2011 – 2012

Annual Report

Breakfast in the Park 2012

Forrestfield & Districts Community Financial Services Limited

ABN 94 094 967 978

ACN 094 967 978

Franchisee -

Forrestfield Community Bank Shop 6 & 7
Forrestfield Forum
Strelitzia Avenue, Forrestfield
Phone 08 9359 0711
ForrestfieldMailbox@bendigobank.com.au

High Wycombe Community Bank® Branch
Shop 5
High Wycombe Village Shopping Centre
Kalamund Road, High Wycombe
Phone 08 9352 8430
HighWycombeMailbox@bendigobank.com.au

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Sponsored in 2011/12

Foothills Men's Shed.

Chairman's Report

As always the Board has pleasure in presenting the Annual Report to our shareholders.

I have to report that three directors have left the Board this year. David Vaughan and Joe Stone retired and sadly Mick Marney passed away. On behalf of my fellow Directors, Shareholders and the community I thank David, Joe and Mick for their time and efforts in helping make this business the success that it is today. Also thank you to Mary Ann Casey and Ray Luke, both of whom were a great help in establishing our High Wycombe Community Bank® Branch, have also retired from their positions as Alternative Directors and committee members. I also acknowledge the contribution provided by our Post Graduate Student Observer, Lloyd Alderman.

Once again we have seen some challenging trading conditions this year. Despite these conditions our business has continued to grow and we have had a very successful trading year.

Ray Morgan continues to head our dedicated team with Paul Moss as manager of our High Wycombe Branch. Our staff pride themselves on being available to service our customers and are committed on growing our business by providing wonderful service. We are proud of our staff and duly hope that shareholders and the community recognise their efforts. It is because of these efforts that we are able to pay dividends to our shareholders and community.

Since the inception of our business we have returned over $580,000 to our community through our community grants programme and over $650,000 in dividends to our shareholders. Last October we invited our community to participate in a community forum so we could get some ideas on what significant projects are required in our community. Eighty people attended and gave us their ideas. We are working through these suggestions to see if we can help with funding some of the suggestions. We will keep you informed of our progress.

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

Thank you to Noreen Townsend our Company Secretary and Peter Scarfe our Company Treasurer for their efforts.

I would like to thank my fellow Directors for their time and efforts. They are committed to making this a success. We have reviewed our strategic plan and continue to look for ways that we can add value to the business.

I encourage all shareholders to promote our business by referring potential customers to our highly skilled and friendly staff, as this will ensure the sustainability of our business. Remember, these are our Community Bank® Branches and by fostering new customers and business we will continue to provide a meaningful and profitable future to you and our community.

Phil Mutter - Chairman

Senior Manager's Report

We continue to be successful despite the challenging conditions facing financial institutions, particularly with lending growth.

Forrestfield Community Bank® Branch now has total business of $178.1million plus, our second site in High Wycombe, continues to trade in line with our business plan, with current business levels being $44.9 million.

As you can see, we are in a strong position, which ensures we can continue to reward our local community and shareholders.

I would like to thank my staff for their on going dedication and professionalism, which has contributed to the success we have achieved.

Furthermore, I believe that our old fashioned service, is also one of the major reasons why both of our Community Bank® Branches are successful.

Thank you to the many clients and shareholders who remain our most valuable asset, and who continue to support the Community Bank® concept and, therefore, ensure the ongoing success of the Community Bank® network.

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

Ray Morgan – Senior Manager

Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

Annual Report For the Year Ended 30 June 2012

Schedule of Dividends Paid

RECORD OF DIVIDENDS PAID
Forrestfield & Districts Community Financial Services Limited

Financial Year	Total Dividend Amount	Amount Per Share (cts)Cents	No of Shareholders	Share Type	Date Paid
2001/02	.00				
2002/03	.00				
2003/04	$27,140.00	5.00	603	unFranked	31/01/2005
01/07/2004 to 30/06/2005	$54,525.20	10.06	603	unFranked	17/03/2006
01/07/2005 to 30/06/2006	$57,537.86	10.07	590	Franked	00/01/2007
01/07/2006 to 30/06/2007	$58,080.00	13.33	620	Franked	00/02/2008
01/07/2007 to 30/06/2008	$72,357.00	15.84	579	Franked	16/03/2009
01/07/2008 to 30/06/2009	$63,731.07	21.85	575	Franked	3/02/2010
01/07/2009 to 30/06/2010	$56,027.00	10.32	575	Franked	11/02/2011
01/07/2010 to 30/06/2011	$271,000.00	50.00	538	Franked	11/12/2011
PROGRESSIVE TOTAL	**$585,013.48**				

