more significant sum and went towards things like Grass Roots "Growing Intellectually Impaired People" up at Holiday Haven where we contributed funds to assist them with a beach volleyball court which provides great fun and exercise for a wide variety of guests. We also contributed funds to the Jarrahdale Community Association to assist with the restoration of the Jarrahdale War Memorial, which was in desperate need of an upgrade. Lastly, we have also supported five children from our community by way of scholarships through the Serpentine Jarrahdale Grammar School and the Australian Trade College, as we feel it is important for talented children to be given the opportunity to excel, despite their financial situation, as these children can be future leaders in our community.

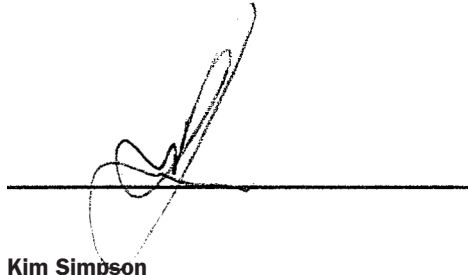
Another way that we have contributed to the community was by employing a Community Engagement Officer to assist local groups with their community projects. Kim Petersen has been working very hard within our Shire to assist groups with grant applications, project management and general networking so that clubs and groups can work together. This is proving to be a very successful role within our community.

My thanks as always go to Tony Greipl our Branch Manager and his wonderful staff who are well known throughout the community for their service, banking knowledge and good humour. I sincerely hope that if you are a shareholder and have not yet brought your banking over to the Byford & Districts **Community Bank**® Branch then you do yourself, and your community a favour and come in and meet these wonderful people who will make all your financial dealings a joy.

To my hard working Board, a huge thank you as well. Each Board member is an extremely busy person leading a frantically busy life, but regardless of this fact everyone always manages to contribute something of worth on a continual basis and this is greatly appreciated. A special thank you must go to Mick Beaverstock who left the Board during the year due to increased work commitments. Mick was a great member of the Board who always brought a different perspective to the discussion and his knowledge and wit are sorely missed. With Mick departing the Board, we took the opportunity to embrace the next generation of Board members and have invited Cherie Willison, Chairperson of the Serpentine Jarrahdale Youth Advisory Council to become our newest Board member should the shareholders agree at the AGM. We look forward to having young, fresh ideas to guide us through the coming years.

Chairman's report (continued)

As we move forward into the future with new developments in the Serpentine Jarrahdale Shire, it is imperative that we continue to spread the message of what it is that makes us different from the other banks. We ask that as owners of the Byford & Districts **Community Bank**® Branch, you tell all of your friends, neighbours and family how great we are and that we are worth banking with. With your help our business will continue to grow and your community will be the beneficiary. Thank you for your continued support.

A handwritten signature in black ink, appearing to read 'Kim Simpson', is written over a solid horizontal line. The signature is stylized with loops and a long, sweeping tail that extends to the right.

Kim Simpson
Chairman

Manager's report

For year ending 30 June 2012

Another year has passed and once again it has been a very mixed economic climate, however Byford & Districts **Community Bank**® Branch continues to grow and provide banking services to Serpentine Jarrahdale.

As at 30 June 2012 we achieved a total business portfolio of \$99.018 million, with an increase of \$6.83 million over the 12 months which equates to approximately 7.4% growth. It is also pleasing to see a steady increase in customer numbers as well.

We have continued to provide a great deal of support in the community and hope to keep doing more and more each year.

As always we must thank everyone who is involved, Board and staff members and especially our loyal customers.

A handwritten signature in black ink, appearing to read 'Greipl', written in a cursive style.

Tony Greipl
Branch Manager

Directors' report

For the financial year ended 30 June 2012

Your directors submit the financial statements of the company for the financial year ended 30 June 2012.

Directors

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

Kim Michaela Simpson

Chairperson

Age: 42

Occupation: Self Employed Travel Agent

As a resident of the SJ Shire for the last 20 years and having owned businesses in the area during most of that period, I have spent much time working in and with the community. As a mother of 2 daughters and wife to the local member of Parliament I find myself on various committees and boards. I have a strong passion for our Community Bank(R) branch and our community and a desire to see the two working hand in hand.

