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Chairman's report 30 June 2005

This year has seen the continued growth of our Community Bank® branch in all our activities. A year in which we also celebrated our fifth birthday, and established our foundations for continuing growth in banking and community support. It was especially satisfying during our Birthday celebrations to provide a pledge of \$50,000 to the Toodyay Swimming Pool Action Committee.

The Company continues to trade well and has again delivered a dividend to Shareholders which should continue into the future. At the time of this report we have \$71 million under management an increase of \$19 million from our last annual report.

The year has seen some changes in the Board Members and also the change of our Community Bank® Branch Manager after four years of dedicated service. With the high quality of Board Members and our Community Bank® branch staff I am sure we will all retain our passion for community returns in every sense.

We must acknowledge the continuing efforts of our Community Bank® branch staff in providing the highest level of professionalism and service. They continue to show the difference between a Community Bank® branch and a corporation. Also to Lloyd Chidlow, our Community Bank® Branch Manager for four years during a period of rapid growth and change, we offer our thanks.

This year has seen the continuing growth and consolidation of our community Company as we work with our partners in Bendigo Bank, our Shareholders and our community.

Gregory Downie

Chairman

Director's report 30 June 2005

Your Directors present their report together with the financial report of the Company for the year 30 June 2005.

Directors

The names and qualifications of Directors in office at any time during or since the end of the year are:

Gregory Michael Downie (Chairperson)

Occupation: Business Proprietor

Background information: Past Vice President of Master Plumber Association and past deputy President of Shire of Toodyay.

Lloyd Gerald Chidlow

Occupation: Community Bank® Branch Manager

Background information: 20 years experience with the ANZ Bank to Senior Management Level, including 3 years in an overseas posting, also has 2 years in the Government sector as a Regional Manager.

Philip Lawton

Occupation: Veterinary Surgeon

Background information: Work as a veterinary surgeon as own private practice for 32 years and on the executive committee for the Toodyay Chamber of Commerce & Industry.

Richard John Dymond

Occupation: Company Director/Investor

Background information: 25 years experience in retail has been involved in many local community groups including theatre, Tourism, P&C and of course the bank.

Steven Joseph Stanbrook

Occupation: Company Director

Background information: Director/CEO of "The Little Farm Company Toodyay" after having worked in the insurance industry for 3 years, has also been member of the tourism and rural industry for 15 years.

Paula Ann Greenway

Occupation: Business proprietor

Background information: Events Co-ordinator for Dowerin Field Days. Member of Toodyay Chamber of Commerce, Tourist Community Inc and Chair of Avon Valley Tourist Association.

Director's report continued

Paul Steven Michael

Occupation: Farmer/Investor

Background information: 4 years experience as Certified Practicing Accountant. Has a Bachelor of Commerce degree (UWA), current president Toodyay district high school P&C. Also past President of Toodyay District High School P & C and has 6 years experience in the pastoral and tourism industry.

Jennifer Lynn Somers

Occupation: Farmer

Background experience: Has bookkeeping and farming experience, also a Business Manager.

Peter Maughan

Occupation: Business Manager

Background information: Owner and manager of Toodyay Traders since August 1992. Formerly a business Manager and farmer in Merredin. Served on the executive committees of numerous sporting, agricultural, educational and tourism organisations. Also a Justice of Peace.

Robert John Welburn

Occupation: Farmer/Earthworks contractor

Background information: Bank officer for 16 years, including Lending Manager. Was a business consultant for 5 years. Work 3 years as an earthworks contractor. Also a committee member of Toodyay District High School P & C and Vice President of the Toodyay 4WD Club.

Director's report continued

Meetings of Directors

During the financial year, 12 meetings of Directors were held. Attendances by each Director during the year were:

	Directors' meetings	
	Number eligible to attend	Number attended
Gregory Michael Downie	12	12
Lloyd Gerald Chidlow	12	9
Philip Lawton	12	10
Richard John Dymond	12	12
Steven Joseph Stanbrook	12	12
Paula Ann Greenway	12	11
Paul Steven Michael	12	7
Jennifer Lynn Somers	12	10
Peter Maughan	12	9
Robert John Welburn	12	10

Remuneration Report

Remuneration of Directors

No income was paid or was payable or otherwise made available to the specified Directors of the Company during the years ended 30 June 2004 and 30 June 2005.

