

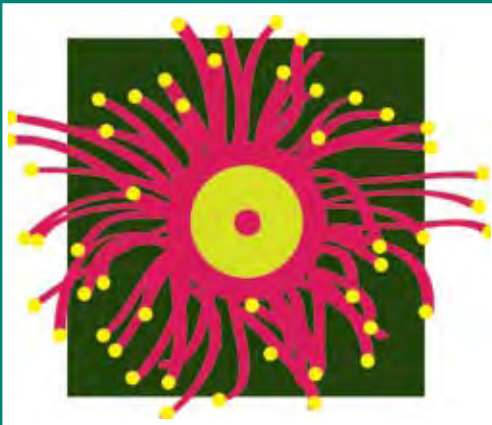
Forrestfield & Districts Community
Financial Services Limited
ABN 94 094 967 978



One of the entries in our colouring competition



Forrestfield Cubs and Scouts



Forrestfield & Districts Community
Financial Services Logo

2008 annual report

Forrestfield & Districts
Community Bank[®] Branch

Forrestfield & Districts Community Financial Services Limited

Our New Logo



We are delighted to launch at this Annual General Meeting,
Our new Logo, which was adopted by the Board in
September 2008.

The logo is a stylised image of a gumnut blossom, which are so plentiful
in the Hills and Foothills of the Darling Range.

Board Members see the logo as a central core (the Board/the Bank),
with tentacles or arms reaching out in all directions to Shareholders,
customers and the community

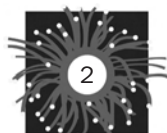
This logo was selected from entries invited by our Logo Competition which was an
acquisitive competition, with copyright ultimately resting with FDCFSL.

Congratulations to Mark Crane, the successful designer.

CONTENTS

30 June 2008

	PAGE
CHAIRMAN'S REPORT	3
MANAGER'S REPORT	4
A MESSAGE FROM BENDIGO BANK	5
DIRECTOR'S REPORT	6 - 9
AUDITORS INDEPENDENCE DECLARATION	11
INDEPENDENT AUDIT REPORT	12 - 13
DIRECTORS' DECLARATION	14
INCOME STATEMENT	15
BALANCE SHEET	16
STATEMENT OF CHANGES IN EQUITY	17
CASH FLOW STATEMENT	18
NOTES TO THE FINANCIAL STATEMENTS	19 - 36





CHAIRMAN'S REPORT

It is my pleasure to present this annual report to shareholders on behalf of the board.

This financial year completes our seventh year of business and although the business continues to be very successful and profitable we are presented with some challenges.

We are currently attracting around 100 new customers to our branch each month and as a result we are running out of room. The Board of Directors are currently negotiating to find new accommodation for our growing business.

Our second challenge is to sustain business growth. An opportunity the board is investigating is the possibility of opening a second site in High Wycombe. We will be working with the High Wycombe community in exploring this opportunity and will keep shareholders fully informed of our progress.

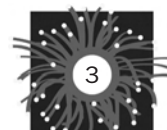
The ongoing success of our business is due to our commitment to our community and our customers. Ray Morgan and his wonderful staff, pride themselves on the service they provide to our customers and are committed to growing our business further. We are very proud of our staff and on behalf of the Board of Directors and all the shareholders I would like to thank Ray and the girls for their efforts this past year. If you don't bank with us I invite you to talk with our friendly staff about your banking needs. They have the product for you.

I would also like to thank Bendigo Bank, our business partners and all their Western Australian staff members for their support this year. We look forward to continuing our successful and profitable partnership.

I would like to thank my fellow directors for their time and efforts spent on running our business. As our business grows and becomes more successful the time our directors allocate to the business increases. Thank you to our Company Secretary Noreen Townsend and our Treasurer Peter Scarfe for their efforts this year.

The board continues to remain confident in the long term future and growth prospects of the company, and looks forward to the continued support of shareholders and the community at large. I look forward to our next year of business and dividends that will flow to shareholders and the community.

