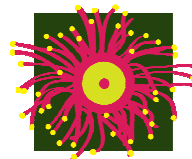


2012 –  
2013

# Annual Report



## **Forreestfield & Districts Community Financial Services Limited**

ABN 94 094 967 978

ACN 094 967 978

Franchisee -

**Forreestfield Community Bank Shop 6 & 7  
Forreestfield Forum  
Strelitzia Avenue, Forreestfield  
Phone 08 9359 0711  
ForreestfieldMailbox@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**



# Contents

## Part 1

Chairman's Report

Manager's Report

Director's Report

Schedule of Dividends Paid

Schedule of Grants, Donations,  
Sponsorshi

## Part 2

Financial Statements

Notes to the Financial  
Statements

Directors' Declaration

Independent Audit Report

Auditor's Independence  
Declaration



Autism Black Tie Soiree



Spring in the Hills Photographic  
Competitio



West Rise Basketball Team for players with a disability



# Chairman's Report

Page 1

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

Subdued business conditions have persisted this year but this has not deterred our Managers, Ray Morgan and Paul Moss. Although we have seen lower profits due to Bendigo and Adelaide Bank's 'Restoring The Balance' programme, we have been able to minimise the damage to our profit thanks to our Manager's efforts in continuing to increase our loan and deposit business.

I would like to express my appreciation to the staff that we have in each of our branches. We are very proud of our staff as they continue to build a solid reputation within our community. All have made significant contributions towards servicing our customers and growing our business.

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.

My personal thanks to our great Board of Directors. All have their own skills and that very valuable commodity called commitment. The success of our Board is largely due to their motivation to provide for a very successful business and a better community. Thank you to Noreen Townsend, Company Secretary and Peter Scarfe, Company Treasurer.

The ongoing success of our business is helped by our commitment to our community. We continue to look for opportunities to support and grow our community. To date our business has contributed \$828,000 to community groups. Shareholders have received \$750,000 in dividends since the opening of the business which establishes this operation as one of the best in the country. The Board look forward to another successful business and community year this coming year.

**Phil Mutter – Chairman**

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978



## *Senior Manager's Report*

Page 2

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

Forrestfield **Community Bank**<sup>®</sup> Branch now has total business of \$190.7 million plus, our second site in High Wycombe, continues to trade in line with our business plan, with current business levels being \$61 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**<sup>®</sup> 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**<sup>®</sup> concept and, therefore, ensure the ongoing success of the **Community Bank**<sup>®</sup> 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



## Schedule of Dividends Paid

Page 3

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
01/07/2011 to 30/06/2012	\$86,080	16.00	538	Franked	01/02/2013
<b>PROGRESSIVE TOTAL</b>	<b>\$746,478.13</b>				

## 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	"			149,994
2011/2012	"			152,000
2012/2013	"			175,000
<b>TOTAL</b>				<b>827,931</b>

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

## *Part 2 – Financial Report*

**Financial Statements**

**Notes to the Financial Statements**

**Directors' Declaration**

**Independent Audit Report**

**Auditor's Independence Declaration**



# **Forrestfield & Districts Community Financial Services Limited**

A.C.N 094 967 978

**Financial Reports**

**For the Year Ended 30 June 2013**

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

## CONTENTS

	<u>Page</u>
<b>Financial Statements</b>	
Directors' Report	1-3
Auditor's Independence Declaration	4
Independent Auditor's Report	5-6
Directors' Declaration	7
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12-34



# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

## Directors Report

For the Year Ended 30 June 2013

The Directors present their report together with the financial report of the company for the financial year ended 30 June 2013.

### 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.

Board meetings attended - 1

iii) David Ernest Vaughan (Retired July 2012)

Local Government Consultant. Retired CEO Shire of Kalamunda has Business Management and Environmental Health qualification. Past State President of Environmental Health Institute.

Board meetings attended - 1

iv) Nicholas Bruining

CFP B.Com CPL(H) DipFP FFFA FAICD Financial planner & writer; has lived and worked in the area for 20 years, involved in numerous local community groups over that time.

Directors meetings attended - 12

v) Colleen Bitmead

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

Directors meetings attended – 11

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

vi) Maureen Robinson

BA, Grad Dip Ed, Grad Dip HRM, Master of Business; Management consultant & Returning Officer, previously local Government councillor; Director/Company Secretary private company; and senior executive State Public Service. Local resident for 25 years.

