

# Annual Report 2012 - 2013



**Toodyay & Districts  
Community Financial Services Ltd**



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# Manager's Report



The official Annual General Meeting is now upon us and this being my third Manager's report I decided that I would not mention the GFC this year and be more upbeat.

This time last year I should have had more discussions with my staff over improving their time management skills. This didn't happen and we had three staff all commence maternity leave at the same time. Zeta, Jemma and Deb all left at the beginning of the year and are now all proud mums to three sons. Well done !

New staff Tayla and Carol were employed to fill the vacancies left by Deb, Zeta and Jemma and together with Andrew, Margaret, Glenda and Kirsten have all ensured the flow of our customers through the branch have been well looked after.

Without mentioning the economy, we could be a little busier and would take this opportunity in asking all customers and shareholders to always refer us to others when they are in need of any of our banking services. The more business we have, the more we can support the community.

We are actively pursuing an opportunity to establish an agency in Northam, despite the lack of individual support in the past in establishing a founding committee for their own **Community Bank**<sup>®</sup> branch, we feel that there is a strong community support for a branch. The business opportunities in such a large regional centre is worth investigating.

I would like to take this opportunity in thanking all our customers for their continued support and a special thanks to my staff for putting up with me and working so hard and the Board who have always supported our ideas.

Don Bates  
Branch Manager



# Chairman's Report

Congratulations to our Manager, staff and Board for another successful year.

Although times are tough, our branch has continued to grow. Curve balls come from left, right and centre including low interest rates, which is great for families with mortgages as it makes it easier to pay down debt but for our bottom line, it means less profit margin and possible costs on term deposits.



In 2011 Bendigo and Adelaide Bank introduced 'Restoring the Balance'. The original partnership arrangement between Bendigo and Adelaide Bank and the **Community Bank**® branches involved a 50/50 sharing of revenue. With time and changes in product margins following the global financial crisis starting in 2008, the commission paid by Bendigo and Adelaide Bank to the **Community Bank**® branches resulting in most branches receiving more than 50% of the margin on some products. In April 2011, Bendigo and Adelaide Bank changed the rate of commission paid which impacted the **Community Bank**® branches' income. The arrangement was to be reviewed in 2013.

Bendigo and Adelaide Bank reviewed the arrangement earlier this year and again altered the commission paid resulting in further reductions in commission. In our case the reduction in revenue is approximately \$3,400 per month.

We are now targeting other income avenues such as insurance and financial planning to help regain the income we are losing in other areas.

Now with all the 'official goings on' out of the way we can talk about the warm and fuzzy things the branch has been up to.

Probably our biggest achievement this year is the 'Adopt - a - Spot' Program. With so many community groups involved and a great partnership with the Shire, Toodyay achieved a great result with being named the Regional and Wheatbelt Winner. Well done to all involved! Further in the Annual Report is a full story on this project.

Richard Dymond left the Board this year after 14 years of service. We will miss his input and dedication but he will always be a big part of this branch.

We have new Board members with fresh ideas and drive to continue growing our business.... come to the AGM and meet the team. With your support, we will grow together!

Vicki Wesley  
Chairman



# Business Development and Marketing



Business and development is always one of the top priorities on our agenda. We always look for new ways to promote and source new business.

As we all know **Toodyay & Districts Community Bank**® always supports the community where possible. This is a great way to help our groups with their needs and at the same time promote the branch with what we do and can do.

We are looking at setting up an agency in Northam. This is very high on our list as we feel it is an important part of our expansion and business growth.



Insurance and financial planning are an integral part of all of our lives and can be a good source of revenue for the branch. Not everyone is aware that we are able to offer these services so part of our development is to make this known and develop further.

Of course the fun part is the marketing and sponsorship. With this year being able to distribute \$62,591 amongst the community, this is a great achievement.

We will always continue to sponsor and donate within our community and as always we need your help to continue to do so!

Don't forget to check out our Facebook page along the way. We share many stories from Toodyay and other branches around Australia. Feel free to drop us a line or post a photo of your favourite branch activity or sponsor day.



Keep updated on our community stories



[facebook.com/toodyaycommunitybank](https://facebook.com/toodyaycommunitybank)



# Our Recipients

Proudly sponsored by  
Toodyay & Districts  
**Community Bank®** Branch



PJ day to raise money for children in foster care



Not much needs to be said on this page!  
One of our favourite pastimes is to help our  
community groups whether it be financially  
or in kind donations.  
Below is a photo page of just some of the  
groups we have supported this year.



Bush Poets Society



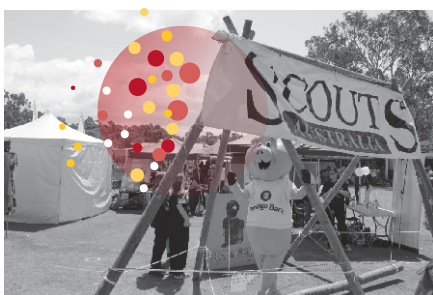
Dale Gavlick



Toodyay Golf Day



Toodyay Bowling Club



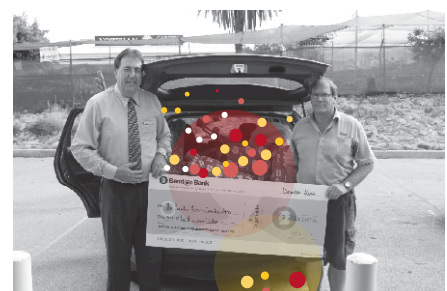
Toodyay Scouts



Give me 5 for kids



Salvation Army Christmas Appeal





# Adopt - a - Spot



The Adopt - a - Spot program has been one of our favourite and most successful projects ever undertaken in our history. We asked community groups to come together and volunteer for a section of Toodyay to clean, maintain and conserve for two years. **Toodyay Community Bank®** in return will donate \$500 per year to this community group. We were inundated with applications. So many more than expected, we had to widen our thoughts on the project and create more Adopt - a - Spot areas.