Interest in shares: 3,001

Edward William Eikelboom

Secretary

Age: 47

Occupation: Accountant

Ed has lived in Byford for over 20 years and moved to Byford to get a better lifestyle for his family. He is married and has 5 children. Ed has an accounting practice in Kelmscott and brings his accounting knowledge and experience to the board.

Interest in shares: 2,500

Raymond John Marchetti

Treasurer

Age: 53

Occupation: Auditor

Ray, with his wife and 5 children have lived in Byford for 17 years. After owning the local newsagency and post-office for 10 years he has since returned to his profession as an auditor.

Interest in shares: Nil

Kim Louise Petersen

Director

Age: 44

Occupation: Primary School Teacher

Kim has lived in Jarrahdale for the past 4 years, since her time here Kim has initiated and worked hard on building the new Forest Green recreational facility, she is also the Co-ordinator of the Jarrahdale Youth Group.

Interest in shares: Nil

Peter John Eva

Director

Age: 67

Occupation: Retired

Peter is a long term local resident of Byford, he is a retired self employed business man.

Interest in shares: 1,000

Michael Charles Beaverstock

Director (Resigned 24 May 2012)

Age: 43

Occupation: Civil Engineer

Mick has lived in Byford for the past 7 years with his wife Amanda and two sons. He owns a Consulting Engineering firm based in East Perth servicing mining and land development sectors. Prior to this he was employed as Director Engineering at SJ Shire. Mick and his family are active in a number of community groups including SJ Grammar School Board, Byford Primary School P&C and Byford Volunteer Fire Brigade.

Interest in shares: 200

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

Directors' report (continued)

No directors have material interests in contracts or proposed contracts with the company.

Company Secretary

The company secretary is Edward Eikelboom. Edward was appointed to the position of secretary on 15th August 2006. Edward is 47 and currently works as an Accountant.

Principal Activities

The principal activities of the company during the course of the financial year were in facilitating **Community Bank®** services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

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

Operating Results

Operations have continued to perform in line with expectations. The profit of the company for the financial year after provision for income tax was:

	Year ended 30 June 2012 \$	Year ended 30 June 2011 \$
	77,419	148,367

Remuneration Report

Remuneration received by directors during the financial year were as follows:

Director	Position Held	Remuneration Received \$
Kim Michaela Simpson	Chairperson	4,000
Edward William Eikelboom	Secretary	3,000
Raymond John Marchetti	Treasurer	3,000

Fees and payments to non executive directors reflect the demands which are made on and the responsibilities of the directors. Non executive directors' fees are reviewed annually by the board. The chairman's, secretary's and treasurer's fees are determined independently to the fees of non executive directors. All director remuneration is inclusive of committee fees.

Kim Petersen is employed by the Board as a Community Engagement Officer. Kim receives a fortnightly salary plus expenses at a casual rate. Kim received a total salary of \$20,036 plus superannuation of \$1,831 in 2012.

No other director of the company receives any remuneration for services provided as director to the company.

Dividends

Dividends	Year Ended 30 June 2012	
	Cents	\$
Dividends paid in the year:	8	54,188

Directors' report (continued)

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 statements.

Matters Subsequent to the End of the Financial Year

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 facilitating banking services to the community.

Environmental Regulation

The company is not subject to any significant environmental regulation.

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 except as disclosed in note 20 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Indemnification and Insurance of Directors and Officers

The company has indemnified all directors and the manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or manager 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:

Director	Board Meetings Attended	
	Eligible	Attended
Kim Michaela Simpson	11	9
Edward William Eikelboom	11	9
Raymond John Marchetti	11	11
Kim Louise Petersen	11	10
Peter John Eva	11	11
Michael Charles Beaverstock (Resigned 24 May 2012)	8	8

Directors' report (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.

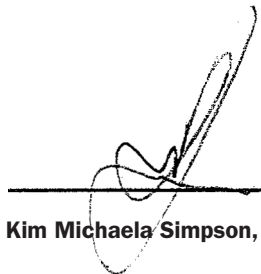
The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- 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 APES 110 Code of Ethics for Professional Accountants, 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.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 9.