Schedule of Grants, Donations & Sponsorships Paid

RECORD OF COMMUNITY CONTRIBUTIONS PAID
Forrestfield & Districts Community Financial Services Limited

Financial Year	Grants	Sponsorships	Donations	Total $
2004/05		Combined		9,518
2005/06		"		28,557
2006/2007		"		51,225
2007/2008		"		115,044
2008/2009		"		75,092
2009/2010		"		71,501
2010/2011	128,294	15,200	6,500	149,994
2011/2012		**Combined**		**152,000**
TOTAL				**$650,931**

Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

Financial Reports

For the Year Ended 30 June 2012

Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

Directors' Report

30 June 2012

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The Directors present their report together with the financial report of the company for the financial year ended 30 June 2012.

1. General information

(a) Directors

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

i) 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 - 14

ii) Neville Michael Marney (Deceased –August 2012)

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

Director's meetings attended - 11

iii) Joseph Walter Stone (Retired –November 2012)

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 - 5

iv) David Ernest Vaughan (Retired July 2012)

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

Directors meetings attended - 8

v) Nicholas Bruining

Financial planner & finance writer; has lived in the area for 20 years, involved in numerous local community groups.

Directors meetings attended - 12

vi) Colleen Bitmead

Company Director, superannuation fund manager and mother. Has lived in the area for over 10 years.

Directors meetings attended – 11

1. General information (Cont'd)

(a) Directors (cont'd)

vii) Maureen Robinson

Management consultant; local government councillor. Has lived in the area for 25 years

Directors meetings attended – 10

viii) Mary Anne Casey – Alternate Director (Resigned June 2012)

Support worker Aged Care Industry, ex-local government councilor ,mother and local resident.

x) Ray Luke – Alternate Director (Resigned January 2012)

Retired accountant.

(b) Principal Activities

The principal activities of the company during the course of the financial year were in providing community banking services under management rights to operate two franchised branches of Bendigo and Adelaide Bank Limited.

There were no significant changes in the nature of the company's principal activity.

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 $ 219,155 (2011: $ 228,324).

(b) Dividends

A fully franked dividend of 35 cents in the dollar plus a special dividend of 15 cents in the dollar was declared and paid in December 2011 for the 2010/11 financial year $217,405 ($ 56,018)

(c) Review of Operations

A review of the operations of the company during the financial year and the results of those operations found that the company is on a sound footing with both Forrestfield and High Wycombe branches operating within expectation.

3. Other Items

(a) Significant Changes in State of Affairs

No significant changes in the company's state of affairs occurred during the financial year.

(b) Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, or the state of affairs of the company for the financial year in which this report is made.

(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

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 the company.

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:

PHILLIP MUTTER	**NICK BRUINING**
DIRECTOR (CHAIR)	**DIRECTOR (DEPUTY CHAIR)**

DATED THIS 26TH DAY OF SEPTEMBER 2012.

Auditor's 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 2012 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	**A MACRI**
CERTIFIED PRACTISING ACCOUNTANTS	**PARTNER**
SUITE 2, 137 BURSWOOD ROAD	
BURSWOOD WA 6100	

PERTH
DATED THIS DAY OF 2012.

Independent Auditor's Report to the Members of

Forrestfield & Districts Community Financial Services Limited

Report on the Financial Report

We have audited the accompanying financial report of Forrestfield & Districts Community Financial Services Ltd, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising 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 fair presentation of the financial report in accordance with Australian Accounting Standards (including the 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 Standard 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 Financial Services Limited, would be in the same terms if provided to the directors as at the date of this auditor's report.