23 community groups in total committed to keeping an area free of litter.

A launch day was organised for all groups to meet, discuss and receive their 'litter' pack which included rubbish bags, scales, litter tongs and safety vests.

Up until now we have picked up over a tonne of rubbish in and around Toodyay.

**Toodyay & Districts Community Bank®** along with the Shire of Toodyay, Tidy Towns Toodyay Committee, KABC and all the community groups are committed to the future of this program and working together to keep our community litter-free.





## Seniors - Have a go day

Bendigo and Adelaide Bank are great supporters of the Seniors Have a go day. So we thought we might have our own Toodyay Have a go day. We had seniors coming from Toodyay and surrounds to enjoy a day just for them.

Activities like motorbike rides, archery, karate, holding reptiles and much more.

Loads of fun was had by all and it was great to see the seniors doing some things that they have never had a chance to do. The motorbike rides went down a treat! Piggy even scored a ride.



## Toodyay Districts High School



Sponsoring and supporting our school is one of our main objectives as the students have the potential to be our community future leaders.

This year we have contributed towards Country Week, Science Experience, Leaders teachers conference, Dux award and have committed funds towards CCTV for the school.

# U Like Campaign



Whether we like it or not, Facebook is popular and a great way to target potential clients as well as sharing our community stories.

This year in WA only, Bendigo and Adelaide Bank embarked on a big campaign using Facebook.

The idea was that each **Community Bank**® donated \$7000 to be broken down into three prizes.

We were to work with three community groups that had a project and needed money to support this project.

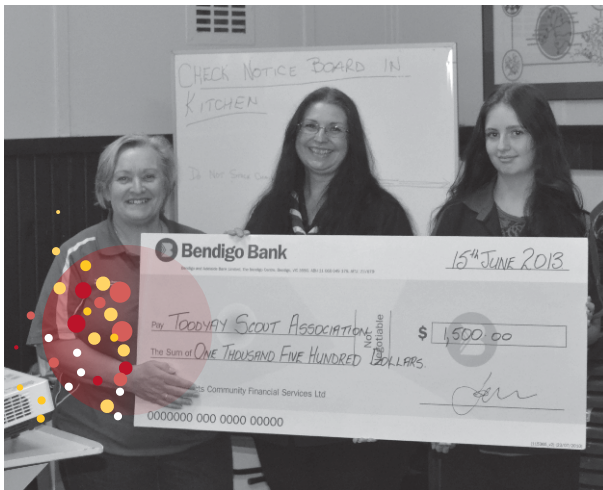
Toodyay Kindergym wanted new equipment, Toodyay Scouts wanted to launch an anti bullying campaign and Toodyay Friends of the River had a river walk project that needed funding.

Each group then had to embark on a journey to get as many votes as possible for their projects in one month. Voting could be done through Facebook or people could walk into any branch and vote.

The scouts led most of the way but in the final days of the competition the Toodyay Kindergym were just too good with their votes winning by a good margin.

This campaign was a great way for the community groups to obtain more funding and at the same time work with their team in building their appearance in the community.

Within the bank branch, we were able to build on our Facebook page and branch awareness and at the same time again share good experiences with community groups.





# Marg's Desk



Are years measured by these annual reports, I am starting to think so and have decided they are coming around far too fast. It is a strange thing to sit back and try to bring to mind what has happened in twelve months. Were they productive, did we meet some of the targets we were trying to achieve, what about the future? All of these things came to my mind and happily I can say yes to some of them, with question marks on others.

This March saw our **Community Bank**® reach its 13th birthday and as the year comes to the latter part, we are now almost 14. I ask myself if I were to stop a stranger in the street, asking them the question "what do you know about the local Bendigo Bank?" What would their answer be, maybe not the full blown understanding of, who we are, what are our points of difference, that yes we offer a full and comprehensive banking service, that we have a resident full time manager that you are welcome to pop in and see and that we have put many thousands of dollars back into our local community. I would be saddened if not some of these things were touched upon, yet I would also not be surprised if that were the case.

It is all too easy to sit back a little and feel a small bit comfortable, thinking that things are ticking steadily along. That we have supported our youth through the local district highschool, youth group, sporting teams, youth grant, youth forum, our aged with Ida's Hideaway, seniors week, Butterly Cottages, our environmental groups, Friends of the River, Keep Australia Beautiful and our amazing Adopt - a - Spot contracts to local groups, our football, bowls and cricket clubs, paid dividends to our shareholders and employed a great group of locals, but is this enough? Are we meeting all the commitments that we set out to do all those years ago when we were asking for your pledge and support to open a branch?

I have to answer.... we can still do so much more!

I am extremely proud of our achievements thus far and of the role I have been allowed to play with getting us to where we are today.

This year has been a very mixed bag, with three experienced staff away on maternity leave, new staff joining our team, my wings being considerably clipped with needing my experience within the branch, yet it has allowed us all to grow and strive to achieve our best.

I look forward to another new year, filled with challenges, with us hopefully having a definite presence in Northam, with us being able to reach out to the many people who still have not realised the many benefits of banking with us, with us being able to sink our teeth into some exciting community developments, with our strong staffing team and our board of directors working closely together to make our bank the very best it possibly can be !!



# Toodyay & Districts

## Community Financial Services Ltd

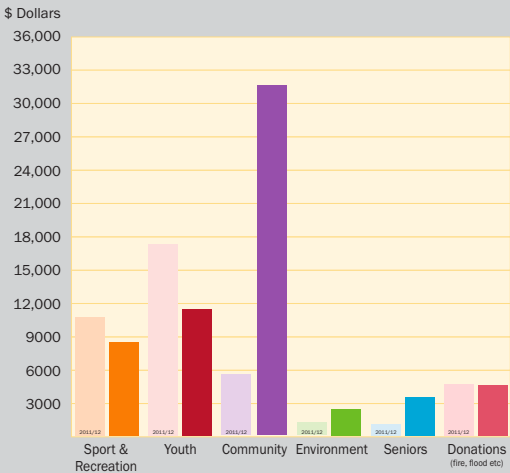
All businesses are feeling the pinch. Interest rates are low, competition is hard fought.  
Our profit is lower than last year but still in good positive growth.