Phil Mutter
Chairman



MANAGER'S REPORT

Another outstanding year ñ our business continues to grow, with the future of the Forrestfield **Community Bank** Branch remaining solid.

Our current business levels are as follows:

Deposits - \$73,995,598

Lending - \$63,224,462

Accounts - 9683

In respect of our long term growth, we are always looking at avenues that will benefit our local community and add value for our shareholders.

My staff, have once again been fantastic and deserve the accolades they receive during the year. They are all well trained to meet our customers needs, which is demonstrated by our continued business growth.

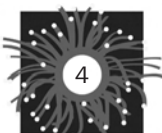
It is a pleasure to work for a bank that is committed to offering personal service and has a genuine strategy of building relationships with clients. Almost without exception, I am finding existing and potential clients wanting to deal face to face with a person, particularly someone who understands their business.

I am also grateful to the Board of Directors for their ongoing support.

Finally, thank you to our shareholders and the community at large, your continuing support is much appreciated



Ray Morgan
Branch Manager



A MESSAGE FROM BENDIGO BANK



June 2008 marks ten years since Bendigo Bank unveiled the first **Community Bank^{AE}** branches in Australia, marking a turning point not only for the two small Victorian wheat belt towns, but for the Bendigo as well.

Today, these two towns have been joined by more than 210 communities to form Australia's fastest growing banking network – community banking.

It is a significant milestone for Bendigo Bank and our **Community Bank^{AE}** partners.

The number of **Community Bank^{AE}** branches has doubled in the last four years and in the same time frame, customers have tripled their commitment of banking business to the community network, increasing it to more than \$11 billion.

More importantly, in excess of \$18 million in **Community Bank^{AE}** branch profits have been returned to community projects and \$12 million has been paid in dividends to more than 50,000 local shareholders.

Behind those numbers are hundreds of stories of **Community Bank^{AE}** branches making a real difference to the lives of local people.

Whether it's building a community hall, sponsoring an art prize or even buying new footy jumpers for the local side – these **Community Bank^{AE}** branches are helping improve the economic and social prospects of their local communities.

Add to those contributions the employment of more than 1000 staff members and daily expenses in the local economy and you have a truly meaningful contribution to those communities and to local prosperity.

As we reflect on the past 10 years, it's with a feeling of great pride and accomplishment for what has been achieved in partnership between our team at the Bendigo and our community partners.

The landscape of banking has changed dramatically, but more importantly – so have the communities we partner and our own organisation.

Our partners have taken charge of outcomes locally that will impact positively for many years to come. Likewise, our organisation has built on our community focussed heritage and evolved to become a true partner to community.

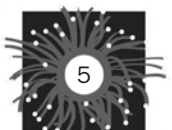
Your commitment, enthusiasm and belief in the **Community Bank^{AE}** model has been instrumental, and for that we thank you.

And here we are, only 10 years into this wonderful journey. Who knows what positive outcomes we'll be talking about in 10 years time, as the **Community Bank^{AE}** network matures.

It's an exciting prospect – and we are very proud of what our team and the communities we partner have achieved together.

A handwritten signature in black ink, appearing to read 'Russell Jenkins'.

Russell Jenkins
Chief General Manager
Retail & Distribution



DIRECTOR'S REPORT

30 June 2008

Your directors present their report together with the financial report of the company for the financial year ended 30 June 2008.

1. General information

(a) Directors

The names, qualifications and meetings attendance of persons holding the position of director of the company in office during the year or at the date of this report are:-

i) Neville Michael Marney

Muresk Dip. Agriculture. Company Director and member Kalamunda CEAC. Chairman W.A. Combined Rodders Association. Life member WCSRC.

Director's meetings attended 14 out of 17 .

ii) Robert Murray Govan

Resident of Shire of Kalamunda for 43 years. Kalamunda Shire Councillor. Past President of Kalamunda Chamber of Commerce.