Signed in accordance with a resolution of the board of directors at Byford, Western Australia on 26 September 2012.



Kim Michaela Simpson, Chairman

Auditor's independence declaration



Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Byford & Districts Community Development Services Limited

I declare, that to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2012 there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'David Hutchings'.

David Hutchings
Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550

Dated: 24 September 2012

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337.

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Financial statements

Statement of Comprehensive Income for the Year Ended 30 June 2012

	Note	2012 \$	2011 \$
Revenues from ordinary activities	4	1,092,398	1,032,111
Employee benefits expense		(474,957)	(437,945)
Charitable donations, sponsorship, advertising and promotion		(248,434)	(130,490)
Occupancy and associated costs		(71,456)	(61,786)
Systems costs		(25,535)	(25,321)
Depreciation and amortisation expense	5	(26,653)	(27,617)
General administration expenses		(144,317)	(131,233)
Profit before income tax expense		101,046	217,719
Income tax expense	6	(23,627)	(69,352)
Profit after income tax expense		77,419	148,367
Total comprehensive income for the year		77,419	148,367
Earnings per share (cents per share)		c	c
- basic for profit for the year	23	11.43	21.9

The accompanying notes form part of these financial statements.

Financial statements (continued)

Balance Sheet as at 30 June 2012

	Note	2012 \$	2011 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	727,967	751,182
Trade and other receivables	8	90,841	99,802
Current tax assets	11	9,886	-
Total Current Assets		828,694	850,984
Non-Current Assets			
Property, plant and equipment	9	141,413	128,268
Intangible assets	10	31,317	44,770
Deferred tax assets	11	21,944	14,636
Total Non-Current Assets		194,674	187,674
Total Assets		1,023,368	1,038,658
LIABILITIES			
Current Liabilities			
Trade and other payables	12	29,566	44,663
Current tax liabilities	11	-	28,492
Borrowings	13	-	9,832
Provisions	14	68,102	30,423
Total Current Liabilities		97,668	113,410
Non-Current Liabilities			
Provisions	14	6,805	29,584
Total Non-Current Liabilities		6,805	29,584
Total Liabilities		104,473	142,994
Net Assets		918,895	895,664
Equity			
Issued capital	15	647,456	647,456
Retained earnings	16	271,439	248,208
Total Equity		918,895	895,664

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Changes in Equity for the Year Ended 30 June 2012

	Issued Capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2010	647,456	140,483	787,939
Total comprehensive income for the year	-	148,367	148,367
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(40,642)	(40,642)
Balance at 30 June 2011	647,456	248,208	895,664
Balance at 1 July 2011	647,456	248,208	895,664
Total comprehensive income for the year	-	77,419	77,419
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(54,188)	(54,188)
Balance at 30 June 2012	647,456	271,439	918,895

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cashflows for the Year Ended 30 June 2012

	Note	2012 \$	2011 \$
Cash Flows From Operating Activities			
Receipts from customers		1,149,965	993,482
Payments to suppliers and employees		(1,064,409)	(777,861)
Interest received		50,907	42,245
Interest paid		-	-
Income taxes paid		(69,313)	(48,541)
Net cash provided by operating activities	17	67,150	209,325
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(26,345)	(3,796)
Net cash used in investing activities		(26,345)	(3,796)
Cash Flows From Financing Activities			
Repayment of borrowings		(9,832)	(10,460)
Dividends paid		(54,188)	(40,642)
Net cash used in financing activities		(64,020)	(51,102)
Net increase in cash held		(23,215)	154,427
Cash and cash equivalents at the beginning of the financial year		751,182	596,755
Cash and cash equivalents at the end of the financial year	7(a)	727,967	751,182

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies

a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standard Boards and the Corporations Act 2001. The company is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

These financial statements and notes comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. These areas involving a higher degree of judgement or complexities, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Historical cost convention

The financial statements have been prepared under the historical cost convention on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Comparative figures

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

Adoption of new and revised Accounting Standards

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. The adoption of the revised AASB 124 Related Party Disclosures has not resulted in the disclosure of any additional related party transactions in the current period or any prior period and is not likely to affect future periods. The adoption of AASB 1054 Australian Additional Disclosures and AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project have not affected the disclosure of any items in the financial statements.