The below figures show the share of profits that have been presented back to the community since 2004.

2004	2005	2006	2007	2008	2009
\$5,514	\$14,217	\$75,340	\$74,561	\$69,886	\$40,077

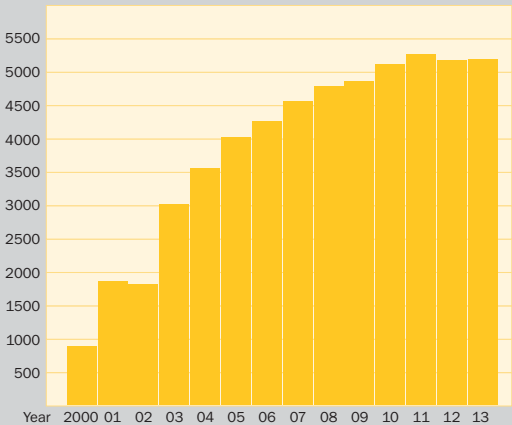
2009/2010	2010/2011	2011/2012	2012/2013
\$59,586	\$70,362	\$40,300	\$62,591

Below is a chart dividing all sponsorships up into areas we have support for both this year and last year.

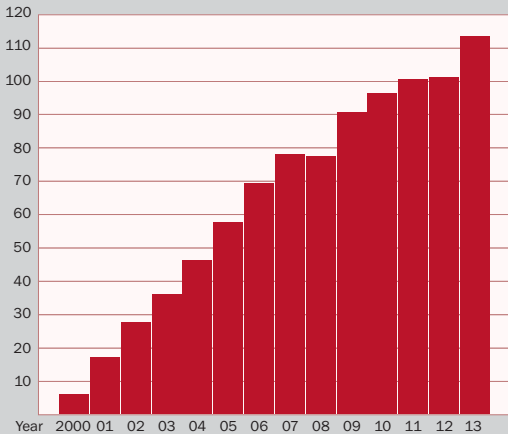


**Toodyay and Districts Community Financial Services Limited** has been working with the community of Toodyay and the surrounding areas for over 13 successful years and looks forward to many more years of continual growth, support and sponsorship within our community.

Total Account Numbers



Total Funds under Management (\$M)



# Directors' Report



## Vicki Wesley - Non Executive Chairman

**Occupation:** Business Proprietor

**Background:** Over 20 years within the sign and printing industry. For the past 17 years she has run her own sign and printing business. Now further expanding into promotional products. Also runs a 14 acre property in Toodyay breeding alpacas. A volunteer fire fighter for Julimar Fire Shed.

A director on the Community Company Board since 2007.

**Directorships held in other listed entities:**  
None

**Interest on shares and options:**  
1000 shares



## Alan Jelly - Non Executive Director (appointed 1/6/2013)

**Occupation:** Community Relations Manager for CY O'Conner Institute

**Background:** 34 year's experience in retailing, marketing business management and information technology administration. On the board of Northam Chamber of Commerce and Industry.

A director on the Community Company Board since 2013

**Directorships held in other listed entities:**  
None

**Interest on shares and options:**  
2,800 shares (direct) 2,800 shares (indirect)

## Michael Knowles - Non Executive Director

**Occupation:** Business Proprietor

**Background:** Has been in Toodyay since 1999. Started and run first business 'Toodyay Freight' for four years. Opened Brewbakers and still having fun.

A director on the Community Company Board since 2009.

**Directorships held in other listed entities:**  
None

**Interest on shares and options:**  
5500 shares



## Nyaree Lawler - Non Executive Director

**Occupation:** Director

**Background:** Born and raised in Toodyay. Now has two children attending the local school and involved in numerous sporting clubs. Current committee member of the karate club and active in the P & C. Previous secretary of the P & C and committee member and coach of Kindergym. Working as a Diabetes Educator for Wheatbelt GP. Previously worked at local GP surgery as Practise Nurse and for Silver Chain in Toodyay and Northam.

A director on the Community Company Board since 2012.

**Directorships held in other listed entities:**  
None

**Interest on shares and options:**  
None

## Sally Martin - Non Executive Director

**Occupation:** Business Proprietor

**Background:** Have been in Toodyay since 1978. Partner in farming enterprise. Over that time has been on various committees such as sporting clubs and the P & C. Presently the Community Member of Toodyay District High School Council.

A director on the Community Company Board since 2011.

**Directorships held in other listed entities:**  
None

**Interest on shares and options:**  
None

## Robert Millar - Non Executive Director/Secretary - Retired 1/4/2013

**Occupation:** Retired

**Background:** 32 years working within Shire offices all over WA. Worked as a school bus contractor for 18 years, owning the business. Has been involved on various State committees from transport to tourism and scouts. Involved at present with the Toodyay Agricultural Society as vice chairman treasurer and Toodyay Masonic Lodge treasurer.

A director on the Community Company Board since 2009.

**Directorships held in other listed entities:**  
None

**Interest on shares and options:**  
500 shares 500 interest in shares



Shelley Kingston - Non Director Company Treasurer

# Directors' Report

During the financial year, 11 meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year were as follows;

Names of Directors	Directors' Meetings	
	Number eligible to attend	Number attended
Richard Dymond	11	9
Vicki Wesley	11	11
Michael Knowles	11	11
Robert Millar (retired 1/4/13)	8	7
Sally Martin	11	11
Nyaree Lawler	11	8
Alan Jelly	1	1
Shelley Kingston	11	11

Non - Director

Company Secretary  
Michael Joseph Knowles

## Principal activity and review of operations

The principal activity and focus of the Company's operations during the year was the operation of a Branch of Bendigo and Adelaide Bank Limited, pursuant to a franchise agreement.

