

2013 –  
2014

# Annual Report



## **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**



## Contents

### Part 1

Chairman's Report

Manager's Report

Director's Report

Schedule of Dividends Paid

Schedule of Grants, Donations,  
Sponsorships

### Part 2

Financial Statements

Notes to the Financial  
Statements

Directors' Declaration

Independent Audit Report

Auditor's Independence  
Declaration

## Organisations sponsored in 2013/14



**Tech Smart School Initiative**



**Tech Smart School Initiative**



**Autism Ball 2013 – Hollywood Nights -  
\$34,000.00 donated to Autism  
Association of WA**



# Chairman's Report

There are many ways a bank can do business –then there is the Forrestfield and High Wycombe Community Bank® branches' way.

It is with pleasure that I present this report on behalf of the Board of Directors. Difficult trading conditions have continued to persist this financial year. Our business book has continued to grow but margins have again been squeezed producing a lower profit from operating activities for this year. We are however reporting a net loss for the 2013/14 year in our financial statements, due to a significant one-off community investment program outlined below. While this is represented as an accounting cost in this year, the program is funded by previous profits retained by the business for such community investments. The Board will continue to approve worthwhile community investment programmes and initiatives while constantly reviewing all facets of our business so we can restrict costs and look for avenues to continue our business growth and profitability.

The ongoing success of our business is helped by our commitment and links to our community. To continue and extend our commitment to our community, this year the Board approved and launched our Tech Smart School Initiative. This is a Technology Grant offered to every Primary and State Secondary School in the Shire of Kalamunda. So far we have given \$480,000 to twenty four schools who have agreed to participate in this project. We believe that this initiative will significantly strengthen our Brand within our community, thus giving us the ability to significantly grow our business. The programme will allow over 10,000 students to access technology that will allow greater learning outcomes that we believe will equip them all with better skills and opportunities in life. All of this at a time when Governments are cutting budgets in these critical areas. With this funding commitment and all grants and sponsorships that we have provided in past years we have invested \$1,432,000 in our community.

Another project that we have committed to is the Forrestfield Community Bank's University Scholarship Programme. The scholarship is for \$5,000 for a student for three years. Applications were sought from year 12 students wanting to attend university but are having severe financial problems due to a number of reasons. This year's successful candidate is Sarah Hopkins from Kalamunda. Sarah is a young lady who the Board believes is a worthy recipient of the funding, an impressive young lady with lots of drive.

All of this is achieved due to the efforts of our wonderful staff. Ray and the staff continue to look for opportunities to grow our business. The customer service provided by all staff is highly rated within the Bendigo and Adelaide Bank network. If you are not a customer, I invite you to come and sample our customer service as we have a product that will suit you. Help us support our community.

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.

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

Page 2

This year has seen the retirement of Nick Bruining as a Director due to work commitments. On behalf of the Board, shareholders and our community I would to sincerely thank Nick for his time and efforts. As our business continues to grow the time commitment requirement by Directors continues to increase. I would like to thank my fellow Directors for their time and efforts this year. Noreen Townsend has also retired as Company Secretary. I would like to thank Noreen for her efforts. Thanks to Elizabeth Lee who is now our new Company Secretary and Peter Scarfe the Treasurer, thank you for your time this year.

The Board remains confident in the long term future and growth prospects of the company and looks forward to the ongoing support of shareholders and the community at large. We look forward to the next year of business and to being able to continue to support our shareholders and community.



**Phil Mutter – Chairman**

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978



## *Senior Manager's Report*

Page 3

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 \$199 million plus, our second site in High Wycombe, continues to trade in line with our business plan, with current business levels being \$64 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 ongoing 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 4