Options

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

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

Director's report continued

Remuneration practices

The Company's policy for determining the nature and amount of emoluments of Board members and senior executives of the Company is as follows:

It is current policy of the Company that Board members are not remunerated for the services performed, other than Lloyd Chidlow who is also the Bank Manager.

The remuneration structure for the Bank Manager is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company.

Operational and Financial Review

The principal activity and focus of the Company's operations during the year, was the operation of, Toodyay & Districts Community Bank® Branch of Bendigo Bank, pursuant to a franchise agreement.

The Company's operating profit after income tax for the year ended 30 June 2005 was \$114,275. (2004: profit of \$81,232)

The Company will continue to pursue its main objective of providing a core of banking products and services pursuant to its franchise agreement with the Bendigo Bank.

Dividends

Dividends paid or declared for payment are as follows:

Final unfranked dividend paid for the year ended 30 June 2003	\$6,847
Final unfranked dividend paid for the year ended 30 June 2005	\$37,659

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 period under review, not otherwise disclosed in these financial statements.

Director's report continued

Events Subsequent To The End Of The Financial Year

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.

Indemnifying Officer 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. A Directors' and Officers' liability insurance policy for \$5,000,000 cover has been taken out for an annual premium cost of \$5,142 (2004:\$4,500).

Share 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.

Environmental Regulation

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

Auditor's independence declaration

Our Auditor, RSM Bird Cameron Partners, has provided the Board of Directors with an independence declaration in accordance with section 307C of the Corporations Act 2001. The independence declaration is included within the financial statements.

Signed in accordance with the resolution of Directors



Director

Dated this 23rd day of September 2005

Financial statements 30 June 2005

Statement of financial performance

For the year ended 30 June 2005

	Note	2005 \$	2004 \$
Revenue from ordinary activities	2	610,827	486,269
Employee benefits expense		(271,775)	(226,783)
Depreciation and amortisation expense		(24,977)	(31,682)
Borrowing costs expense		(2)	(1)
Other expenses from ordinary activities	3	(177,982)	(146,571)
Profit from ordinary activities before income tax		136,091	81,232
Income tax expense relating to ordinary activities	5	21,816	-
Profit from ordinary activities after income tax expense attributable to members		114,275	81,232
Total revenue, expenses and valuation adjustments attributable to members and recognised directly in equity		-	-
Total changes in equity other than those resulting from transactions with owners as owners		114,275	81,232
Basic earnings per share (cents)		33.4	23.7
Diluted earnings per share (cents)		33.4	23.7

Financial statements 30 June 2005

Statement of financial position

As at 30 June 2005

	Note	2005 \$	2004 \$
CURRENT ASSETS			
Cash assets	14(a)	183,799	152,383
Receivables	6	58,200	47,808
Other	7	6,021	2,857
TOTAL CURRENT ASSETS		248,020	203,048
NON CURRENT ASSETS			
Property, plant and equipment	8	10,721	19,910
Intangible assets	9	46,033	8,524
TOTAL NON CURRENT ASSETS		56,754	28,434
TOTAL ASSETS		304,774	231,482
CURRENT LIABILITIES			
Payables	10	17,457	29,256
Provisions	11	23,789	15,314
TOTAL LIABILITIES		41,246	44,570
NET ASSETS		263,528	186,912
EQUITY			
Contributed equity	12	342,359	342,359
Accumulated losses	13	(78,831)	(155,447)
TOTAL EQUITY		263,528	186,912