The company has not elected to apply any pronouncements before their mandatory operative date in the annual reporting period beginning 1 July 2011.

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank®** branch at Byford, Western Australia.

The branch operates as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank" and the logo and system of operations of Bendigo and Adelaide Bank Limited. The company manages the **Community Bank®** branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

a) Basis of Preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

the **Community Bank**[®] branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank**[®] branch franchise operations. It also continues to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

- advice and assistance in relation to the design, layout and fit out of the **Community Bank**[®] branch;
- training for the branch manager and other employees in banking, management systems and interface protocol;
- methods and procedures for the sale of products and provision of services;
- security and cash logistic controls;
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs; and
- sales techniques and proper customer relations.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

b) Revenue

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefit will flow to the company and any specific criteria have been met. Interest and fee revenue is recognised when earned. The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue. All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue calculation

The franchise agreement with Bendigo and Adelaide Bank Limited provides for three types of revenue earned by the company. First, the company is entitled to 50% of the monthly gross margin earned by Bendigo and Adelaide Bank Limited on products and services provided through the company that are regarded as “day to day” banking business (ie ‘margin business’). This arrangement also means that if the gross margin reflects a loss (that is, the gross margin is a negative amount), the company effectively incurs, and must bear, 50% of that loss.

The second source of revenue is commission paid by Bendigo and Adelaide Bank Limited on the other products and services provided through the company (ie ‘commission business’). The commission is currently payable on various specified products and services, including insurance, financial planning, common fund, Sandhurst Select, superannuation, commercial loan referrals, products referred by Rural Bank, leasing referrals, fixed loans and certain term deposits (>90 days). The amount of commission payable can be varied in accordance with the Franchise Agreement (which, in some cases, permits commissions to be varied at the discretion of Bendigo and Adelaide Bank Limited). This discretion has been exercised on several occasions previously. For example in February 2011 Bendigo

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

b) Revenue (continued)

Revenue calculation (continued)

and Adelaide Bank Limited reduced commissions on two core banking products to ensure a more even distribution of income between Bendigo and Adelaide Bank Limited and its **Community Bank®** partners. The revenue share model is subject to regular review to ensure that the interests of Bendigo and Adelaide Bank Limited and **Community Bank®** companies remain balanced.

The third source of revenue is a proportion of the fees and charges (ie, what are commonly referred to as 'bank fees and charges') charged to customers. This proportion, determined by Bendigo and Adelaide Bank Limited, may vary between products and services and may be amended by Bendigo and Adelaide Bank Limited from time to time.

c) Income Tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the balance sheet liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the company entity intends to settle its tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

d) Employee Entitlements

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

The company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

e) Cash and Cash Equivalents

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. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

f) Trade 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.

g) Property, Plant and Equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- leasehold improvements 40 years
- plant and equipment 2.5 - 40 years
- furniture and fittings 4 - 40 years

h) Intangibles

The franchise fee paid to Bendigo and Adelaide Bank Limited has been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

The renewal processing fee paid to Bendigo and Adelaide Bank Limited when renewing the franchise agreement has also been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

i) Payment Terms

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

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

j) Borrowings

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

k) Financial Instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Classification and subsequent measurement

(i) Loans and receivables

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

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

l) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the company are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

m) 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.

n) Contributed Equity

Ordinary shares are 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.

o) Earnings Per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

p) 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 balance sheet. 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 taxation authority are classified as operating cash flows.

Note 2. Financial Risk Management

The company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the board of directors.

(i) Market risk

The company has no exposure to any transactions denominated in a currency other than Australian dollars.

(ii) Price risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The company is not exposed to commodity price risk.

Notes to the financial statements (continued)

Note 2. Financial Risk Management (continued)

(iii) Credit risk

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank Limited.

(iv) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo and Adelaide Bank Limited and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

(vi) 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 balance sheet.

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 2012 can be seen in the statement of comprehensive income.