<b>RECORD OF DIVIDENDS PAID</b>					
<b>Forrestfield &amp; Districts Community Financial Services Limited</b>					
<b>Financial Year</b>	<b>Total Dividend Amount</b>	<b>Amount Per Share (cts)Cents</b>	<b>No of Shareholders</b>	<b>Share Type</b>	<b>Date Paid</b>
2001/02	.00				
2002/03	.00				
2003/04	\$27,140.50	5.00	603	Unfranked	31/01/2005
2004/2005	\$57,537.86	10.60	590	Unfranked	16/06/2006
2005/2006	\$58,080.67	10.70	583	Franked	27/02/2007
2006/2007	\$72,356.65	13.33	582	Franked	31/01/2008
2007/2008	\$85,981.10	15.84	578	Franked	11/03/2009
2008/2009	\$118,603.98	21.85	577	Franked	04/02/2010
2009/2010	\$56,017.99	10.32	565	Franked	04/02/2011
2010/2011	\$271,405.00	50.00	556	Franked	27/12/2011
2011/2012	\$86,849.60	16.00	552	Franked	16/01/2013
2012/2013	\$86,849.60	16.00	549	Franked	28/01/2014
<b>PROGRESSIVE TOTAL</b>	<b>\$920,822.95</b>				

## *Schedule of Grants, Donations & Sponsorships Paid*

<b>RECORD OF COMMUNITY CONTRIBUTIONS PAID</b>				
<b>Forrestfield &amp; Districts Community Financial Services Limited</b>				
<b>Financial Year</b>	<b>Grants</b>	<b>Sponsorships</b>	<b>Donations</b>	<b>Total \$</b>
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
2013/2014	"			604,204
<b>TOTAL</b>				<b>1,432,135</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 LTD**  
A.C.N 094 967 978

**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**



# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

## TABLE OF CONTENTS

	<u>Page</u>
<b>Financial Statements</b>	
Directors' Report	1-5
Auditor's Independence Declaration	6
Independent Auditor's Report	7-8
Directors' Declaration	9
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Notes to the Financial Statements	14-34

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

## Directors Report

### For the Year Ended 30 June 2014

The Directors present their report together with the financial report of the company for the financial year ended 30 June 2014. The information in the preceding operating and financial review forms part of this Directors' report for the financial year ended 30 June 2014 and is to be read in conjunction with the following information.

#### 1. General information

##### (a) Directors

The names and qualifications of the company's directors who held office during the year or at the date of this report are:

##### i) Phillip Bradley Mutter

Position:	Chairperson
Occupation:	Newsagent in Forrestfield since 1996
Background Information:	Member of Lotteries Commission's Agents Panel 1997. Director of two privately owned companies. Formerly a farmer for 25 years.
Interest in shares and options:	2,500 shares

##### ii) Colleen Bitmead

Position:	Deputy Chairperson
Occupation:	Businesswoman
Background Information:	Company Director, superannuation fund manager and mother. Has lived in the area for over 10 years.
Interest in shares and options:	9,000 shares

##### iii) Maureen Robinson

Position:	Non Executive Director
Occupation:	Management consultant
Background Information:	BA, Grad Dip Ed, Grad Dip HRM, Master of Business & Returning Officer, previously local Government councillor; Director/Company Secretary private company; and senior executive of State Public Service. Local resident for 25 years.
Interest in shares and options:	Nil

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

Directors Report (Cont'd)  
For the Year Ended 30 June 2014

iv) **Michael Houlahan**

Position: Non Executive Director

Occupation: Senior Manager with Horizon Power

Background Information: B. Com, GAICD. Has extensive experience in governance, risk, strategy and finance through various senior corporate roles in Banking, Utilities, Telecommunications, Civil Construction and Management Consulting. Local resident for 10 years.

Interest in shares and options: 1,000 shares

v) **Nicholas Bruining** (Resigned on 28 May 2014)

Position: Deputy Chairperson

Occupation: Financial planner & writer

Background Information: CFP B.Com CPL(H) DipFP FFPA FAICD; has lived and worked in the area for 20 years, involved in numerous local community groups over that time.

Interest in shares and options: Nil

**Company Secretary**

Elizabeth Lee

**Meeting of Directors**

During the financial year, 10 meetings of directors were held. Attendance by each director during the year was as follows:

Names of Directors	Directors' Meetings	
	Number eligible to attend	Number attended
Phillip Mutter	10	10
Nicholas Bruining (resigned on 28 May 2014)	9	7
Colleen Bitmead	10	10
Maureen Robinson	10	10
Michael Houlahan	10	10

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

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

Directors Report (Cont'd)  
For the Year Ended 30 June 2014

## Directors' benefits

Phillip Mutter, proprietor of Nextra Paper Place News Agency, provided stationery to the company amounting to \$ 2,157.