Financial statements 30 June 2005

Statement of cash flows

For the year ended 30 June 2005

	Note	2005 \$	2004 \$
Cash flows from operating activities			
Receipts from customers		593,705	473,322
Interest received		6,730	2,763
Payments to suppliers and employees		(528,060)	(375,354)
Borrowing cost		(2)	(1)
Net cash provided by operating activities	14(b)	72,373	100,730
Cash flows from investing activities			
Payment for plant and equipment		(3,298)	(7,826)
Net cash used in investing activities		(3,298)	(7,826)
Cash flows from financing activities			
Dividend paid		(37,659)	(6,847)
Net cash used in financing activities		(37,659)	(6,847)
Net increase in cash held		31,416	86,057
Cash held at the beginning of the financial year		152,383	66,326
Cash held at the end of the financial year	14(a)	183,799	152,383

Notes to the financial statements

Note 1: Statement of accounting policies

a) Basis of preparation

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

Toodyay & Districts Community Financial Services Limited is a listed public Company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

b) Income tax

The Company adopts the liability method of tax effect accounting whereby the income tax expense shown in the statement of financial performance is based on the operating profit before income tax adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit before income tax and taxable income, are brought to account as either provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of these benefits is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Company will derive sufficient future assessable income and comply with the conditions of deductibility imposed by the law to permit a future income tax benefit to be obtained.

c) Plant and equipment

Property, plant and equipment are brought to account at cost, less, where applicable, any accumulated depreciation or amortisation.

Notes to the financial statements continued

Note 1: Statement of accounting policies continued

c) Plant and equipment - continued

The carrying amount of property, plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employed and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amount.

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated over their useful lives commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to a depreciation charge. Leasehold improvements are amortised 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
Plant and equipment	20%

d) Intangible assets

The franchise fee paid by the Company pursuant to a Franchise Agreement with the Bendigo Bank (Note 9) is being amortised over the initial five (5) year period of the agreement, being the period of expected economic benefits of the franchise fee.

e) Statement of cash flows

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdraft.

f) Employee entitlements

Provision is made for the Company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Contributions are made by the Company to the employee superannuation funds and are charged as expenses when incurred.

Notes to the financial statements continued

Note 1: Statement of accounting policies continued

g) Revenue

Revenue from the provision of banking services is recognised upon the delivery of the services to customers.

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

h) 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 Tax 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.

i) Comparative figures

Where required by Accounting Standards, comparative figures are adjusted to conform with changes in presentation in the current financial year.

Notes to the financial statements continued

	2005	2004
	\$	\$

Note 2: Revenue from ordinary activities

Operating activities		
Franchise margin income	600,464	480,395
Interest received	6,730	2,763
Other revenue	3,633	3,111
	610,827	486,269

Note 3: Other expenses from ordinary activities

Operating lease expenses	28,313	21,083
IT leasing and running costs	27,716	29,431
Other operating expenses	121,953	96,057
	177,982	146,571

AUDITOR'S REMUNERATION

Remuneration of the auditor of the Company		
- Audit services	2,500	3,000
- Other services	4,250	570

Note 4: Dividends paid

Final unfranked dividend of 2 cents per share for the year ended 30 June 2003	-	6,847
Final unfranked dividend of 11 cents per share for the year ended 30 June 2005	37,659	-

Notes to the financial statements continued

Note 5: Income tax expense

	2005 \$	2004 \$
a) Reconciliation of income tax expense		
The prime facie income tax benefit on profit from ordinary activities is reconciled to the income tax expense as follows:		
Prima facie tax benefit on profit from ordinary activities before income tax at 30%	40,827	24,370
Tax effect of :		
- Permanent differences	147	3,000
- Under provision of income tax in prior years	-	3,327
- Timing differences not recognised		(1,642)
- Recoupment of tax losses not previously brought to account	(17,516)	(30,697)
Income tax expense	21,816	-
b) Tax losses		
Balance at the beginning of the year	60,876	154,753
Tax losses not recognised in prior year	(2,490)	
Tax losses utilised in the financial year	(58,386)	(82,787)
Under provision of income tax in prior years	-	(11,090)
	-	60,876

At balance date, the Company had tax losses of nil (2004: 60,876) which are available to offset future years' taxable income.