Director's meetings attended 15 out of 17 .

iii) Phillip Bradley Mutter

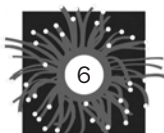
Newsagent in Forrestfield since 1996. Member of Lotteries Commission's Agents Panel 1997. Director of two privately owned companies. Formerly a farmer for 25 years.

Director's meetings attended 16 out of 17 .

iv) Joseph Walter Stone

Managing Director of The Property Research Institute Limited. Resident of Kalamunda Shire since 1995. Formerly farmer and Shire Councillor of the Shire of Quairading.

Director's meetings attended 16 out of 17 .



DIRECTOR'S REPORT

30 June 2008

1. General information Continued

v) Norman Alfred Bell

Justice of the Peace. A director of various poultry companies in West Australia, South Australia, Victoria and Tasmania. A lifetime engaged in the poultry industry. Past Districts Governor of Rotary, Resident of Shire of Kalamunda for 31 years.

Directors meetings attended 16 out of 17 .

vi) David Ernest Vaughan

Local Government Consultant. Retired as CEO at the Shire of Kalamunda in 2008 (1994-2008). Has Business Management and Environmental Health qualification. Past State President of Environmental Health Institute.

Directors meetings attended 16 out of 17 .

(b) Principal Activities

The principal activity and focus of the company's operations during the year was the performance of its activities as a branch of the Bendigo Bank at Forrestfield, Western Australia pursuant to a franchise agreement, trading as "Forrestfield Community Branch – Bendigo Bank".

There have been no significant changes in the nature of Forrestfield & Districts Community Financial Services Limited's principal activities during the financial year.

2. Business review

(a) Operating Results

The amount of profit from ordinary activities of Forrestfield & Districts Community Financial Services Limited for the financial year after providing for income tax amounted to \$ 426,018 (2007: Profit \$ 361,817).



DIRECTOR'S REPORT

30 June 2008

2. Business review Continued

(b) Dividends

Dividend paid or provided during the financial year: \$ 72,357 (2007:\$ 58,080).

(c) Review of operations

A review of the operations of Forrestfield & Districts Community Financial Services Limited during the financial year and the results of those operations found that increases of 23 % for fees, commission and major income were achieved compared with last year and above budget projections.

3. Other items

(a) Significant Changes in State of Affairs

No significant changes in Forrestfield & Districts Community Financial Services Limited's state of affairs occurred during the financial year.

(b) After balance date events

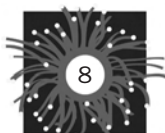
No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of Forrestfield & Districts Community Financial Services Limited, the results of those operations or the state of affairs of Forrestfield & Districts Community Financial Services Limited in future financial years.

(c) Future developments

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

(d) Environmental Regulations

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory



DIRECTOR'S REPORT

30 June 2008

4. Options

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

5. Indemnifying Officers or Auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of Forrestfield & Districts Community Financial Services Limited.

6. Proceedings on Behalf of Company

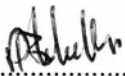
No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

7. Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

Signed in accordance with a resolution of the Board of Directors:



.....
DIRECTOR



.....
DIRECTOR

DATED THIS 18 DAY OF SEPTEMBER 2008.



Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978



Financial Reports

For the Year Ended 30 June 2008

MACRI PARTNERS

CERTIFIED PRACTISING ACCOUNTANTS

1ST FLOOR, 28 THOROGOOD STREET

BURSWOOD WA 6100

AUDITORS INDEPENDENCE DECLARATION

30 June 2008

Auditors Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Forrestfield & Districts Community Financial Services Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2008 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Macri Partners

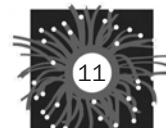
MACRI PARTNERS
CERTIFIED PRACTISING ACCOUNTANTS
1ST FLOOR, 28 THOROGOOD STREET
BURSWOOD WA 6100

A Macri

A MACRI
PARTNER

PERTH

DATED THIS 18 DAY OF SEPTEMBER 2008.