Directors meetings attended – 14

## Directors Report (Cont'd)

For the Year Ended 30 June 2013

### 1. General information (Cont'd)

#### (a) Directors (cont'd)

ix) Michael Houlahan (Board Appointed November 2012)

GAICD (Graduate member of the Australian Institute of Company Directors).Has extensive experience in corporate governance, risk, strategy, finance and operations through various senior corporate roles in Retail Banking, Utilities, Telecommunications, Civil Construction and Management Consulting – is currently a Senior Manager with Horizon Power. Local resident for 10 years, family local residents for over 50 years.

Board meetings attended - 8

#### (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 \$ 259,513 (2012: \$219,155).

#### (b) Dividends

A fully franked dividend of \$ 86,850 (2012: 271,405) was declared and paid during the year.

#### (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 are doing within the expectation.

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

## 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, the results of those operations or the state of affairs of the company for the financial year in which this report is made.

## Directors Report (Cont'd)

For the Year Ended 30 June 2013

## 3. Other Items (cont'd)

### (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

The company has paid premiums to insure directors and officers against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity as directors and officers of the company. No Indemnities have been given or insurance premiums paid, during or since the end of the financial year, for 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.

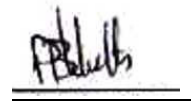
## 7. Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

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



---

**PHILLIP MUTTER  
DIRECTOR (CHAIR)**

**DATED THIS 23<sup>RD</sup> DAY OF OCTOBER 2013.**



---

**NICK BRUINING  
DIRECTOR (DEPUTY CHAIR)**

**Auditor's Independence Declaration**

**Under Section 307C of the Corporations Act 2001**

**To the Directors of Forrestfield & Districts Community Financial Services Limited**



Certified Practising Accountants

**PARTNERS**

Anthony Macri CPA  
Domenis Macri CPA  
Donnie De Felice CA

**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 2013 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.

A handwritten signature in black ink, appearing to read "Anthony Macri", written over a dotted line.

MACRI PARTNERS  
CERTIFIED PRACTISING ACCOUNTANTS  
SUITE 2, 137 BURSWOOD ROAD  
BURSWOOD WA 6100

A handwritten signature in black ink, written over a dotted line.

A MACRI  
PARTNER

PERTH  
DATED THIS 23<sup>RD</sup> DAY OF OCTOBER 2013.

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978



**PARTNERS**  
Anthony Macri FCPA  
Domenic Macri CPA  
Connie De Felice CA

## **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 Limited, which comprises the statement of financial position as at 30 June 2013, 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 of the financial report that give a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report and give a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards (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. Those 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 company's preparation 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.



# Forrestfield & Districts Community Financial Services Limited

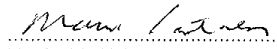
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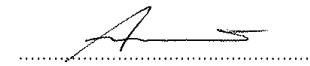
## Independent Auditor's Report to the Members of Forrestfield & Districts Community Financial Services Limited

### *Auditor's 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 2013 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  
CERTIFIED PRACTISING ACCOUNTANTS  
SUITE 2, 137 BURSWOOD ROAD  
BURSWOOD WA 6100

  
.....  
A MACRI  
PARTNER

PERTH  
DATED THIS 23<sup>RD</sup> DAY OF OCTOBER 2013.



# 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 8 to 34, are in accordance with the Corporations Act 2001, including:
  - (a) comply with Australian Accounting Standards, which , as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
  - (b) giving a true and fair view of the financial position as at 30 June 2013 and of the 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  
DIRECTOR



NICK BRUINING  
DIRECTOR

DATED THIS 23<sup>RD</sup> DAY OF OCTOBER 2013.



# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

## Statement of Comprehensive Income

For The Year Ended 30 June 2013

	Note	2013 \$	2012 \$
Revenue from ordinary activities	2	2,204,771	2,101,122
Employee benefits expense		(1,030,298)	(966,595)
Depreciation, amortisation and impairments	3	(78,408)	(81,799)
Leasing of computer hardware and software and rental of computer lines expenses		(107,976)	(111,125)
Other expenses		<u>(611,132)</u>	<u>(622,340)</u>
<b>Profit before income tax</b>		376,957	319,263
Income tax expense	4	<u>(117,444)</u>	<u>(100,108)</u>
<b>Profit after income tax</b>		259,513	219,155
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income attributable to members of the company</b>		<u><u>259,513</u></u>	<u><u>219,155</u></u>
 <b><u>Earnings per share</u></b>			
Basic earnings per share (cents)		47.81	40.37
Diluted earnings per share (cents)		47.81	40.37

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

## Statement of Financial Position

As at 30 June 2013

	Note	2013 \$	2012 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	1,793,403	1,503,440
Trade and other receivables	7	209,396	234,465
Tax refundable	12	-	5,120
Other assets	8	10,378	8,470
<b>Total current assets</b>		<u>2,013,177</u>	<u>1,751,495</u>
<b>Non-current assets</b>			
Property, plant and equipment	9	351,076	402,273
Deferred tax asset	12	11,643	15,428
Intangible assets	10	81,131	99,195
<b>Total non-current assets</b>		<u>443,850</u>	<u>516,896</u>
<b>TOTAL ASSETS</b>		<u>2,457,027</u>	<u>2,268,391</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	156,854	133,894
Provisions	13	142,538	171,183
Tax liabilities	12	18,503	-
<b>Total current liabilities</b>		<u>317,895</u>	<u>305,077</u>
<b>Non-current liabilities</b>			
Provisions	13	5,070	1,915
<b>TOTAL LIABILITIES</b>		<u>322,965</u>	<u>306,992</u>
<b>NET ASSETS</b>		<u>2,134,062</u>	<u>1,961,399</u>
<b>EQUITY</b>			
Issued capital	15	537,815	537,815
Retained earnings		<u>1,596,247</u>	<u>1,423,584</u>
<b>TOTAL EQUITY</b>		<u>2,134,062</u>	<u>1,961,399</u>

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 2013

	Note	Ordinary Shares \$	Retained Earnings \$	Total \$
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		<u>537,815</u>	<u>1,423,584</u>	<u>1,961,399</u>
Balance at 1 July 2012		537,815	1,423,584	1,961,399
Profit attributable to members of the company		-	259,513	259,513
Dividends paid	5	-	(86,850)	(86,850)
Balance at 30 June 2013		<u>537,815</u>	<u>1,596,247</u>	<u>2,134,062</u>

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 2013

	Note	2013 \$	2012 \$
<b>Cash from operating activities:</b>			
Receipts from customers		2,369,459	2,213,969
Payments to suppliers and employees		(1,820,980)	(1,669,283)
Income tax paid		(90,036)	(66,660)
Interest income		57,576	67,968
Goods and services tax paid		(130,059)	(111,116)
		<u>                    </u>	<u>                    </u>
<b>Net cash provided by operating activities</b>	14(b)	<u>385,960</u>	<u>434,878</u>
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment		(9,147)	(40,612)
Purchase of intangible assets		-	-
		<u>                    </u>	<u>                    </u>
<b>Net cash used in investing activities</b>		<u>(9,147)</u>	<u>(40,612)</u>
<b>Cash flows from financing activities:</b>			
Dividends paid		(86,850)	(271,405)
		<u>                    </u>	<u>                    </u>
<b>Net cash used in financing activities</b>		<u>(86,850)</u>	<u>(271,405)</u>
<b>Net increase in cash held</b>		289,963	122,861
Cash and cash equivalents at beginning of financial year		<u>1,503,440</u>	<u>1,380,579</u>
<b>Cash and cash equivalents at end of financial year</b>	14(a)	<u>1,793,403</u>	<u>1,503,440</u>

The accompanying notes form part of the financial statements.

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

## Notes to the Financial Statements

For the Year Ended 30 June 2013

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 (IFRS). Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

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 23<sup>rd</sup> October 2013 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.

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

Notes to the Financial Statements

For the Year Ended 30 June 2013

## 1 Summary of Significant Accounting Policies (cont'd)

### (a) 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 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.

# **Forrestfield & Districts Community Financial Services Limited**

A.C.N 094 967 978

Notes to the Financial Statements

For the Year Ended 30 June 2013

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

## Notes to the Financial Statements

For the Year Ended 30 June 2013

### 1 Summary of Significant Accounting Policies (cont'd)

#### (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:

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
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.



# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

## Notes to the Financial Statements

For the Year Ended 30 June 2013

### 1 Summary of Significant Accounting Policies (cont'd)

#### (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.

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

Notes to the Financial Statements

For the Year Ended 30 June 2013

## 1 Summary of Significant Accounting Policies (cont'd)

### (g) Financial Instruments (cont'd)

(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.

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

Notes to the Financial Statements

For the Year Ended 30 June 2013

## 1 Summary of Significant Accounting Policies (cont'd)

### (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

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

## Notes to the Financial Statements

### For the Year Ended 30 June 2013

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.

## 1 Summary of Significant Accounting Policies (cont'd)

### (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).

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

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

## Notes to the Financial Statements

### For the Year Ended 30 June 2013

- 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.

## 1 Summary of Significant Accounting Policies (cont'd)

### (k) New Accounting Standards for Application in Future Periods (cont'd)

These Standards were mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012-6: Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures (issue September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. In light of this change to the mandatory effective date, the company is expected to adopt AASB 9 and AASB 2010-7 for the annual reporting period ending 31 December 2015. Although the directors anticipate that the adoption of AASB 9 and AASB 2010-7 may have a significant impact on the company's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (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 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) (as amended by AASB 2012—10:

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

## Notes to the Financial Statements

### For the Year Ended 30 June 2013

Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments), and AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (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. This Standard is not expected to significantly impact the company's financial statements

## **1 Summary of Significant Accounting Policies (cont'd)**

### **(k) New Accounting Standards for Application in Future Periods (cont'd)**

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). This Standard is not expected to significantly impact the company's financial statements.

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's financial statements.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. The revision made to AASB 127 and AASB 128 is not expected to significantly impact the company's financial statements.

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

## Notes to the Financial Statements

### For the Year Ended 30 June 2013

- AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 (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 with a 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 expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the company's financial statements.

## **1 Summary of Significant Accounting Policies (cont'd)**

### **(k) New Accounting Standards for Application in Future Periods (cont'd)**

- AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from ASB 119 (September 2011) (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:

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

## Notes to the Financial Statements

For the Year Ended 30 June 2013

-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. All other employee benefits are to be classified as other long-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.

These Standards are not expected to significantly impact the company's financial statements.

- *Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 2012-2 principally amends AASB 7: *Financial Instruments: Disclosures* to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard is not expected to significantly impact the company's financial statements.

## **1 Summary of Significant Accounting Policies (cont'd)**

### **(k) New Accounting Standards for Application in Future Periods (cont'd)**



# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

## Notes to the Financial Statements

### For the Year Ended 30 June 2013

- AASB 2012-3: *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard adds application guidance to AASB 132: *Financial Instruments: Presentation* to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.

This Standard is not expected to significantly impact the company’s financial statements.

- AASB 2012-5: *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle* (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard amends a number of Australian Accounting Standards as a consequence of the issuance of *Annual Improvements to IFRSs 2009-2011 Cycle* by the International Accounting Standards Board, including:

-AASB 1: *First-time Adoption of Australian Accounting Standards* to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;

-AASB 101: *Presentation of Financial Statements* and AASB 134: *Interim Financial Reporting* to clarify the requirements for presenting comparative information;

-AASB 116: *Property, Plant and Equipment* to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment;

-AASB 132 and Interpretation 2: *Members’ Shares in Co-operative Entities and Similar Instruments* to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and

-AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

This Standard is not expected to significantly impact the company’s financial statements.

### (I) Comparative Figures

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

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

## Notes to the Financial Statements

For the Year Ended 30 June 2013

### 2 Revenue

	2013 \$	2012 \$
Operating activities		
- Fees, commissions and margin income	2,050,528	1,945,405
- Interest received	57,576	67,968
- other revenue	96,667	87,749
	<hr/>	<hr/>
Total Revenue	2,204,771	2,101,122

### 3 Profit from Ordinary Activities

#### Expenses

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

Amortisation of intangible assets	18,064	18,055
Depreciation of property, plant and equipment	60,344	63,744
Remuneration of auditor	11,500	10,000
Rental	144,281	138,389
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 2013