N. Bruining, proprietor of NC Bruining & Associates, provided services to the company amounting to \$ 948.

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

## (b) Principal Activities

The principal activities of the company during the course of the financial year were in providing Community Bank® services under management rights to operate a franchised branch 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 loss from ordinary activities of Forrestfield & Districts Community Financial Services Limited for the financial year after providing for income tax amounted to \$ (204,935). (2013: profit of \$ 259,513).

### (b) Dividends

A fully franked dividend of \$86,850 (2013: \$86,850) 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

Directors Report (Cont'd)  
For the Year Ended 30 June 2014

## 3. Remuneration Report

Director fees paid or otherwise made available to the Directors of the company during the year ended 30 June 2014 and 30 June 2013 were follows:

	2014 \$	2013 \$
Phillip Mutter	10,288	10,543
Nicholas Bruining (resigned on 28 May 2014)	8,126	9,225
Colleen Bitmead	7,322	7,286
Maureen Robinson	7,132	7,286
Michael Houlahan	7,132	4,668
N. Marney	-	496
D. Vaughan	-	496
<b>Total Remuneration</b>	<b>40,000</b>	<b>40,000</b>

For the purposes of this Report, the Board has decided that the only key management personnel of the company are the Directors.

## 4. 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.

### (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

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

Directors Report (Cont'd)  
For the Year Ended 30 June 2014

## 5. 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.

## 6. 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.

## 7. 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.

## 8. 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 6.

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



**PHILLIP MUTTER**  
**DIRECTOR (CHAIR)**




**COLLEEN BITMEAD**  
**DIRECTOR (DEPUTY CHAIR)**

**DATED THIS 14<sup>TH</sup> DAY OF OCTOBER 2014.**

**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 2014 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  
CERTIFIED PRACTISING ACCOUNTANTS  
SUITE 2, 137 BURSWOOD ROAD  
BURSWOOD WA 6100

  
.....  
A MACRI  
PARTNER

PERTH  
DATED THIS 14<sup>TH</sup> DAY OF OCTOBER 2014.



**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 2014, 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 gives 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.




**Independent Auditor's Report to the Members of**  
**Forrestfield & Districts Community Financial Services Limited (Cont'd)**

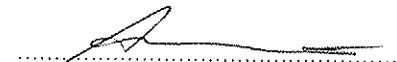
***Auditor's Opinion***

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 2014 and of its performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards (including 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 14<sup>TH</sup> DAY OF OCTOBER 2014.



# 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 10 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 2014 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 (CHAIR)**



**COLLEEN BITMEAD**  
**DIRECTOR (DEPUTY CHAIR)**

**DATED THIS 14<sup>th</sup> DAY OF OCTOBER 2014.**

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

## Statement of Comprehensive Income For The Year Ended 30 June 2014

	Note	2014 \$	2013 \$
Revenue from ordinary activities	2	2,151,719	2,204,771
Employee benefits expense		(1,116,966)	(1,030,298)
Depreciation and amortisation	3	(75,028)	(78,408)
Leasing of computer hardware and software and rental of computer lines expenses		(106,502)	(107,976)
Other expenses	3	<u>(1,098,243)</u>	<u>(611,132)</u>
<b>(Loss) / Profit before income tax</b>		(245,020)	376,957
Income tax credit/(expense)	4	<u>4,085</u>	<u>(117,444)</u>
<b>(Loss) / Profit after income tax</b>		<u><u>(240,935)</u></u>	<u><u>259,513</u></u>
<b>Earnings per share</b>			
Basic (loss)/earnings per share (cents)		( 44.39)	47.81
Basic (loss)/earnings per share (cents)		(44.39)	47.81

The accompanying notes form part of these financial statements.