INDEPENDENT AUDIT REPORT

30 June 2008

Independent Audit Report to the Members of Forrestfield & Districts Community Financial Services Limited

Scope

We have audited the accompanying financial report of Forrestfield & Districts Community Financial Services Limited which comprises the balance sheet as at 30 June 2008 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, 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 their fair presentation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair 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 accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

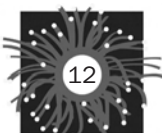
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit 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 the auditor's 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, the auditor considers internal control relevant to the entity's preparation and fair 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.

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

Independence

In conducting our audit , we have complied with the independence requirements of the Corporations Act 2001 . We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Forrestfield & Districts Community Services Limited , would be in the same terms if provided to the directors as at the date of this auditor's report.



INDEPENDENT AUDIT REPORT

30 June 2008

Independent Audit Report to the Members of Forrestfield & Districts Community Financial Services Limited

Audit Opinion

In our opinion, the financial report of Forrestfield & Districts 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 2008 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Macri Partners

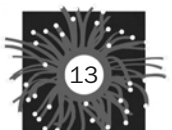
**MACRI PARTNERS
CERTIFIED PRACTISING ACCOUNTANTS
1ST FLOOR, 28 THOROGOOD STREET
BURSWOOD WA 6100**

A Macri

**A MACRI
PARTNER**

PERTH

DATED THIS *18* DAY OF *SEPTEMBER* 2008.



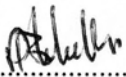
DIRECTOR'S DECLARATION

30 June 2008

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 9 to 30, are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the financial position as at 30 June 2008 and performance for the year ended on that date of the company
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

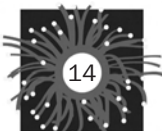


.....
DIRECTOR



.....
DIRECTOR

DATED THIS 18 DAY OF SEPTEMBER 2008.

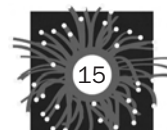


INCOME STATEMENT

For the Year Ended 30 June 2008

	Note	2008 \$	2007 \$
Revenue from ordinary activities	2	1,462,240	1,193,394
Employee benefits expense		(471,431)	(324,230)
Depreciation, amortisation and impairments	3	(30,231)	(29,097)
Leasing of computer hardware and software and rental of computer lines expenses		(31,379)	(13,389)
Other expenses		<u>(320,602)</u>	<u>(309,797)</u>
Profit before income tax		608,597	516,881
Income tax expense	4	<u>(182,579)</u>	<u>(155,064)</u>
Profit attributable to members of the company		<u><u>426,018</u></u>	<u><u>361,817</u></u>

The accompanying notes form part of the financial statements



BALANCE SHEET

30 June 2008

	Note	2008 \$	2007 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	1,200,890	879,350
Trade and other receivables	7	147,345	117,889
Other assets	8	5,452	50
Total current assets		<u>1,353,687</u>	<u>997,289</u>
Non-current assets			
Property, plant and equipment	9	97,589	118,760
Deferred tax asset	12	11,164	14,111
Intangible assets	10	31,724	40,784
Total non-current assets		<u>140,477</u>	<u>173,655</u>
TOTAL ASSETS		<u>1,494,164</u>	<u>1,170,944</u>
LIABILITIES			
Current liabilities			
Trade and other payables	11	86,947	62,428
Current tax liabilities	12	50,931	97,007
Provisions	13	38,936	47,820
Total current liabilities		<u>176,814</u>	<u>207,255</u>
TOTAL LIABILITIES		<u>176,814</u>	<u>207,255</u>
NET ASSETS		<u>1,317,350</u>	<u>963,689</u>
EQUITY			
Contributed equity	15	537,815	537,815
Retained profits		779,535	425,874
TOTAL EQUITY		<u>1,317,350</u>	<u>963,689</u>