## Operating results

The profit of the Company after providing for income tax amounted to \$99,507.

## Dividends paid or recommended

The Company paid or declared for payment dividends of \$44,506 during the year.

## Financial position

The net assets of the Company have increased from \$743,834 as at 30 June 2012 to \$798,835 as at 30 June 2013.

The directors believe the Company is in a stable financial position.

## Significant changes in state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the financial year under review, not otherwise disclosed in these financial statements. From 1 April 2013, Bendigo and Adelaide Bank changed the rate of commission paid; this has resulted in a reduction to commission earnings and net profit of \$10,089 for the 2012/2013 financial year. Changes in commission paid have been reflected in the financial statements.

## After balance date events

No matters or circumstances have arisen since the end of the financial year that significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

## 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.



# Financial Report

## Year Ending 30 June 2013

### Options

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

The Directors and Executive do not own any options over issued shares or interests in the Company at the date of this report.

### Indemnifying officers or auditor

Indemnities have been given, during and since the end of the financial year, for any persons who are or have been a Director or an officer, but not an auditor, of the Company. The insurance contract prohibits disclosure of any details of the cover.

### Environmental issues

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

### 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.

### Corporate governance

Corporate Governance deals with issues such as:

- a) The responsibilities and functions of the Company's board, including strategic direction and monitoring management performance.
- b) Board membership.
- c) Audit Committee.
- d) Risk management and the effectiveness of the internal business controls.
- e) Ethical standards.
- f) Accountability to all stakeholders.

The Board recognises the importance of good corporate governance as a means of protecting all current and future stakeholders. Our Company has two tiers of continuous improvement to ensure the highest level of corporate governance in the form of the following:

1. The current set of Policies and Procedures are continually being updated to facilitate greater transparency and efficiency of operation.
2. Board members are continually improving their learning of the board member function by attending and participating in internal and external education opportunities. This ensures that their knowledge is current and informed.

### Non-audit services

The Board is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2013:

Taxation services:	\$	6,450
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# Financial Report

## Year Ending 30 June 2013

### Auditor's Independence Declaration

The lead auditor's independence declaration under s 307C of the Corporations Act 2001 for the year ended 30 June 2013 is included within the financial statements.

This Report of the Directors is signed in accordance with a resolution of the Board of Directors.

Director



Dated this

3RD day of OCT 2013

# Auditor's Independence Declaration



RSM Bird Cameron Partners  
8 St Georges Terrace Perth WA 6000  
GPO Box R1253 Perth WA 6844  
T +61 8 9261 9100 F +61 8 9261 9101  
www.rsm.com.au

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Toodyay & Districts Community Financial Services Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

*RSM Bird Cameron Partners*

RSM BIRD CAMERON PARTNERS

A handwritten signature in black ink, appearing to read "D J Wall".

D J WALL  
Partner

Perth, WA

Dated: 3 OCTOBER 2013



# Income Statement

## Year Ending 30 June 2013

		2013	2012
	Note	\$	\$
Revenue	2	1,032,482	1,058,193
Employee benefits expense		(506,239)	(467,908)
Depreciation and amortisation expense		(48,553)	(47,504)
Finance costs		(4,139)	(13,488)
Other expenses	3	(331,811)	(320,771)
Profit before income tax		141,740	208,522
Income tax expense	4	(42,233)	(41,602)
Profit for the year		99,507	166,920
Other comprehensive income		-	-
Total comprehensive income for the year attributable to members		99,507	166,920

The accompanying notes form part of these financial statements

# Financial Position

## Year Ending 30 June 2013

	Note	2013 \$	2012 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	29,998	83,312
Trade and other receivables	7	92,817	74,384
Other current assets	8	7,560	3,021
Current tax asset	23	12,172	-
<b>TOTAL CURRENT ASSETS</b>		<b>142,547</b>	<b>160,717</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	763,222	795,601
Intangible assets	10	15,000	25,000
Deferred tax asset	23	18,377	18,332
<b>TOTAL NON-CURRENT ASSETS</b>		<b>796,599</b>	<b>838,933</b>
<b>TOTAL ASSETS</b>		<b>939,146</b>	<b>999,650</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	50,933	36,051
Short-term financial liabilities	12	28,275	139,288
Short-term provisions	13	61,103	54,320
Current tax liability	23	-	26,157
<b>TOTAL CURRENT LIABILITIES</b>		<b>140,311</b>	<b>255,816</b>
<b>TOTAL LIABILITIES</b>		<b>140,311</b>	<b>255,816</b>
<b>NET ASSETS</b>		<b>798,835</b>	<b>743,834</b>
<b>EQUITY</b>			
Issued capital	14	342,359	342,359
Retained earnings		456,476	401,475
<b>TOTAL EQUITY</b>		<b>798,835</b>	<b>743,834</b>

The accompanying notes form part of these financial statements

# Changes in Equity

## Year Ending 30 June 2013

	Issued Capital	Retained Earnings	Total
	\$	\$	\$
Balance at 1 July 2011	342,359	275,638	617,997
Total comprehensive income for the year	-	166,920	166,920
Subtotal	342,359	442,558	784,917
Dividends paid or provided for	-	(41,083)	(41,083)
Balance at 30 June 2012	342,359	401,475	743,834
Balance at 1 July 2012	342,359	401,475	743,834
Total comprehensive income for the year	-	99,507	99,507
Subtotal	342,359	500,982	843,341
Dividends paid or provided for	-	(44,506)	(44,506)
Balance at 30 June 2013	342,359	456,476	798,835