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

## Statement of Financial Position As at 30 June 2014

	Note	2014 \$	2013 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	6	1,507,626	1,793,403
Trade and Other Receivables	7	206,765	209,396
Tax Refundable	13	20,450	-
Other Current Assets	8	<u>11,854</u>	<u>10,378</u>
TOTAL CURRENT ASSETS		<u>1,746,695</u>	<u>2,013,177</u>
<b>NON CURRENT ASSETS</b>			
Property, Plant and Equipment	9	296,089	351,076
Deferred Tax Asset	13	15,728	11,643
Intangible Assets	10	<u>62,127</u>	<u>81,131</u>
TOTAL NON CURRENT ASSETS		<u>373,944</u>	<u>443,850</u>
<b>TOTAL ASSETS</b>		<u>2,120,639</u>	<u>2,457,027</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	11	145,007	156,854
Provisions	12	120,907	142,538
Tax Liabilities	13	<u>-</u>	<u>18,503</u>
TOTAL CURRENT LIABILITIES		<u>265,914</u>	<u>317,895</u>
<b>NON CURRENT LIABILITIES</b>			
Provisions	12	<u>48,448</u>	<u>5,070</u>
<b>TOTAL LIABILITIES</b>		<u>314,362</u>	<u>322,965</u>
<b>NET ASSETS</b>		<u>1,806,277</u>	<u>2,134,062</u>
<b>EQUITY</b>			
Issued Capital	15	537,815	537,815
Retained Earnings		<u>1,268,462</u>	<u>1,596,247</u>
<b>TOTAL EQUITY</b>		<u>1,806,277</u>	<u>2,134,062</u>

The accompanying notes form part of these 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 2014

	Ordinary Shares	Retained Earnings	Total
	\$	\$	\$
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	-	(86,850)	(86,850)
	5		
Balance at 30 June 2013	537,815	1,596,247	2,134,062
Balance at 1 July 2013	537,815	1,596,247	2,134,062
Loss attributable to members of the company	-	(240,935)	(240,935)
Dividends paid	-	(86,850)	(86,850)
	5		
Balance at 30 June 2014	537,815	1,268,462	1,806,277

The accompanying notes form part of these financial statements.

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

## Statement of Cash Flows For The Year Ended 30 June 2014

	Note	2014 \$	2013 \$
<b>Cash from operating activities:</b>			
Receipts from customers		2,326,951	2,369,459
Payments to suppliers and employees		(2,360,171)	(1,820,980)
Income tax paid		(38,953)	(90,036)
Interest income		49,994	57,576
Goods and services tax paid		(175,711)	(130,059)
		<u>                    </u>	<u>                    </u>
<b>Net cash (used in)/provided by operating activities</b>	14(b)	<u>(197,890)</u>	<u>385,960</u>
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment		<u>(1,037)</u>	<u>(9,147)</u>
<b>Net cash used in investing activities</b>		<u>(1,037)</u>	<u>(9,147)</u>
<b>Cash flows from financing activities:</b>			
Dividends paid		<u>(86,850)</u>	<u>(86,850)</u>
<b>Net cash used in financing activities</b>		<u>(86,850)</u>	<u>(86,850)</u>
<b>Net (decrease)/increase in cash held</b>		(285,777)	289,963
Cash and cash equivalents at beginning of financial year		<u>1,793,403</u>	<u>1,503,440</u>
<b>Cash and cash equivalents at end of financial year</b>	14(a)	<u>1,507,626</u>	<u>1,793,403</u>

The accompanying notes form part of these 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 2014

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report 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. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied, unless otherwise stated.

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

#### (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 2014

## 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 2014

## 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 and established 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 franchise fee and 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 2014

### 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 2014

## 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 2014

### 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 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.

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

Notes to the Financial Statements  
For the Year Ended 30 June 2014

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

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

An assessment of Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the company and their potential impact on the company when adopted in future periods is discussed below:

- AASB 9: *Financial Instruments* (December 2010) and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

These Standards will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and include revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting.

The key changes that may affect the company on initial application of AASB 9 and associated Amending Standards include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to the hedging of non-financial items. Should the entity elect to change its hedge accounting policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

Although the directors of the company anticipate that the adoption of AASB 9 may have an impact on the company's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 10: *Consolidated Financial Statements*, AASB 11: *Joint Arrangements*, AASB 12: *Disclosure of Interests in Other Entities*, AASB 127: *Separate Financial Statements* and AASB 128: *Investments in Associates and Joint Ventures* (as amended by AASB 2012-10: *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 2014).

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.

AASB 11 replaces AASB 131: *Interests 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 arrangement 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.