The accompanying notes form part of the financial statements



STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2008

	Note	Ordinary Shares \$	Retained Earnings \$	Total \$
Balance at 1 July 2006		537,815	122,137	659,952
Profit attributable to members of the company		-	361,817	361,817
Dividends paid or provided for	5	-	(58,080)	(58,080)
Balance at 30 June 2007		537,815	425,874	963,689
Profit attributable to members of the company		-	426,018	426,018
Dividends paid or provided for	5	-	(72,357)	(72,357)
Balance at 30 June 2008		537,815	779,535	1,317,350

The accompanying notes form part of the financial statements



CASH FLOW STATEMENT

For the Year Ended 30 June 2008

	Note	2008 \$	2007 \$
Cash from operating activities:			
Receipts from customers		1,484,403	1,211,342
Payments to suppliers and employees		(853,060)	(753,348)
Income tax paid		(225,708)	(109,700)
Interest & other income received		102,872	83,843
Goods and Services Tax received/(paid)		(114,610)	(73,855)
Net cash provided by operating activities	14(b)	<u>393,897</u>	<u>358,282</u>
Cash flows from investing activities:			
Purchase of intangible assets		-	(50,000)
Payments for plant and leasehold improvements		-	(35,391)
Proceeds from disposal of plant & equipments		-	17,000
Net cash used in investing activities		<u>-</u>	<u>(61,840)</u>
Cash flows from financing activities:			
Dividends paid		(72,357)	(58,080)
Net cash used in financing activities		<u>(72,357)</u>	<u>(58,080)</u>
Other activities:			
Net increase in cash held		321,540	231,271
Cash at beginning of financial year		<u>879,350</u>	<u>648,079</u>
Cash at end of financial year	14(a)	<u>1,200,890</u>	<u>879,350</u>

The accompanying notes form part of the financial statements



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2008

1 Statement of Significant Accounting Policies

General information

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers Forrestfield & Districts Community Financial Services Limited as an individual entity. Forrestfield & Districts Community Financial Services Limited is an unlisted public company, incorporated and domiciled in Australia

The financial report of Forrestfield & Districts Community Financial Services Limited complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

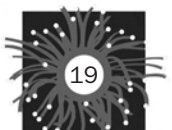
The following is a summary of the material accounting policies adopted by the entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2008

1 Statement of Significant Accounting Policies (Continued)

(a) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expenses (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

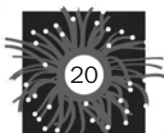
Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the assets is realised or the liabilities is settled, based on the tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches and associates, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2008

1 Statement of Significant Accounting Policies (Continued)

(b) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

(c) Intangibles

The franchise fee paid by the company pursuant to a franchise agreement with the Bendigo Bank (Note 10) is being amortised over the initial five (5) year period of the agreement, being the period of expected economic benefits of the franchise fee.

The formation costs paid by the company pursuant to a franchise agreement with the Bendigo Bank (Note 10) is being amortised over the initial five (5) year period of the agreement, being the period of expected economic benefits of the formation costs.

(d) Employee Benefits

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 present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the company for employees' superannuation in accordance with the SGC legislation and are charged as an expense when incurred.



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2008

1 Statement of Significant Accounting Policies (Continued)

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(f) Revenue

Revenue from the provision of banking services is recognised upon the delivery of the services to the customers on an accruals basis.

All revenue is stated net of the amount of goods and services tax (GST).

(g) Financial Instruments

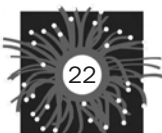
Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instruments. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs where the instruments is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognized where the contractual rights to receipt of cash flows expires or the assets is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognized where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferee to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognized in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2008

1 Statement of Significant Accounting Policies (Continued)

(g) Financial Instruments (Con't)

Classification and Subsequent Measurement

(i) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where there are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised or unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

(ii) 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.