Independent Auditor's Report to the Members of

Forrestfield & Districts Community Financial Services Limited

Audit Opinion

In our opinion:

a. the financial report of Forrestfield & Districts Community Financial Services Limited is 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 year ended on that date; and

   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

....	....
MACRI PARTNERS	**A MACRI**
CERTIFIED PRACTISING ACCOUNTANTS	**PARTNER**
SUITE 2, 137 BURSWOOD ROAD	
BURSWOOD WA 6100	

PERTH
DATED THIS DAY OF 2012.

Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 9 to 34, 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 2012 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.

....	....
PHILLIP MUTTER	**NICK BRUINING**
DIRECTOR	**DIRECTOR**

DATED THIS 26TH DAY OF SEPTEMBER 2012.

Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

Statement of Comprehensive Income

For the Year Ended 30 June 2012

	Note	2012 $	2011 $
Revenue from ordinary activities	2	2,101,122	1,925,332
Employee benefits expense		(966,595)	(826,358)
Depreciation, amortisation and impairments	3	(81,799)	(81,821)
Leasing of computer hardware and software and rental of computer lines expenses		(111,125)	(103,421)
Other expenses		(622,340)	(569,390)
Profit before income tax		319,263	344,342
Income tax expense	4	(100,108)	(116,018)
Profit after income tax		219,155	228,324
Other comprehensive income		-	-
Total comprehensive income attributable to members of the company		219,155	228,324

Earnings per share

	2012	2011
Basic earnings per share (cents)	40.37	42.06
Diluted earnings per share (cents)	40.37	42.06

The accompanying notes form part of the financial statements.

Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

Statement of Financial Position

As at 30 June 2012

	Note	2012 $	2011 $
ASSETS			
Current assets			
Cash and cash equivalents	6	1,503,440	1,380,579
Trade and other receivables	7	234,465	209,197
Tax Refundable	12	5,120	52,551
Other assets	8	8,470	20,266
Total current assets		1,751,495	1,662,593
Non-current assets			
Property, plant and equipment	9	402,273	425,405
Deferred tax asset	12	15,428	1,445
Intangible assets	10	99,195	117,250
Total non-current assets		516,896	544,100
TOTAL ASSETS		2,268,391	2,206,693
LIABILITIES			
Current liabilities			
Trade and other payables	11	133,894	71,373
Provisions	13	171,183	120,520
Total current liabilities		305,077	191,893
Non-current liabilities			
Provisions	13	1,915	1,151
TOTAL LIABILITIES		306,992	193,044
NET ASSETS		1,961,399	2,013,649
EQUITY			
Issued capital	15	537,815	537,815
Retained earnings		1,423,584	1,475,834
TOTAL EQUITY		1,961,399	2,013,649

The accompanying notes form part of the financial statements.

Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

Statement of Changes in Equity

For the Year Ended 30 June 2012

	Note	Ordinary Shares $	Retained Earnings $	Total $
Balance at 1 July 2010		537,815	1,303,528	1,841,343
Profit attributable to members of the company		-	228,324	228,324
Dividends paid	5	-	(56,018)	(56,018)
Balance at 30 June 2011		537,815	1,475,834	2,013,649
Balance at 1 July 2011		537,815	1,475,834	2,013,649
Profit attributable to members of the company		-	219,155	219,155
Dividends paid	5	-	(271,405)	(271,405)
Balance at 30 June 2012		537,815	1,423,584	1,961,399

The accompanying notes form part of the financial statements.

Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

Statement of Cash Flows

For the Year Ended 30 June 2012

	Note	2012 $	2011 $
Cash from operating activities:			
Receipts from customers		2,213,969	1,924,282
Payments to suppliers and employees		(1,669,283)	(1,552,664)
Income tax paid		(66,660)	(163,526)
Interest & other income received		67,968	147,675
Goods and Services Tax paid		(111,116)	(89,759)
Net cash provided by operating activities	14(b)	434,878	266,008
Cash flows from investing activities:			
Purchase of property, plant and equipment		(40,612)	(244,160)
Purchase of intangible assets		-	(50,000)
Net cash used in investing activities		(40,612)	(294,160)
Cash flows from financing activities:			
Dividends paid		(271,405)	(56,018)
Net cash used in financing activities		(271,405)	(56,018)
Net (decrease) / increase in cash held		122,861	(84,170)
Cash and cash equivalents at beginning of financial year		1,380,579	1,464,749
Cash and cash equivalents at end of financial year	14(a)	1,503,440	1,380,579

The accompanying notes form part of the financial statements.