## 4 Income Tax Expense

(a) The components of tax expense comprise:

	2013 \$	2012 \$
Current tax	109,202	114,091
Under-provision of prior-year taxation	4,457	-
Deferred tax	3,785	(13,983)
	117,444	100,108

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

Prima facie tax payable on profit from ordinary activities before income tax at 30% (2012: 30%)	113,088	95,779
Add:		
Tax effect of		
- Non-allowable items	21,002	25,985
- Under-provision of prior year taxation	4,457	-
Less:		
Tax effect of:		
- Deductible items	(21,103)	(21,656)
Income tax attributable to entity	117,444	100,108

The applicable weighted average effective tax rates are as follows :                      31%                      31%

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

## Notes to the Financial Statements

For the Year Ended 30 June 2013

### 5 Dividends

	2013 \$	2012 \$
Paid final franked dividend of 16 cents per share ( 2012: 50 cents per share)	86,850	271,405

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

1,431,290	1,669,928
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### 6 Cash and Cash Equivalents

Cash on hand	58	430
Cash at bank	666,093	423,890
Term deposits	1,127,252	1,079,120
	<u>1,793,403</u>	<u>1,503,440</u>

### 7 Trade and Other Receivables

#### CURRENT

Accrued Income	189,599	194,583
Accrued Interest	19,797	25,134
Sundry debtors	-	14,748
	<u>209,396</u>	<u>234,465</u>

### 8 Other Assets

#### CURRENT

Prepayments	10,378	8,470
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# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

## Notes to the Financial Statements

For the Year Ended 30 June 2013

### 9 Property, Plant and Equipment

	2013 \$	2012 \$
Computer equipment , furniture and fittings		
At cost	122,000	112,852
Less : accumulated depreciation	(60,084)	(46,179)
Total furniture and fittings	<u>61,916</u>	<u>66,673</u>
Motor vehicles		
At cost	71,951	71,951
Less : accumulated depreciation	(34,660)	(23,833)
Total motor vehicles	<u>37,291</u>	<u>48,118</u>
Leasehold improvements		
At cost	356,124	356,124
Less : accumulated depreciation	(104,255)	(68,642)
Total leasehold improvements	<u>251,869</u>	<u>287,482</u>
Total property, plant and equipment	<u><u>351,076</u></u>	<u><u>402,273</u></u>

### Movements in Carrying Amounts

	Computer Furniture and Fittings \$	Motor Vehicles \$	Leasehold Improvements \$	Total \$
Balance at the beginning of year	66,673	48,118	287,482	402,273
Additions /(disposal)	9,147	-	-	9,147
Depreciation expense	(13,904)	(10,827)	(35,613)	(60,344)
Carrying amount at the end of year	<u><u>61,916</u></u>	<u><u>37,291</u></u>	<u><u>251,869</u></u>	<u><u>351,076</u></u>

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

## Notes to the Financial Statements

For the Year Ended 30 June 2013

### 10 Intangible Assets

	2013 \$	2012 \$
<b>Franchise &amp; Established Fees</b>		
Cost	130,000	130,000
Accumulated amortisation	<u>(48,869)</u>	<u>(30,805)</u>
Total Intangibles	<u>81,131</u>	<u>99,195</u>

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 Bank - Bendigo Bank ", 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	54,633	39,241
Sundry payables and accrued expenses	61,454	48,581
Business credit card	1,426	1,236
PAYG withholding payable	13,077	14,295
Unclaimed dividends	21,790	23,619
Superannuation	<u>4,474</u>	<u>6,922</u>
	<u>156,854</u>	<u>133,894</u>

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

## Notes to the Financial Statements

For the Year Ended 30 June 2013

### 12 Tax Liabilities/(Refundable)

	2013 \$	2012 \$
<b>Income tax liabilities / (refundable)</b>	<u>18,503</u>	<u>(5,120)</u>
<b>Deferred Tax Asset</b>	<u>11,643</u>	<u>15,428</u>

### 13 Provisions

#### CURRENT

Employee leave entitlements	<u>142,538</u>	<u>171,183</u>
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#### NON-CURRENT

Employee leave entitlements- long service leave	<u>5,070</u>	<u>1,915</u>
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### 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:

Cash at bank	1,793,345	1,503,010
Cash on hand	<u>58</u>	<u>430</u>
	<u>1,793,403</u>	<u>1,503,440</u>

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

## Notes to the Financial Statements

For the Year Ended 30 June 2013

### 14 Cash Flow Information (cont'd)

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

	2013 \$	2012 \$
Profit after income tax	259,513	219,155
Non-cash flows in profit:		
- Depreciation and amortization	78,408	81,799
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	25,069	(25,268)
- (Increase)/decrease in prepayments	(1,908)	11,796
- (Increase)/decrease in deferred tax assets	3,785	(13,983)
- Increase/(decrease) in trade and other payables	22,960	62,521
- Increase/(decrease) in income taxes liabilities	23,623	47,431
- Increase/(decrease) in provisions	(25,490)	51,427
Net cash provided by operating activities	<u>385,960</u>	<u>434,878</u>

### 15 Issued Capital

#### a. Ordinary Shares

542,810 fully paid Ordinary Shares (2012: 542,810)	<u>537,815</u>	<u>537,815</u>
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Ordinary shares participate in dividend and the proceeds of winding up of the company in proportion to the number of shares held.

At the shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each ordinary shareholder has one vote on a show of hands.

#### b. Capital Management

Management controls the capital of the company in order to maintain a good debt to equity ratio and to ensure that the company can fund its operations and continue as a going concern.

The company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.



# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

## Notes to the Financial Statements

### For the Year Ended 30 June 2013

Management effectively manages the company's capital by assessing the company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

## 16 Key Management Personnel Compensation

### (a) Remuneration and Retirement Benefits

	2013 \$	2012 \$
Director's fee	<u>40,000</u>	<u>40,000</u>

### (b) Directors' Shareholdings

Number of shares held by directors

PB Mutter (Mutter Super Fund)	2,500	2,500
Nicholas Bruining	3,000	3,000
Collen Bitmead (Bitco Super Fund)	9,000	9,000
Maureen Robinson	-	-
Michael Marney	10,000	10,000
Michael Houlahan	2,250	-
DE Vaughan	1,000	1,000
	<u>27,750</u>	<u>25,550</u>

## 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 2013.

### (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.

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

Notes to the Financial Statements

For the Year Ended 30 June 2013

## 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.

# **Forrestfield & Districts Community Financial Services Limited**

A.C.N 094 967 978

Notes to the Financial Statements

For the Year Ended 30 June 2013

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

## Notes to the Financial Statements

For the Year Ended 30 June 2013

### 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	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	%	%	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial Assets:</b>										
Cash and cash equivalents	3.00	4.00	666,093	423,890	1,127,252	1,079,120	58	430	1,793,403	1,503,440
Receivables	-	-	-	-	-	-	209,396	234,465	209,396	234,465
Prepayments	-	-	-	-	-	-	10,378	8,470	10,378	8,470
<b>Total Financial Assets</b>			<b>666,093</b>	<b>423,890</b>	<b>1,127,252</b>	<b>1,079,120</b>	<b>219,832</b>	<b>243,365</b>	<b>2,013,177</b>	<b>1,746,375</b>
<b>Financial Liabilities:</b>										
Trade and other payables	-	-	-	-	-	-	156,854	133,894	156,854	133,894
Provisions	-	-	-	-	-	-	147,608	173,098	147,608	173,098
<b>Total Financial Liabilities</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>304,462</b>	<b>306,992</b>	<b>304,462</b>	<b>306,992</b>

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

# Forrestfield & Districts Community Financial Services Limited

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## Notes to the Financial Statements

For the Year Ended 30 June 2013

### 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 2013 \$	Fair Value 2013 \$
<b>Financial Assets</b>		
Cash and cash equivalents	1,793,403	1,503,440
Receivables & prepayments	<u>219,774</u>	<u>242,935</u>
Total Financial Assets	<u>2,013,177</u>	<u>1,746,375</u>
<b>Financial Liabilities</b>		
Trade and other payables	156,854	133,894
Provisions	<u>147,608</u>	<u>173,098</u>
Total Financial Liabilities	<u>304,462</u>	<u>306,992</u>

Fair value is determined as follows:-

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

#### (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.

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

## Notes to the Financial Statements

For the Year Ended 30 June 2013

### 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