(iii) 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.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(v) Financial Liabilities

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

(h) Impairment of Assets

At each reporting date, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2008

1 Statement of Significant Accounting Policies (Continued)

(i) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

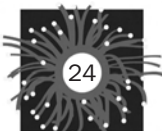
(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(h) Comparative Figures

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



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2008

2 Revenue

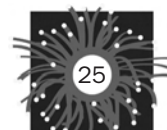
	2008	2007
	\$	\$
Operating activities		
- Fees, commissions and margin income	1,359,368	1,109,551
- Interest received	52,872	33,843
- other revenue	50,000	50,000
	<hr/>	<hr/>
Total Revenue	1,462,240	1,193,394

3 Profit from Ordinary Activities

Expenses

Profit from ordinary activities before income tax expense has been determined after:

	2008	2007
	\$	\$
Amortisation of franchise fee	9,060	9,216
Amortisation of leasehold improvements	1,067	1,498
Depreciation of plant and equipment	20,104	18,383
	<hr/>	<hr/>
	30,231	29,097
Remuneration of auditor	5,250	6,330
Rental	47,911	46,147
Loss on disposal of property, plant & equipment	-	2,933



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2008

4 Income Tax Expense

(a) The components of tax expense comprise:

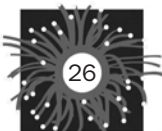
	2008	2007
	\$	\$
Current tax	179,632	156,105
Deferred tax asset/(liabilities)	2,947	(1,041)
	182,579	155,064

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

	2008	2007
	\$	\$
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2007: 30%)	182,579	155,064
Add:		
Tax effect of:		
- Non-allowable items	-	-
Less:		
Tax effect of:		
- Deductible items	-	-
Income tax attributable to entity	182,579	155,064

The applicable weighted average effective tax rates are as follows :

	30.00%	30.00%
--	--------	--------



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2008

5 Dividends

	2008	2007
	\$	\$
Paid final franked dividend of 13.33 cents per share (2007: 10.7 cents per share)	72,357	58,080
Balance of franking account at year end adjusted for payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends, and franking credits that may be prevented from distribution in subsequent financial years	831,809	377,516

6 Cash and Cash Equivalents

	2008	2007
	\$	\$
Cash on hand	197	169
Cash at bank	482,896	248,113
Term deposits	717,797	631,068
	1,200,890	879,350

7 Trade and Other Receivables

	2008	2007
	\$	\$
CURRENT		
Accrued Income	135,215	110,970
Accrued Interest	12,130	6,919
	147,345	117,889

8 Other Assets

	2008	2007
	\$	\$
CURRENT		
Prepayments	5,452	50



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2008

9 Property Plant and Equipment

	2008	2007
	\$	\$
PLANT AND EQUIPMENT		
Furniture and fittings		
At cost	181,284	181,284
Less accumulated depreciation	(133,577)	(121,102)
Total furniture, fixtures and fittings	<u>47,707</u>	<u>60,182</u>
Motor vehicles		
At cost	33,803	33,803
Less accumulated depreciation	(7,646)	(17)
Total motor vehicles	<u>26,157</u>	<u>33,786</u>
Leasehold improvements		
At cost	26,767	26,767
Less accumulated depreciation	(3,042)	(1,975)
Total leasehold improvements	<u>23,725</u>	<u>24,792</u>
Total property, plant and equipment	<u><u>97,589</u></u>	<u><u>118,760</u></u>

Movements in Carrying Amounts

	Furniture and Fittings	Motor Vehicles	Leasehold Improvements	Total
	\$	\$	\$	\$
Balance at the beginning of year	60,182	33,786	24,792	118,760
Additions/(disposal)	-	-	-	-
Depreciation expense	(12,475)	(7,629)	-	(20,104)
Amortisation expense	-	-	(1,067)	(1,067)
Carrying amount at the end of year	<u>47,707</u>	<u>26,157</u>	<u>23,725</u>	<u>97,589</u>