The financial statements cover 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.

1 Summary of Significant Accounting Policies

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by IASB. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

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

The financial statements were authorised for issue on 26TH September 2012
by the directors of the company.

(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 expenses reflects movements in deferred tax assets and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

1 Summary of Significant Accounting Policies (Cont'd)

(b) Income Tax (cont'd)

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 tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on 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 extend 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.

(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 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.

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

Class of Fixed Asset	Depreciation Rate
Office Equipment ,Furniture & fittings	7.5% - 20.00% diminishing value
Leasehold Improvements	2.50%-10.00% diminishing value
Motor Vehicles	22.5% diminishing value

(c) Intangibles

The franchise fee paid by the company pursuant to a franchise agreement with the Bendigo and Adelaide 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 establishment costs paid by the company pursuant to a franchise agreement with the Bendigo and Adelaide 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.

(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 statement of financial position.

(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

Initial Recognition and Measurement:

Financial assets and liabilities are recognised when the entity becomes a party to the contractual provisions of the instruments. For financial assets, this equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at their fair value plus transaction costs, except where the instruments is classified at fair value through profit or loss"" in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement:

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortisation cost is calculated as : (i) the amount at which the financial asset or financial liability is measured at initial recognition;(ii) less principal repayments; (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

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

Financial assets are classified at "fair value through profit or loss" when they are either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are 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. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(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

(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 company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. 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.

(vi) Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(h) Impairment of Assets

At the end of each reporting period, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

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

Derecognition:

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

Impairment testing is performed annually for intangible assets with indefinite lives.

(i) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements 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.

Key estimates

Impairment

The company assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

(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 statement of financial position are shown inclusive of GST.

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

(k) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company has decided not to early adopt any of the new and amended pronouncements. The Company's assessment of the new and amended pronouncements that are relevant to the Company but applicable in future reporting periods is set out below:

-AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- Simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- Simplifying the requirements for embedded derivatives;
- Removing the tainting rules associated with held-to-maturity assets;
- Removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- Allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- Requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- Requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The Company has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

-AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129, 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

AASB1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements.

-Tier 1: Australian Accounting Standards; and
-Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

Management believes that the Company qualifies for the reduced disclosure requirements for Tier 2 entities. However, it is yet to determine whether to adopt the reduced disclosure requirements.

-AASB 2010-8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

This Standard makes amendments to AASB 112: Income Taxes and incorporates Interpretation 121: Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments are not expected to significantly impact the Company.

-AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interest in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011—7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Company has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

AASB 11 replaces AASB 131: Interest in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either “joint operations” (where the parties that have joint control of the arrangements have rights to the assets and obligations for the liabilities) or “joint ventures” (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a “structured entity”, replacing the “special purpose entity” concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Company.

To facilitate the application of AASBs 10, 12 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Company.

-AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19. 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

-Inputs to all fair value measurements to be categorised in accordance wit ha fair value hierarchy; and

-Enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are not expected to significantly impact the Company.

-AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Company.

AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from ASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The Company does not have any defined benefit plans and so is not impacted by the amendment.

AASB 119 (September 2011) also includes changes to:

-Require only those benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service to be classified as short-term employee benefits, post-employment benefits or termination benefits, as appropriate; and
-the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

(i)For an offer that may be withdrawn – when the employee accepts;

(ii)For an offer that cannot be withdrawn – when the offer is communicated to affected employees; and

(iii)Where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

This Company has not yet been able to reasonably estimate the impact of these changes to AASB 119.