The accompanying notes form part of these financial statements

# Statement of Cashflow

## Year Ending 30 June 2013

	Note	2013 \$	2012 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		1,013,513	1,027,966
Payments to suppliers and employees		(820,925)	(744,152)
Interest received		536	2,638
Finance costs		(4,139)	(13,488)
Income tax paid		(80,607)	(59,363)
Net cash provided by operating activities	15	<u>108,378</u>	<u>213,601</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		<u>(6,173)</u>	<u>-</u>
Net cash used in investing activities		<u>(6,173)</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		(111,013)	(151,128)
Dividends paid		<u>(44,506)</u>	<u>(41,083)</u>
Net cash (used in)/provided by financing activities		<u>(155,519)</u>	<u>(192,211)</u>
Net (decrease)/increase in cash held		(53,314)	21,390
Cash and cash equivalents at beginning of financial year		<u>83,312</u>	<u>61,922</u>
Cash and cash equivalents at end of financial year	6	<u>29,998</u>	<u>83,312</u>

The accompanying notes form part of these financial statements



# Notes to Financial Statements

## Year Ending 30 June 2013

### 1. Statement of significant accounting policies

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

The financial report covers the Company as an individual entity. The Company is a public Company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board (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 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 3 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 expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

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

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

Deferred tax assets and liabilities are calculated at the 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.

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

# Notes to Financial Statements

## Year Ending 30 June 2013

(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.

Property

Freehold land and buildings are measured on the cost basis.

Plant and equipment

Plant and equipment are measured on the cost basis.

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. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred.

Depreciation

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

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

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Plant and equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

(c) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

# Notes to Financial Statements

## Year Ending 30 June 2013

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(d) Financial instruments

Recognition and Initial Measurement

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

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

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company 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.

Classification and Subsequent Measurement

i. Financial assets at fair value through profit or loss

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

ii. Loans and receivables

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

iii. Held-to-maturity investments

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

iv. Available-for-sale financial assets

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

v. Financial Liabilities

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

# Notes to Financial Statements

## Year Ending 30 June 2013

### Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the statement of comprehensive income unless they are designated as hedges.

The Company does not hold any derivative instruments.

### 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 securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

### Impairment

At each reporting date, 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.

### Financial Guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the Company gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The Company has not issued any financial guarantees.

### Impairment of assets

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

### Intangibles

- (f) Franchise fee

The franchise fee paid by the Company pursuant to a Franchise Agreement with Bendigo Bank is being amortised over the initial five (5) years period of the agreement, being the period of expected economic benefits of the franchise fee.

### Employee benefits

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



# Notes to Financial Statements

## Year Ending 30 June 2013

(h) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(i) Cash and cash equivalents

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

(j) Revenue and other income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(l) 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.

(m) Comparative figures

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

(n) Critical accounting estimates and judgments

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

Key estimates — Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

# Notes to Financial Statements

## Year Ending 30 June 2013

No impairment has been recognised in respect of intangibles for the year ended 30 June 2013. Should the projected turnover figures be materially outside of budgeted figures incorporated in value-in-use calculations, an impairment loss would be recognised up to the maximum carrying value of intangibles at 30 June 2013 amounting to \$ 15,000.

(o) **New Accounting Standards for Application in Future Periods**

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted

**New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2013. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

**AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and 2012-6 Amendments to Australian Accounting Standards arising from AASB 9**

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2015 and completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The company will adopt this standard from 1 July 2015 but the impact of its adoption is yet to be assessed by the consolidated entity.

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

This revised standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments make changes to the accounting for defined benefit plans and the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. The later will require annual leave that is not expected to be wholly settled within 12 months to be discounted allowing for expected salary levels in the future period when the leave is expected to be taken. The adoption of the revised standard from 1 July 2013 is not expected to have a material impact on the company.

# Notes to Financial Statements

## Year Ending 30 June 2013

	2013 \$	2012 \$
2. Revenue		
Franchise margin income	990,013	1,013,440
Interest revenue	536	2,638
Other income	41,933	42,115
	<u>1,032,482</u>	<u>1,058,193</u>
3. Expenses		
Advertising and marketing	31,982	23,751
ATM leasing and running costs	12,854	14,419
Bad debts	145	63
Community sponsorship and donations	55,798	41,361
Freight and postage	17,063	17,152
Insurance	15,086	16,129
IT leasing and running costs	56,464	62,776
Occupancy running costs	38,292	31,583
Printing and stationery	20,850	15,632
Rental	23,857	23,378
Other operating expenses	59,420	74,527
	<u>331,811</u>	<u>320,771</u>
Remuneration of the auditors of the Company		
Audit services	9,000	9,330
Other Services	6,450	7,900
	<u>15,450</u>	<u>17,230</u>

# Notes to Financial Statements

## Year Ending 30 June 2013

	2013 \$	2012 \$
4. Income tax expense		
a. The components of tax expense comprise:		
Current tax	42,278	72,965
Deferred tax (Note 23)	(45)	(4,900)
Over provision in respect of prior years	-	(26,463)
	<u>42,233</u>	<u>41,602</u>
b. The prima facie tax on profit before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit before income tax at 30% (2012: 30%)	42,522	62,473
Add:		
Tax effect of:		
Non deductible depreciation and amortisation	-	-
other non-allowable items	404	5,592
Less:		
Tax effect of:		
overprovision for income tax in prior years	-	(26,463)
other income items	(693)	-
	<u>42,233</u>	<u>41,602</u>
Income tax attributable to the Company	<u>42,233</u>	<u>41,602</u>

### 5. Key management personnel compensation

#### a. Names and positions

Name	Position
Richard Dymond	Non-Executive Director
Vicki Wesley	Non-Executive Director / Chairperson
Alan Jelly (appointed 1/6/2013)	Non-Executive Director
Michael Joseph Knowles	Non-Executive Director
Robert Millar (retired 1/4/2013)	Non-Executive Director / Secretary
Sally Martin	Non- Executive Director
Nyaree Lawler	Non-Executive Director



# Notes to Financial Statements

## Year Ending 30 June 2013

### b. Remuneration of Key Management Positions

The total remuneration paid to directors of the company during the year is \$14,200 (2012: \$16,650).

### c. Shareholdings

Number of ordinary shares held by key management personnel.