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2008

10 Intangible Assets

	2008	2007
	\$	\$
Franchise Fees		
Cost	50,000	50,000
Accumulated amortisation and impairment	(18,726)	(9,216)
Net carrying amount	<u>31,724</u>	<u>40,784</u>
Total Intangibles	<u><u>31,724</u></u>	<u><u>40,784</u></u>

Pursuant to a five year franchise agreement with the Bendigo Bank, the company operates a branch of the Bendigo Bank at Forrestfield, trading as "Forrestfield & Districts Community Branch - Bendigo Bank", providing a core range of banking products and services. The company entered into the franchise agreement at a cost of \$50,000. The franchise fee and formations costs are being amortised on the basis disclosed in Note 1(c).

11 Trade and Other Payables

	2008	2007
	\$	\$
CURRENT		
-Unsecured liabilities		
GST payable	42,434	31,297
Sundry payables and accrued expenses	37,604	25,243
Bendigo Business Credit Card	400	279
PAYG Withholding Payable	6,509	5,609
	<u>86,947</u>	<u>62,428</u>



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2008

12 Tax

	2008	2007
CURRENT LIABILITIES	\$	\$
Income tax	50,931	97,007
	<u>50,931</u>	<u>97,007</u>
NON-CURRENT ASSETS		
Deferred Tax Asset - Provision	11,164	13,070
	<u>11,164</u>	<u>13,070</u>

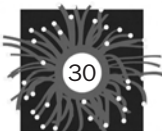
13 Provisions

	2008	2007
CURRENT	\$	\$
Employee benefits	38,936	47,820
	<u>38,936</u>	<u>47,820</u>

14 Cash Flow Information

(a) Reconciliation of cash

	2008	2007
	\$	\$
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:		
Cash at bank	1,200,693	879,181
Cash on hand	197	169
	<u>1,200,890</u>	<u>879,350</u>



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2008

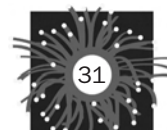
14 Cash Flow Information (Con't)

(b) Reconciliation of Cash Flows from operating profit after Income Tax

	2008	2007
	\$	\$
Profit from ordinary activities after income tax	426,018	361,817
<i>Non-cash flows in profit/(loss) from ordinary activities:</i>		
Depreciation and amortization	30,231	29,097
Loss in disposal of property, plant & equipments	-	2,933
Movements in assets and liabilities		
(Increase)/decrease in trade and other receivables	(29,456)	(13,831)
(Increase)/decrease in prepayments	(5,402)	4,137
(Increase)/decrease in deferred tax assets	2,947	(1,041)
Increase/(decrease) in trade and other payables	24,519	(8,468)
Increase/(decrease) in income taxes payable	(46,076)	(20,615)
Increase/(decrease) in provisions	(8,884)	4,253
Net cash provided by operating activities	<u>393,897</u>	<u>358,282</u>

15 Issued Capital

	2008	2007
	\$	\$
542,810 fully paid Ordinary Shares (2007: 542,810)	<u>537,815</u>	<u>537,815</u>



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2008

16 Key Management Personnel Compensation

(a) Remuneration and Retirement Benefits

	2008 \$	2007 \$
Director's fee	<u>40,000</u>	<u>-</u>

(b) Directors' Shareholdings

Number of Shares held by directors

Balance 30/06/2008

NM Marney	18,000
RM Govan	4,000
PB Mutter	1,000
JW Stone	1,000
NA Bell	10,000
DE Vaughan	500
	<u>34,500</u>

17 Financial Instruments

(a) Financial Risk Management

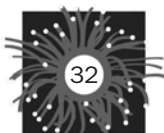
The company's financial instruments consist mainly of cheque accounts, cash management accounts, term deposits with banks, accounts receivable and payables.

The directors overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimizing potential adverse effects on financial performances.