(l) Comparative Figures

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

2 Revenue

	2012 $	2011 $
Operating activities		
- Fees, commissions and margin income	1,945,405	1,777,657
- Interest received	67,968	97,675
- other revenue	87,749	50,000
Total Revenue	2,101,122	1,925,332

3 Profit from Ordinary Activities

Expenses

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

	2012 $	2011 $
Amortisation of intangible assets	18,055	22,604
Depreciation of property, plant and equipment	63,744	59,217
Remuneration of auditor	10,000	9,000
Rental	138,389	110,096
Loss on disposal of property, plant & equipment	-	22,944
Director Fees	40,000	40,000

Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

Notes to the Financial Statements

For the Year Ended 30 June 2012

4 Income Tax Expense

(a) The components of tax expense comprise:

	2012 $	2011 $
Current tax	114,091	100,847
Under-provision of prior-year taxation	-	4,599
Deferred tax	(13,983)	10,572
	100,108	116,018

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

	2012 $	2011 $
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2011: 30%)	95,779	103,303
Add:		
Tax effect of		
- Non-allowable items	25,985	40,459
- Under-provision of prior year taxation	-	4,599
Less:		
Tax effect of:		
- Deductible items	(21,656)	(32,343)
Income tax attributable to entity	100,108	116,018
The applicable weighted average effective tax rates are as follows :	31%	34%

5 Dividends

	2012	2011
	$	$
Paid final franked dividend of 10.32 cents per share (2011: 10.32 cents per share)	271,405	56,018
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	1,669,928	1,860,660

6 Cash and Cash Equivalents

Cash on hand	430	918
Cash at bank	423,890	285,781
Term deposits	1,079,120	1,093,880
	1,503,440	1,380,579

7 Trade and Other Receivables

CURRENT

Accrued Income	194,583	180,893
Accrued Interest	25,134	27,704
Sundry debtors	14,748	600
	234,465	209,197

8 Other Assets

CURRENT		
Prepayments	8,470	20,266

9 Property, Plant and Equipment

	2012 $	2011 $
Computer equipment , furniture and fittings		
At cost	112,852	112,442
Less accumulated depreciation	(46,179)	(30,906)
Total furniture and fittings	66,673	81,536
Motor vehicles		
At cost	71,951	33,860
Less accumulated depreciation	(23,833)	(13,761)
Total motor vehicles	48,118	20,099
Leasehold improvements		
At cost	356,124	335,794
Less accumulated depreciation	(68,642)	(32,024)
Total leasehold improvements	287,482	323,770
Total property, plant and equipment	402,273	425,405

Movements in Carrying Amounts

	COMPUTER, FURNITURE & FITTINGS $	MOTOR VEHICLE $	LEASEHOLD IMPROVEMENT $	TOTAL
Balance at the beginning of year	81,536	20,099	323,770	425,405
Additions /(disposal)	2,520	38,092	-	40,612
Depreciation expense	(17,383)	(10,073)	(36,288)	(63,744)
Carrying amount at the end of year	66,673	48,118	287,482	402,273

10 Intangible Assets

	2012 $	2011 $
Franchise & Established Fees		
Cost	130,000	180,000
Accumulated amortisation	(30,805)	(62,750)
Total Intangibles	99,1951	117,250

Pursuant to a five year franchise agreement with the Bendigo and Adelaide Bank Limited, the company operates branches of the Bendigo and Adelaide Bank at Forrestfield and High Wycombe , trading as “Forrestfield & Districts Community Financial Services Ltd ", providing a core range of banking products and services. The franchise fee and establishment costs are being amortised on the basis disclosed in Note 1(c).

11 Trade and Other Payables

CURRENT		
Unsecured liabilities		
GST payable	39,241	5,665
Sundry payables and accrued expenses	48,581	32,202
Business credit card	1,236	943
PAYG withholding payable	14,295	16,379
Unclaimed dividends	23,619	15,904
Superannuation	6,922	280
	133,894	71,373

12 Tax Refundable

	2012 $	2011 $
Income tax refundable	5,120	52,551
Deferred Tax Asset	15,428	1,445

13 Provisions

	2012 $	2011 $
CURRENT		
Employee benefits	171,183	120,520
NON-CURRENT		
Employee benefits - Provision for Long Service Leave	1,915	1,151
Total Employee Benefits Provisions	173,098	121,671

14 Cash Flow Information

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	2012 $	2011 $
Cash at bank	1,503,010	1,379,661
Cash on hand	430	918
	1,503,440	1,380,579