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

Notes to the Financial Statements  
For the Year Ended 30 June 2014

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

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

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 revisions made to AASB 127 and AASB 128 is not expected to significantly impact the company's financial statements.

- 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 provides clarifying guidance relating to the offsetting of financial instruments and is not expected to significantly impact the company's financial statements.

- Interpretation 21: *Levies* (applicable for annual reporting periods commencing on or after 1 January 2014).

Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time.

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

- AASB 2013-3: *Amendments to AASB 136- Recoverable Amount Disclosures for Non-Financial Assets* (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard amends the disclosure requirements in AASB 136: *Impairment of Assets* pertaining to the use of fair value in impairment assessment, but is not expected to significantly impact the company's financial statements.

- AASB 2013-4: *Amendments to Australian Accounting Standards- Novation of Derivatives and Continuation of Hedge Accounting* (applicable for annual reporting periods commencing on or after 1 January 2014).

AASB 2013-4 makes amendments to AASB 139: *Financial Instruments: Recognition and Measurement* to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.

This Standard 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 2014

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

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

- AASB 2013-5: Amendments to Australian Accounting Standards -Investment Entities (applicable for annual reporting periods commencing on or after 1 January 2014).

AASB 2013-5 amends AASB 10: *Consolidated Financial Statements* by defining an "investment entity" and requiring that, with limited exceptions, the entity not consolidate its subsidiaries. The unconsolidated subsidiaries must also be measured at fair value through profit or loss in accordance with AASB 9. The amendments also introduce additional disclosure requirements. As the company does not meet the definition of an investment entity, this Standard is not expected to significantly impact the company's financial statements.

### (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.

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

## Notes to the Financial Statements For the Year Ended 30 June 2014

### 2 Revenue

	2014 \$	2013 \$
Operating activities		
- Fees, commissions and margin income	2,001,725	2,050,528
- Interest received	49,994	57,576
- Other revenue	100,000	96,667
	<hr/>	<hr/>
Total Revenue	<u>2,151,719</u>	<u>2,204,771</u>

### 3 Profit /(Loss) from Ordinary Activities

#### Expenses

Profit/(Loss) from ordinary activities before income tax expense has been determined after:

Amortisation of intangible assets	19,004	18,064
Depreciation	56,024	60,344
Remuneration of auditor	12,500	11,500
Rental	152,463	144,281
Community Grants	569,249	78,295
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 2014

## 4 Income Tax (Credit) / Expense

### (a) The components of tax expense comprise:

	2014 \$	2013 \$
Current tax	-	109,202
Under-provision of prior-year taxation	-	4,457
Deferred tax	(4,085)	3,785
	<u>(4,085)</u>	<u>117,444</u>

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

Prima facie tax payable on profit/(Loss) from ordinary activities before income tax at 30% (2013: 30%)	(73,506)	113,088
Add:		
Tax effect of		
- Non-allowable items	29,110	21,002
- Under-provision of prior year taxation	-	4,457
Less:		
Tax effect of:		
- Deductible items	(23,892)	(21,103)
Unabsorbed loss carried forward	64,203	-
Income tax attributable to entity	<u>(4,085)</u>	<u>117,444</u>

The applicable weighted average effective tax rates are as follows : (2%) 31%

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

## Notes to the Financial Statements For the Year Ended 30 June 2014

### 5 Dividends

	2014	2013
	\$	\$
Paid final franked dividend of 16 cents per share ( 2013: 16 cents per share)	86,850	86,850
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	1,435,330	1,431,290

### 6 Cash and Cash Equivalents

Cash on hand	-	58
Cash at bank	341,103	666,093
Term deposits	1,166,523	1,127,252
	<u>1,507,626</u>	<u>1,793,403</u>

### 7 Trade and Other Receivables

#### CURRENT

Accrued Income	189,763	189,599
Accrued Interest	17,002	19,797
	<u>206,765</u>	<u>209,396</u>

### 8 Other Assets

#### CURRENT

Prepayments	11,854	10,378
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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 2014