2013

Directors	Ordinary Shares			Balance at end of period
	Balance at beginning of period	Purchased during the period	Other changes	
Richard Dymond	21,001	-	(6,000)	15,001
Vicki Wesley	1,000	-	-	1,000
Alan Jelly	600	5,000	-	5,600
Michael Knowles	5,500	-	-	5,500
Robert Millar	500	-	-	500
Sally Martin	-	-	-	-
Nyaree Lawler	-	-	-	-
	28,601	5,000	(6,000)	27,601

# Notes to Financial Statements

## Year Ending 30 June 2013

	2013 \$	2012 \$
6. Cash and cash equivalents		
Cash at bank and in hand	<u>29,998</u>	<u>83,312</u>
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 and cash equivalents	<u>29,998</u>	<u>83,312</u>
7. Trade and other receivables		
Trade debtors	<u>92,817</u>	<u>74,384</u>
a. Provision For Impairment of Receivables		
<p>Current trade and term receivables are non-interest bearing loans and generally on 30-day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is an objective evidence that an individual trade or term receivable is impaired. These amounts will be included in the other expenses item of the statement of comprehensive income.</p> <p>There is no provision for impairment of receivables.</p>		
8. Other assets		
Current		
Prepayments	<u>7,560</u>	<u>3,021</u>

# Notes to Financial Statements

## Year Ending 30 June 2013

	2013 \$	2012 \$
9. Property, plant and equipment		
Land and Buildings - cost		
33 Hamersley Street, Toodyay	327,900	327,900
Less: accumulated depreciation	(8,762)	(7,384)
66 Stirling Terrace, Toodyay	346,007	343,312
Less: accumulated depreciation	(34,449)	(28,627)
	<u>630,696</u>	<u>635,201</u>
Plant and Equipment		
Cost	332,478	329,818
Accumulated depreciation	(199,952)	(169,418)
	<u>132,526</u>	<u>160,400</u>
Total property, plant and equipment	<u>763,222</u>	<u>795,601</u>
Reconciliation of the carrying value for each class of property, plant and equipment are set out below:		
Land and buildings		
Balance at the beginning of the year	635,201	642,041
Depreciation expense	(4,505)	(6,840)
Carrying amount at the end of the year	<u>630,696</u>	<u>635,201</u>
Plant and equipment		
Balance at the beginning of the year	160,400	200,498
Additions	-	-
Depreciation expense	(27,874)	(40,098)
Carrying amount at the end of the year	<u>132,526</u>	<u>160,400</u>



# Notes to Financial Statements

## Year Ending 30 June 2013

	2013 \$	2012 \$
10. Intangible assets		
Franchise fee		
Cost	50,000	50,000
Accumulated amortisation	<u>(35,000)</u>	<u>(25,000)</u>
	<u>15,000</u>	<u>25,000</u>

Pursuant to a five year franchise agreement with Bendigo and Adelaide Bank Limited, the Company operates a branch of Bendigo and Adelaide Bank Limited, providing a core range of banking products and services.

11. Trade and other payables		
Trade creditors and accruals	39,437	17,732
GST payable	11,496	16,010
Dividend payable	<u>-</u>	<u>2,309</u>
	<u>50,993</u>	<u>36,051</u>

12. Financial liabilities		
Current		
Mortgage loan	<u>28,275</u>	<u>139,288</u>
	<u>28,275</u>	<u>139,288</u>

### Security:

The bank overdraft and mortgage loan are secured by a floating charge over the Company's assets.

The loans are principal and interest variable facilities taken out to fund purchase of properties at 33 Hamersley Street and 66 Stirling Terrace, Toodyay. The loans have terms of 20 and 25 years, respectively ending on 16 Oct 2032 and 16 Oct 2027. The full amount of the loans outstanding at 30 June 2013 have been classified as a current liability due to a clause in the general terms and conditions of the loan agreement that gives the bank the right to terminate the facility at its annual review for whatever reason.

# Notes to Financial Statements

## Year Ending 30 June 2013

	2013 \$	2012 \$
13. Provisions		
Current		
Provision for employee entitlements	<u>61,103</u>	<u>54,320</u>
Number of employees at year end	<u>10</u>	<u>8</u>
14. Equity		
342,359 (2012: 342,359) fully paid ordinary shares	<u>342,359</u>	<u>342,539</u>
15. Cash flow information		
a. Reconciliation of cash flow from operations with profit after tax		
Profit after tax	99,507	166,920
Depreciation and amortisation	48,553	47,504
Movement in assets and liabilities		
Receivables	(18,433)	(27,589)
Other assets	(4,539)	4,302
Payables	14,881	29,612
Deferred tax asset	(45)	(4,901)
Provisions	6,783	10,613
Current tax liability	<u>(38,329)</u>	<u>(12,860)</u>
Net cash provided by operating activities	<u>108,378</u>	<u>213,601</u>
b. Credit Standby Arrangement and Loan Facilities		
The Company does not use its bank overdraft facility or have any other loan facilities at 30 June 2013 than those disclosed under Note 12.		

# Notes to Financial Statements

## Year Ending 30 June 2013

16. Related party transactions

During the year ended 30 June 2013, the following related party transactions occurred:

Vicki Wesley was paid \$10,176 (by way of Grove Wesley Design Art) for signwriting and printing services. The amount was paid under commercial terms and conditions.

2013	2012
\$	\$

17. Leasing commitments

Non cancellable operating lease commitment contracted for but not capitalised in the financial statements

Payable

Not longer than 1 year	27,359	26,560
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Longer than 1 year but not longer than 5 years	18,785	46,774
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46,144	73,334
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18. Dividends

Distributions paid

Fully franked dividend of 13 (2012:12) cents per share franked at the tax rate of 30% (2012:30%)

44,506	41,083
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44,506	41,083
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a. Balance of franking account at beginning of year	118,400	128,160
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adjusted for franking credits arising from:

- payment of provision for income tax	171,175	7,847
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- dividends recognised as receivables and franking debits arising from payment of proposed dividends, and franking credits that may be prevented from distribution in subsequent financial years	(19,075)	(17,607)
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Balance of franking account at year end	270,500	118,400
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# Notes to Financial Statements

## Year Ending 30 June 2013

### 19. Financial risk management

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans, bills and leases.