The company does not have any derivative financial instruments at 30 June 2008

Financial Risk exposure and management

The main risks the company is exposed to through its financial instruments are interest rate risk, credit risk and price risk.



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2008

17) Financial Risk Management (Con't)

Interest rate risk

The company does not have any exposure to interest rate risks in respect of debt.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

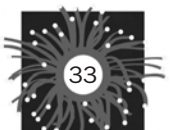
The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

Price risk

The company is not exposed to any material commodity price risk.

(b) Financial Instrument Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement for all other financial instruments.



NOTES TO THE FINANCIAL STATEMENTS

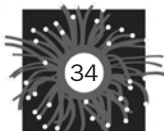
For the Year Ended 30 June 2008

17 Financial Instruments (continued)

(b) Financial Instrument Composition and Maturity Analysis (continued)

	Weighted Average Effective Interest Rate		Floating Interest Rate		Maturing within 1 Year		Non-interest Bearing		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	%	%	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets:										
Cash and cash equivalents	5.67	5.67	482,896	248,113	717,797	631,068	197	169	1,200,890	879,350
Receivables	-	-	-	-	-	-	147,345	117,889	147,345	117,889
Prepayments	-	-	-	-	-	-	5,452	50	5,452	50
Total Financial Assets			482,896	248,113	717,797	631,068	152,994	118,108	1,353,687	997,289
Financial Liabilities:										
Trade and sundry payables	-	-	-	-	-	-	86,947	62,428	86,947	62,428
Provisions	-	-	-	-	-	-	38,936	47,820	38,936	47,820
Total Financial Liabilities			-	-	-	-	125,883	110,248	125,883	110,248

Trade and other payables are expected to be paid in less than 6 months.



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2008

17 Financial Instruments (continued)

(c) Net fair values

The aggregate net fair to the financial statements. No financial assets and liabilities are traded on organised markets in standardised form.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities of the company at balance date as follows:-

	Carrying Value 2008 \$	Fair Value 2008 \$
Financial Assets		
Cash and cash equivalents	1,200,890	1,200,890
Receivables	152,797	152,797
Total Financial Assets	1,353,687	1,353,687
Financial Liabilities		
Trade and other payables	86,947	86,947
Total Financial Liabilities	86,947	86,947

Fair value is determined as follows :-

- Cash and Cash Equivalents, Receivables and Payables – estimated to the carrying value which approximates net market value.



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2008

17 Financial Instruments (continued)

(d) Sensitivity Analysis

The company entity performed a sensitivity analysis relating to interest rate risk, foreign currency risk and price risk at balance date. The directors believe that the impact of sensitivity analysis on the financial statement is insignificant.

18 Contingent Liabilities

There has been no contingent liabilities in existence as at balance sheet date .

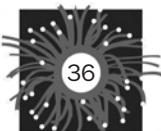
19 Segment Reporting

The company operates in the financial services sector as a branch of the Bendigo Bank at Forrestfield in Western Australia.

20 Company Details

The registered office and the principal place of business of the company is:

Shop 6-7, Forrestfield Forum
20 Strelitzia Avenue
FORRESTFIELD WA 6058





Artwork at Darling Range Sports College.

Forrestfield **Community Bank**[®] Branch
Shop 6 & 7 Forrestfield Forum Shopping Centre, 20 Strelitzia Avenue, Forrestfield, WA 6058
Phone: (08) 9359 0711

Franchisee: Forrestfield & Districts Community Financial Services Limited
Shop 6 & 7 Forrestfield Forum Shopping Centre, 20 Strelitzia Avenue, Forrestfield, WA 6058
ABN 94 094 967 978
Phone: (08) 9359 0711

www.bendigobank.com.au/forrestfield
Bendigo and Adelaide Bank Limited, The Bendigo Centre, Bendigo, VIC 3550
ABN 11 068 049 178. (AFSL 237879) (PSWAR7014) (09/08)