The future income tax benefit of these tax losses is nil (2004: \$18,263). This benefit has not been recognised as an asset in the statement of financial position as its realisation is not virtually certain. The benefits will only be obtained if:

- (a) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- (b) the Company continues to comply with the conditions for deductibility imposed by the law; and
- (c) no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

Notes to the financial statements continued

	2005 \$	2004 \$
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Note 6: Receivables

Trade debtors	58,200	47,808
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Note 7: Other

Prepayments	6,021	2,857
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Note 8: Property, plant and equipment

Plant and equipment		
Cost	102,777	99,479
Accumulated depreciation	(92,056)	(79,569)
	10,721	19,910

Movement in carrying amount

Balance at the beginning of the year	19,910	31,276
Additions	3,298	7,826
Depreciation expense	(12,487)	(19,192)

Carrying amount at the end of the year	10,721	19,910
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Note 9: Intangible assets

Franchise fee		
Cost	100,000	50,000
Accumulated amortisation	(55,000)	(45,000)
	45,000	5,000
Formation expenditure		
Cost	12,445	12,445
Accumulated amortisation	(11,412)	(8,921)
	1,033	3,524
	46,033	8,524

Notes to the financial statements continued

	2005	2004
	\$	\$

Note 9: Intangibles continued

Pursuant to a five year franchise agreement with the Bendigo Bank, the Company operates a Community Bank® branch of Bendigo Bank at Toodyay, trading as “Toodyay & Districts Community Bank® Branch – Bendigo Bank”, providing a core range of banking products and services. The Company entered into the franchise agreement at a cost of \$50,000 that is being amortised on the basis disclosed in Note 1(d).

Note 10: Payables

Trade creditors and accruals	12,008	16,538
GST payable	5,449	12,718
	17,457	29,256

Note 11: Provisions

Company Tax	13,267	-
Employee entitlements	10,522	15,314
	23,789	15,314
Number of employees at year end	7	8

Note 12: Contributed equity

342,359 (2004: 342,359) fully paid ordinary shares	342,359	342,359
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Note 13: Accumulated losses

Balance at the beginning of the financial year	(155,447)	(229,832)
Profit attributable to members of the Company	114,275	81,232
Dividends paid	(37,659)	(6,847)
Balance at the end of the financial year	(78,831)	(155,447)

Notes to the financial statements continued

	2005 \$	2004 \$
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Note 14: Notes to the statement of cash flows

a) Reconciliation of cash

For the purpose of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash at bank	183,799	152,383
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b) Reconciliation of net cash provided by operating activities to profit from ordinary activities

Profit from ordinary activities	114,275	81,232
Depreciation and amortisation	24,977	31,682
Movement in assets and liabilities		
Receivables	(10,392)	(10,184)
Other assets	(53,163)	(1,140)
Payables	(11,799)	(4,415)
Provisions	8,475	3,555

Net cash provided by operating activities	72,373	100,730
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Note 15: Directors' and Executives' remuneration

a) The names and positions of Directors and Executive in office at any time during the financial year are:

Specified Directors:

Gregory Michael Downie	Chairman
Lloyd Gerald Chidlow	Executive Director
Philip Lawton	Secretary
Richard John Dymond	Treasurer
Steven Joseph Stanbrook	Non-Executive Director
Paula Ann Greenway	Non-Executive Director
Paul Steven Michael	Non-Executive Director
Jennifer Lynn Somers	Non-Executive Director
Peter Maughan	Non-Executive Director
Robert John Welburn	Non-Executive Director

Notes to the financial statements continued

Note 15: Directors' and Executives' remuneration continued

Specified Executive:

No person met the definition of specified Executive of the Company during the financial years ended 30 June 2004 and 30 June 2005.

b) Remuneration of Directors

No income was paid or was payable or otherwise made available, to the specified Directors of the Company during the years ended 30 June 2004 and 30 June 2005, other than Lloyd Chidlow who is also theCommunity Bank® branch Manager.