The directors' overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

#### a. Financial risk management policies

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for Company operations.

The Company does not have any derivative instruments at 30 June 2013.

#### b. Financial risk exposures and management

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

##### i. Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt.

##### ii. Liquidity risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

##### iii. Credit risk

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

There are no material amounts of collateral held as security at 30 June 2013.

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.

Credit risk is managed reviewed regularly by the Board of Directors. It arises from exposures to customers as well as through deposits with financial institutions.

The Board of Directors monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and

customers that do not meet the Company's strict credit policies may only purchase in cash or using recognised credit cards.

The trade receivables balances at 30 June 2013 and 30 June 2012 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.



# Notes to Financial Statements

## Year Ending 30 June 2013

### c. Financial instrument composition and maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the statement of financial position.

2013		Variable	Fixed			
	Weighted Average Effective Interest Rate	Floating Interest Rate	Within 1 Year	Within 1 to 5 Years	Non Interest Bearing	Total
Financial Assets						
Cash and cash equivalents	0.62%	29,998	-	-	-	29,998
Loans and receivables	-	-	-	-	92,817	92,817
Total Financial Assets		29,998	-	-	92,817	122,815
Financial Liability						
Bank loan - secured	6.06%	28,275	-	-	-	28,275
Trade and other payables	-	-	-	-	50,702	50,702
Credit card	16.64%	231	-	-	-	231
Total Financial Liabilities		28,506	-	-	50,702	79,208
2012		Variable	Fixed			
	Weighted Average Effective Interest Rate	Floating Interest Rate	Within 1 Year	Within 1 to 5 Years	Non Interest Bearing	Total
Financial Assets						
Cash and cash equivalents	1.15%	-	-	-	83,312	83,312
Loans and receivables	-	-	-	-	74,384	74,384
Total Financial Assets		-	-	-	157,696	157,696
Financial Liability						
Bank loan - secured	6.4%	139,288	-	-	-	139,288
Trade and other payables	-	-	-	-	34,447	34,447
Credit card	16.64%	1,604	-	-	-	1,604
Total Financial Liabilities		140,892	-	-	34,447	175,339

# Notes to Financial Statements

## Year Ending 30 June 2013

2013	2012
\$	\$

Trade and sundry payables are expected to be paid as followed:

Less than 6 months	50,933	36,051
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d. Net Fair Values

The net fair values of investments have been valued at the quoted market bid price at reporting date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the Company intends to hold these assets to maturity.

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

Fair values are materially in line with carrying values.

e. Sensitivity Analysis

i. Interest Rate Risk

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

ii. Interest Rate Sensitivity Analysis

At the reporting date 30 June 2013, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

2013

		-2 %		+ 2%	
	Carrying Amount \$	Profit \$	Equity \$	Profit \$	Equity \$
Financial Assets					
Cash and cash equivalents	29,998	(600)	(600)	600	600
Financial Liability					
Bank loan secured	28,275	566	566	(566)	(566)

# Notes to Financial Statements

## Year Ending 30 June 2013

2012

		-2 %		+ 2%	
	Carrying Amount \$	Profit \$	Equity \$	Profit \$	Equity \$
Financial Assets					
Cash and cash equivalents	83,312	(1,666)	(1,666)	1,666	1,666
Financial Liability					
Bank loan secured	139,288	2,786	2,786	(2,786)	(2,786)

### 20. Operating Segments

Types of products and services by segment

The Company operates in the financial services sector as a branch of Bendigo and Adelaide Bank Limited in Western Australia.

Major customers

The Company operates under the terms of a franchise agreement with Bendigo and Adelaide Bank Limited, which accounts for all of the franchise margin income.

### 21. Events after the Statement of Financial Position date

No matters or circumstances have arisen since the end of the financial year that significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

### 22. Contingent liabilities and contingent assets

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

# Notes to Financial Statements

## Year Ending 30 June 2013

	2013 \$	2012 \$
23. Tax		
a. Liability		
Current		
Income tax payable	-	26,157
b. Assets		
Current tax receivable	12,172	-
Deferred tax assets comprise:		
Provisions	18,377	18,332
c. Reconciliations		
i. Gross Movements		
The overall movement in the deferred tax account is as follows:		
Opening balance	18,332	13,432
Credit to statement of comprehensive income	45	4,900
Closing balance	18,377	18,332
ii. Deferred Tax Assets		
The movement in deferred tax assets for each temporary difference during the year is as follows:		
Provisions		
Opening balance	18,332	13,432
Credit to the statement of comprehensive income	45	4,900
Closing balance	18,377	18,332



# Notes to Financial Statements

## Year Ending 30 June 2013

### 24. Economic dependency – Bendigo and Adelaide Bank Limited

The Company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Bank branches at Toodyay & Districts, Western Australia.

The branches operate as a franchise of Bendigo Bank, using the name “Bendigo Bank” and the logo and system of operations of Bendigo Bank. The Company manages the Community Bank branches on behalf of the Bendigo Bank, however all transactions with customers conducted through the Community Bank branches are effectively conducted between the customers and Bendigo Bank.

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

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

- Advice and assistance in relation to the design, layout and fit out of the Community Bank branches;
- Training for the branch manager and other employees in banking management systems and interface protocol;
- Methods and procedures for the sale of products and provision of services;
- Security and cash logistic controls;
- Calculation of company revenue and payment of many operating and administrative expenses;
- The formulation and implementation of advertising and promotional programs; and
- Sales techniques and proper customer relations.