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

Notes to the financial statements (continued)

Note 3. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Taxation

Judgement is required in assessing whether deferred tax assets and certain tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in corresponding credit or charge to the statement of comprehensive income.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and the condition of the asset is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired branch/agency at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

The calculations require the use of assumptions.

Impairment of assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Notes to the financial statements (continued)

Note 3. Critical Accounting Estimates and Judgements (continued)

Impairment of assets (continued)

Recoverable amount is the higher 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

	2012 \$	2011 \$
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Note 4. Revenue from Ordinary Activities

Operating activities:

- services commissions	1,050,481	988,392
- other revenue	884	1,544
Total revenue from operating activities	1,051,365	989,936

Non-operating activities:

- interest received	41,033	42,175
Total revenue from non-operating activities	41,033	42,175
Total revenues from ordinary activities	1,092,398	1,032,111

Note 5. Expenses

Depreciation of non-current assets:

- plant and equipment	3,895	4,758
- leasehold improvements	5,001	5,114
- motor vehicle	4,304	4,292

Amortisation of non-current assets:

- franchise agreement	2,242	2,242
- franchise renewal fee	11,211	11,211
	26,653	27,617
Bad debts	435	163

Notes to the financial statements (continued)

	Note	2012 \$	2011 \$
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Note 6. Income Tax Expense

The components of tax expense comprise:

- Current tax		37,623	75,086
- Movement in deferred tax		(7,309)	(5,734)
- Adjustments to tax expense of prior periods		(6,687)	-
		23,627	69,352

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

Operating profit		101,046	217,719
Prima facie tax on profit from ordinary activities at 30%		30,314	65,316
Add tax effect of:			
- non-deductible expenses		-	4,036
- timing difference expenses		7,309	5,734
		37,623	75,086
Movement in deferred tax	11	(7,309)	(5,734)
Adjustments to tax expense of prior periods		(6,687)	-
		23,627	69,352

Note 7. Cash and Cash Equivalents

Cash at bank and on hand		110,113	81,554
Term deposits		617,854	669,628
		727,967	751,182

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cashflows as follows:

Note 7(a) Reconciliation of cash

Cash at bank and on hand		110,113	81,554
Term deposits		617,854	669,628
		727,967	751,182

Note 8. Trade and Other Receivables

Trade receivables		84,051	78,718
Other receivables and accruals		1,358	11,233
Prepayments		5,432	9,851
		90,841	99,802

Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 9. Property, Plant and Equipment		
Plant and equipment		
At cost	74,772	66,148
Less accumulated depreciation	(42,545)	(38,650)
	32,227	27,498
Leasehold improvements		
At cost	125,214	107,493
Less accumulated depreciation	(33,011)	(28,010)
	92,203	79,483
Motor vehicle		
At cost	34,339	34,339
Less accumulated depreciation	(17,356)	(13,052)
	16,983	21,287
Total written down amount	141,413	128,268
Movements in carrying amounts:		
Plant and equipment		
Carrying amount at beginning	27,498	28,459
Additions	8,624	3,797
Less: depreciation expense	(3,895)	(4,758)
Carrying amount at end	32,227	27,498
Leasehold improvements		
Carrying amount at beginning	79,483	84,597
Additions	17,721	-
Less: depreciation expense	(5,001)	(5,114)
Carrying amount at end	92,203	79,483
Motor vehicles		
Carrying amount at beginning	21,287	25,579
Less: depreciation expense	(4,304)	(4,292)
Carrying amount at end	16,983	21,287
Total written down amount	141,413	128,268

Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 10. Intangible Assets		
Franchise fee		
At cost	71,211	71,211
Less: accumulated amortisation	(65,992)	(63,750)
	5,219	7,461
Renewal processing fee		
At cost	56,057	56,057
Less: accumulated amortisation	(29,959)	(18,748)
	26,098	37,309
Total written down amount	31,317	44,770

Note 11. Tax

Current:

Income tax (refundable)/payable	(9,886)	28,492
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Non-Current:

Deferred tax assets

- accruals	1,509	838
- employee provisions	22,472	18,002
	23,981	18,840

Deferred tax liability

- accruals	407	3,370
- deductible prepayments	1,630	834
	2,037	4,204

Net deferred tax asset	21,944	14,636
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Movement in deferred tax charged to statement of comprehensive income	(7,309)	(5,734)
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Note 12. Trade and Other Payables

Trade creditors	4,447	12,008
Other creditors and accruals	12,442	15,315
Dividends payable	12,677	17,340
	29,566	44,663

Notes to the financial statements (continued)

	Note	2012 \$	2011 \$
Note 13. Borrowings			
Current:			
Lease liability	18	-	9,832
		-	9,832

Note 14. Provisions

Current:

Provision for annual leave		35,271	30,423
Provision for long service leave		32,831	-
		68,102	30,423

Non-Current:

Provision for long service leave		6,805	29,584
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Note 15. Contributed Equity

677,360 Ordinary shares fully paid (2011: 677,360)	677,360	677,360
Less: equity raising expenses	(29,904)	(29,904)
	647,456	647,456

Rights attached to shares

(a) Voting rights

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held.

However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the **Community Bank®** have the same ability to influence the operation of the company.

(b) Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo and Adelaide Bank Limited contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

Notes to the financial statements (continued)

Note 15. Contributed Equity (continued)

Rights attached to shares (continued)

(c) Transfer

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the Corporations Act.

Prohibited shareholding interest

A person must not have a prohibited shareholding interest in the company.

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

The board has the power to request information from a person who has (or is suspected by the board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the board in selling or otherwise dealing with those shares.

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

	2012 \$	2011 \$
Note 16. Retained Earnings		
Balance at the beginning of the financial year	248,208	140,483
Net profit from ordinary activities after income tax	77,419	148,367
Dividends paid or provided for	(54,188)	(40,642)
Balance at the end of the financial year	271,439	248,208

Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 17. Statement of Cashflows		
Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities		
Profit from ordinary activities after income tax	77,419	148,367
Non cash items:		
- depreciation	13,200	14,164
- amortisation	13,453	13,453
Changes in assets and liabilities:		
- (increase)/decrease in receivables	8,961	(11,844)
- increase in other assets	(17,194)	(5,734)
- increase/(decrease) in payables	(15,097)	4,954
-increase in provisions	14,900	19,420
-increase/(decrease) in current tax liabilities	(28,492)	26,545
Net cashflows provided by operating activities	67,150	209,325

Note 18. Leases

Finance lease commitments

Payable - minimum lease payments		
- not later than 12 months	-	10,493
- between 12 months and 5 years	-	-
- greater than 5 years	-	-
Minimum lease payments	-	10,493
Less future finance charges		(661)
Present value of minimum lease payments	-	9,832

The finance lease is for a motor vehicle with the final instalment paid in May 2012.

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable - minimum lease payments		
- not later than 12 months	34,704	34,704
- between 12 months and 5 years	54,947	89,651
- greater than 5 years		-
	89,651	124,355

The lease for the branch premises is a 5 year lease with 2 further 5 year options to extend available. The second option was exercised in February 2010. Rent is payable monthly in advance and is subject to annual CPI increases.

Notes to the financial statements (continued)

	2012	2011
	\$	\$

Note 19. Auditor's Remuneration

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

- audit and review services	3,400	3,400
- non audit services	2,490	2,344
	5,890	5,744

Note 20. Director and Related Party Disclosures

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

Kim Michaela Simpson
Edward William Eikelboom
Raymond John Marchetti
Kim Louise Petersen
Peter John Eva
Michael Charles Beaverstock (Resigned 24 May 2012)

No director or related entity has entered into a material contract with the company. Director's fees have been paid as disclosed in note 22 - key management personnel disclosures.

Directors' Shareholdings	2012	2011
Kim Michaela Simpson	3,001	3,001
Edward William Eikelboom	2,500	2,500
Raymond John Marchetti	-	-
Kim Louise Petersen	-	-
Peter John Eva	1,000	1,000
Michael Charles Beaverstock (Resigned 24 May 2012)	200	200

There was no movement in directors' shareholdings during the year.