14 Cash Flow Information (Cont'd)

(b) Reconciliation of cash flow from operation with profit after income tax

	2012 $	2011 $
Profit after income tax	219,155	228,324
Non-cash flows in profit:		
- Depreciation and amortization	81,799	81,821
- Loss in disposal of property, plant & equipment	-	22,944
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	(25,268)	(14,832)
- (Increase)/decrease in prepayments	11,796	7,975
- (Increase)/decrease in deferred tax assets	(13,983)	10,572
- Increase/(decrease) in trade and other payables	62,521	(7,898)
- (Increase)/decrease in income taxes refundable	47,431	(58,080)
- Increase/(decrease) in provisions	51,427	(4,818)
Net cash provided by operating activities	434,878	266,008

15 Issued Capital

542,810 fully paid Ordinary Shares (2011: 542,810)	542,810	542,810

Ordinary shares participate in dividend and the proceeds of winding up of the company in proportion to the number of shares held.

16 Key Management Personnel Compensation

(a) Remuneration and Retirement Benefits

	2012 $	2011 $
Director's fee	40,000	40,000

(b) Directors' Shareholdings

Number of shares held by directors

	2012	2011
Phillip Mutter	1,000	1,000
Nicholas Bruining	-	-
Colleen Bitmead	9,000	9,000
Maureen Robinson	-	-
Mary Anne Casey	250	250
Ray Luke	-	-
David Vaughan	500	500
Michael Marney	10,000	10,000
Joseph Stone	1,000	1,000
	21,750	21,750

17 Financial Risk Management

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

(a) Financial Risk Management Policies

The directors overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performances. Risks management policies are approved and reviewed by the Board of Directors on a regular basis.

The main purpose of non-derivative financial instruments is to raise finance for company operations. The company does not have any derivative financial instruments at 30 June 2012.

(b) Specific Financial Risk Exposure and Management

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

17 Financial Risk Management (Cont'd)

(b) Specific Financial Risk Exposure and Management (Cont'd)

i) Interest rate risk

The company is not exposed to interest rate risks in respect of debt.

ii) 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.

iii) Price risk

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

iv) Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

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.

17 Financial Risk Management (cont'd)

(c) Financial liability and financial asset maturity analysis

	Weighted Average Effective Interest Rate		Floating Interest Rate		Maturing within 1 Year		Non-interest Bearing		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	%	%	$	$	$	$	$	$	$	$
Financial Assets:										
Cash and cash equivalents	4.00	3.97	423,890	285,781	1,079,120	1,093,880	430	918	1,503,440	1,380,579
Receivables	-	-	-	-	-	-	234,465	209,197	234,465	209,197
Prepayments	-	-	-	-	-	-	8,470	20,266	8,470	20,266
Total Financial Assets			423,890	285,781	1,079,120	1,093,880	243,365	230,381	1,746,375	1,610,042
Financial Liabilities:										
Trade and other payables	-	-	-	-	-	-	133,894	71,373	133,894	71,373
Provisions	-	-	-	-	-	-	173,098	121,671	173,098	121,671
Total Financial Liabilities			-	-	-	-	306,992	193,044	306,992	193,044

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

17 Financial Risk Management (Cont'd)

(d) Net fair values

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

No financial assets and liabilities are traded on organised markets in standardised form.

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

	CARRYING VALUE 2012 $	FAIR VALUE 2012 $
Financial Assets		
Cash and cash equivalents	1,503,440	1,503,440
Receivables & prepayments	234,465	234,465
Total Financial Assets	1,737,905	1,737,905
Financial Liabilities		
Trade and other payables	133,894	133,894
Provisions	173,098	173,098
Total Financial Liabilities	306,992	306,992

Fair value is determined as follows :-

Cash and cash equivalents, receivables and payables – estimated to the carrying value which approximates net market value.

Financial Risk Management (Cont'd)

(e) Sensitivity Analysis

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

18 Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets at the reporting date.

19 Segment Reporting

The company operates in the financial services sector as branches of the Bendigo and Adelaide Bank at Forrestfield and High Wycombe in Western Australia.

20 Company Details

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

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