### 25. Company details

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

108 Stirling Terrace  
Toodyay WA 6566

# Directors' Declaration

## Year Ending 30 June 2013

The Directors of the Company declare that:

1. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 and:
  - a. comply with Australian Accounting Standards; and
  - b. give 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. the financial statements and notes thereto also comply with International Financial Reporting Standards, as disclosed in Note 1; and
3. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director



Dated this

3RD day of OCT 2013

# Independent Auditor's Report



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## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF

### TOODYAY & DISTRICTS COUMMUNITY FINANCIAL SERVICES LIMITED

#### Report on the Financial Report

We have audited the accompanying financial report of Toodyay & Districts Community Financial Services Limited ("the company"), which comprises the statement of financial position as at 30 June 2013, and 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 information 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 gives 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 that 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*.

#### *Auditor's Responsibility*

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

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

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

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Adelaide and Canberra  
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# Independent Auditor's Report



## *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*, which has been given to the directors of Toodyay & Districts Community Financial Services Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

## *Opinion*

In our opinion:

- (a) the financial report of Toodyay & 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 and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

*RSM Bird Cameron Partners.*

RSM BIRD CAMERON PARTNERS

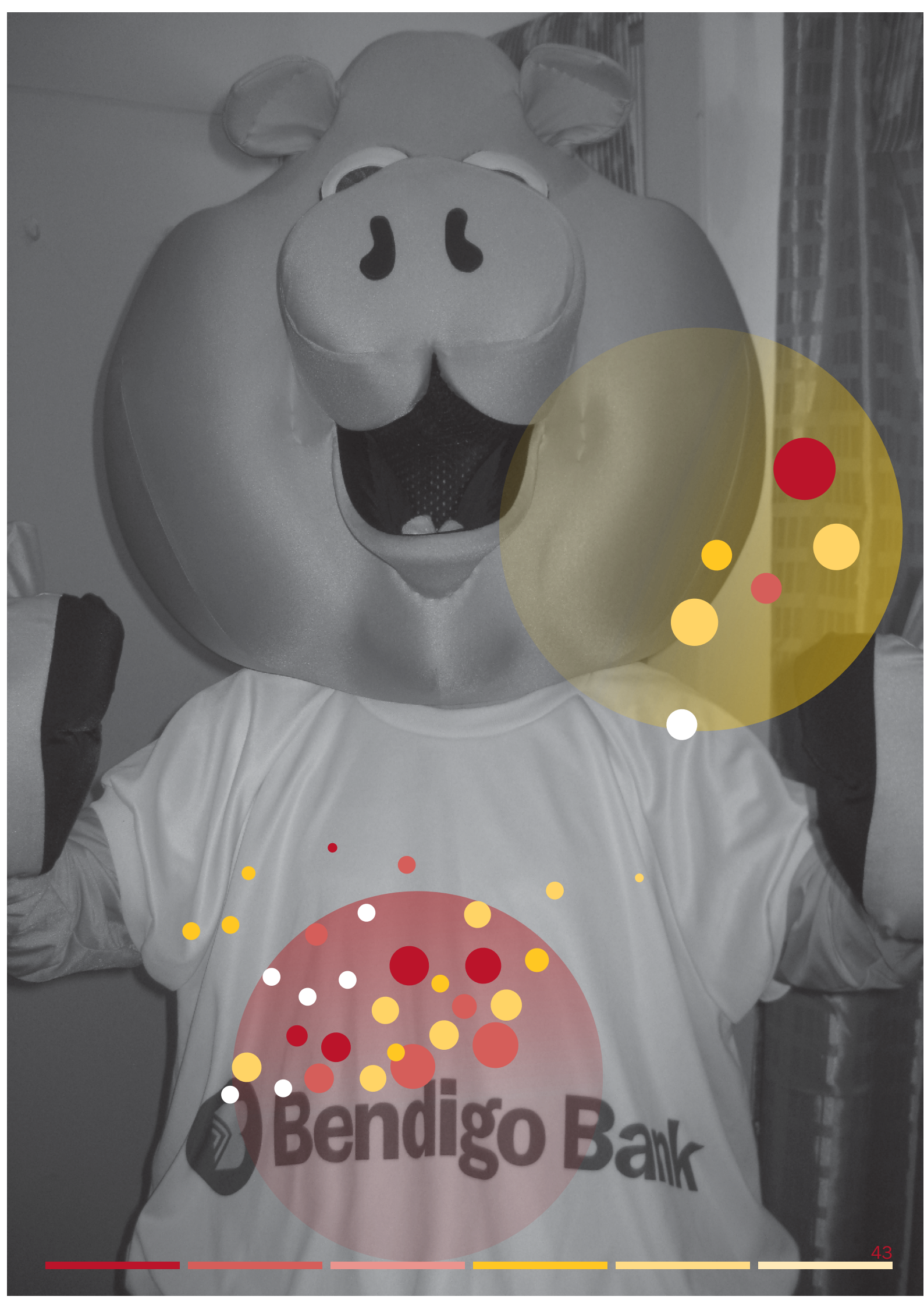
*D J Wall*

D J WALL  
Partner

Perth, WA

Dated: 3 OCTOBER 2013







## Historical page



Richard Dymond  
A bit of a legend within the Toodyay Community Bank .  
It was with disappointment that the Board accepted Richard's resignation from the board earlier this year.  
After over 14 years of service to our branch from the steering committee to board as director, chairman and treasurer, we will miss his drive and determination to help our branch move forward.  
  
All of the Board and branch staff wish Richard well in all future endeavours.



Another year moves by and we celebrate another birthday.  
As usual the Toodyay Bakery bakes the scrumptious cake that we share with all who need to bump up their calories or who are feeling a bit hungry.

It has been four years since the terrifying and devastating Toodyay fires.  
Driving around the affected areas now, the growth is amazing.  
Green where there was once black and wildflowers in abundance.

Although those days will remain raw for many people, our community is still united as one.



**Toodyay & Districts  
Community Financial Services Limited**

ABN 67 090 105 249 ACN 090 105 249

108 Stirling Terrace, Toodyay WA 6566  
Phone 08 9574 4077

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