	2014	2013
	\$	\$
<b>9. Property, Plant and Equipment</b>		
Computer equipment , furniture and fittings		
At cost	123,945	122,000
Less : accumulated depreciation	(73,013)	(60,084)
Total furniture and fittings	<u>50,932</u>	<u>61,916</u>
Motor vehicles		
At cost	71,951	71,951
Less : accumulated depreciation	(43,050)	(34,660)
Total motor vehicles	<u>28,901</u>	<u>37,291</u>
Leasehold improvements		
At cost	356,124	356,124
Less : accumulated depreciation	(139,868)	(104,255)
Total leasehold improvements	<u>216,256</u>	<u>251,869</u>
Total property, plant and equipment	<u><u>296,089</u></u>	<u><u>351,076</u></u>

## Movements in Carrying Amounts

	Computer Furniture and Fittings	Motor Vehicles	Leasehold Improvements	Total
	\$	\$	\$	\$
Balance at the beginning of year	61,916	37,291	251,869	351,076
Additions /(disposal)	1,037	-	-	1,037
Depreciation expense	(12,021)	(8,390)	(35,613)	(56,024)
Carrying amount at the end of year	<u><u>50,932</u></u>	<u><u>28,901</u></u>	<u><u>216,256</u></u>	<u><u>296,089</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 2014

	2014 \$	2013 \$
<b>10 Intangible Assets</b>		
Cost	130,000	130,000
Accumulated amortisation	(67,873)	(48,869)
	<hr/>	<hr/>
Total Intangibles	<u>62,127</u>	<u>81,131</u>

Pursuant to a five year franchise agreement with the Bendigo and Adelaide Bank Limited, the company operates as branches of Bendigo and Adelaide Bank at Forrestfield and High Wycombe, 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	35,098	54,633
Sundry payables and accrued expenses	71,049	61,454
Business credit card	1,026	1,426
PAYG withholding payable	12,432	13,077
Unclaimed dividends	25,143	21,790
Superannuation	259	4,474
	<hr/>	<hr/>
	<u>145,007</u>	<u>156,854</u>

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

Notes to the Financial Statements  
For the Year Ended 30 June 2014

	2014 \$	2013 \$
<b>12 Provisions</b>		
CURRENT		
Employee leave entitlements	<u>120,907</u>	<u>142,538</u>
NON-CURRENT		
Employee leave entitlements- long service leave	<u>48,448</u>	<u>5,070</u>
<b>13 Tax Liabilities/(Refundable)</b>		
Income tax liabilities / (refundable)	<u>(20,450)</u>	<u>18,503</u>
Deferred tax asset	<u>15,728</u>	<u>11,643</u>
<b>14 Cash Flow Information</b>		
<b>(a) Reconciliation of cash</b>		
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	1,507,626	1,793,345
Cash on hand	-	<u>58</u>
	<u>1,507,626</u>	<u>1,793,403</u>

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

Notes to the Financial Statements  
For the Year Ended 30 June 2014

	2014	2013
	\$	\$
<b>14 Cash Flow Information (cont'd)</b>		
<b>(b) Reconciliation of cash flow from operation with profit after income tax</b>		
(Loss)/ Profit after income tax	(240,935)	259,513
Non-cash flows in profit:		
- Depreciation and amortization	75,028	78,408
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	2,631	25,069
- (Increase)/decrease in prepayments	(1,476)	(1,908)
- (Increase)/decrease in deferred tax assets	(4,085)	3,785
- Increase/(decrease) in trade and other payables	(11,846)	22,960
- Increase/(decrease) in income taxes liabilities	(38,953)	23,623
- Increase/(decrease) in provisions	21,746	(25,490)
Net cash (used in)/provided by operating activities	<u>(197,890)</u>	<u>385,960</u>

## 15 Issued Capital

### a. Ordinary Shares

542,810 fully paid Ordinary Shares (2013: 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.

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.

# Forrestfield & Districts Community Financial Services Limited

A.C.N 094 967 978

Notes to the Financial Statements  
For the Year Ended 30 June 2014

## 16 Key Management Personnel Compensation

### (a) Remuneration and Retirement Benefits

	2014 \$	2013 \$
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
Collen Bitmead (Bitco Super Fund)	9,000	9,000
Maureen Robinson	-	-
Michael Houlahan	1,000	2,250
	<u>12,500</u>	<u>16,750</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 2014.

### (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 2014

## 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.



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