Notes to the financial statements (continued)

	2012 \$	2011 \$
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Note 21. Dividends Paid or Provided

a. Dividends paid during the year

Current year interim dividend		
100% (2011: 100%) franked dividend - 8 cents (2010: 6 cents) per share	54,188	40,642

b. Franking account balance

Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	174,312	128,222
- franking debits/credits that will arise from payment of income tax receivable/payable as at the end of the financial year	(9,886)	28,492
- franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year		-
Franking credits available for future financial reporting periods:	164,426	156,714
- franking debits that will arise from payment of dividends proposed or declared before the financial report was authorised for use but not recognised as a distribution to equity holders during the period		-
Net franking credits available	164,426	156,714

Note 22. Key Management Personnel Disclosures

Remuneration received by directors during the financial year were as follows:

Director	Position Held	Remuneration Received \$
Kim Michaela Simpson	Chairperson	4,000
Edward William Eikelboom	Secretary	3,000
Raymond John Marchetti	Treasurer	3,000

Fees and payments to non executive directors reflect the demands which are made on and the responsibilities of the directors. Non executive directors' fees are reviewed annually by the board. The chairman's, secretary's and treasurer's fees are determined independently to the fees of non executive directors. All director remuneration is inclusive of committee fees.

Kim Peterson is employed by the Board as a Community Engagement Officer. Kim receives a fortnightly salary plus expenses at a casual rate. Kim received a total salary of \$20,036 plus superannuation of \$1,831 in 2012.

No other director of the company receives any remuneration for services provided as director to the company.

Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 23. Earnings Per Share		
(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	77,419	148,367
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	677,360	677,360

Note 24. Events Occurring After the Balance Sheet Date

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

Note 25. Contingent Liabilities

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

Note 26. Segment Reporting

The economic entity operates in the service sector where it facilitates **Community Bank®** services in Byford and district, Western Australia pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 27. Registered Office/Principal Place of Business

The entity is a company limited by shares, incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office

6/837 South Western Highway
Byford WA 6122

Principal Place of Business

6/837 South Western Highway
Byford WA 6122

Notes to the financial statements (continued)

Note 28. Financial Instruments

Net Fair Values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the balance sheet. 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 balance sheet 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

Financial Instrument	Floating interest rate		Fixed interest rate maturing in						Non interest bearing		Weighted average effective interest rate	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$	2012 %	2011 %
Financial Assets												
Cash and cash equivalents	110,113	81,554	617,854	669,628	-	-	-	-	-	-	5.61	5.76
Receivables	-	-	-	-	-	-	-	-	84,051	78,718	N/A	N/A
Financial Liabilities												
Interest bearing liabilities	-	-	-	9,832	-	-	-	-	-	-	N/A	9.61
Payables	-	-	-	-	-	-	-	-	29,567	39,708	N/A	N/A

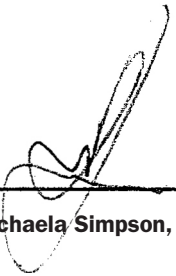
Directors' declaration

In accordance with a resolution of the directors of Byford & District Community Development 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 2012 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; 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.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

This declaration is made in accordance with a resolution of the board of directors.



Kim Michaela Simpson, Chairman

Signed on the 26th of September 2012.

Independent audit report



Independent auditor's report to the members of Byford & Districts Community Development Services Limited

Report on the financial report

We have audited the accompanying financial report of Byford & Districts Community Development Services Limited, which comprises the balance sheet as at 30 June 2012, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making fair accounting estimates that are reasonable in the circumstances. In note 1, the directors also state in accordance with the Accounting Standard AASB 101 Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These auditing standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the company's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337.

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Independent audit report (continued)

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written auditor's independence declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's opinion on the financial report

In our opinion:

- 1) The financial report of Byford & Districts Community Development Services Limited is in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 30 June 2012 and of its financial performance and its cash flows for the year then ended and complying with Australian Accounting Standards and the Corporations Regulations 2001.
- 2) The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Byford & Districts Community Development Services Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.



David Hutchings
Andrew Frewin Stewart
61 Bull Street Bendigo Vic 3550

Dated: 24 September 2012

Byford & Districts **Community Bank**[®] Branch
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