c) Options

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

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

d) Shareholdings

	Balance 1 July 2004	Received as remuneration	Options exercised	Net change others *	Balance 30 June 2005
Specified Directors					
Gregory Michael Downie	2,000	-	-	-	2,000
Lloyd Gerald Chidlow	1,000	-	-	-	1,000
Philip Lawton	1	-	-	-	1
Richard John Dymond	20,501	-	-	-	20,501
Steven Joseph Stanbrook	2,001	-	-	-	2,001
Paula Ann Greenway	-	-	-	-	-
Paul Steven Michael	8,001	-	-	-	8,001
Jennifer Lynn Somers	1,000	-	-	-	1,000
Peter Maughan	5,000	-	-	-	5,000
Robert John Welburn	6,301	-	-	-	6,301
TOTAL	45,805	-	-	-	45,805

* Net change others refers to shares purchased or sold during the financial year

Notes to the financial statements continued

Note 15: Directors' and Executives' remuneration continued

e) Remuneration practices

The Company's policy for determining the nature and amount of emoluments of Board members and senior executives of the Company is as follows:

It is current policy of the Company that Board members are not remunerated for the services performed, other than Lloyd Chidlow who is also the Bank Manager (Annual salary of \$ 56,121 for the year ended 30 June 2005).

The remuneration structure for the Community Bank® branch Manager is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company.

Note 16: Related party transaction

The related parties have not entered into a transaction with the Company during the financial years ended 30 June 2004 and 30 June 2005 other than those disclosed in Note 15.

	2005	2004
	\$	\$

Note 17: Leasing commitment

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

Payable

- Not longer than 1 year	21,000	10,900
- Longer than 1 years but not longer than 5 years	84,000	2,500
	105,000	13,400

Notes to the financial statements continued

Note 18: Financial instruments

a) Interest rate risk

2005	Rates	Variable	Fixed 1 year	Fixed 1 to 5 years	Non-interest	Total
Financial assets						
Cash	3.37%	183,799	-	-	-	183,799
Receivables			-	-	58,200	58,200
		183,799	-	-	58,200	241,999
Financial liabilities						
Payables		-	-	-	(17,457)	(17,457)
Provisions		-	-	-	23,789	23,789
		-	-	-	(58,762)	(58,762)
Net financial assets		183,799	-	-	(562)	183,237

2004	Rates	Variable	Fixed 1 year	Fixed 1 to 5 years	Non-interest	Total
Financial assets						
Cash	3.03%	152,383	-	-	-	152,383
Receivables		-	-	-	47,808	47,808
		152,383	-	-	47,808	200,191
Financial liabilities						
Payables		-	-	-	(29,256)	(29,256)
Provisions		-	-	-	(15,314)	(15,314)
		-	-	-	(44,570)	(44,570)
Net financial assets		152,383	-	-	3,238	155,621

b) 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 doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

Notes to the financial statements continued

Note 18: Financial instruments continued

c) Net fair values

The net fair value of financial assets and liabilities of the Company approximates their carrying amount.

The Company has no financial assets and liabilities where the carrying amount exceeds the net fair value at balance date.

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

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

Note 19: Segment reporting

The Company operates in the financial services sector as a Community Bank[®] branch of Bendigo Bank at Toodyay in Western Australia.

Note 20: Events subsequent to the reporting 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.

Note 21: Contingent liabilities

There were no contingent liabilities at the reporting date.

Notes to the financial statements continued

Note 22: Impact of adopting Australian equivalents to IFRS

The Company is in the process of transitioning its accounting policies and financial reporting from current Australian Accounting Standards (AGAAP) to Australian equivalents of International Financial Reporting Standards (AIFRS) which will be applicable for the financial year ended 30 June 2006. During the year, the Directors of the Company conducted impact assessments to identify key areas that would be impacted by the transition to AIFRS.

The Directors have identified that the key differences in the Company's accounting policies which will arise from the adoption of IFRS to be:

Taxation

Currently, the Company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under the Australia equivalent to IAS 12, the Company will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather the effects of the timing and permanent differences between taxable income and accounting profit.

Intangible Assets

Under the Australian equivalent to IAS 38 "Intangible Assets", formation costs and franchise fees must be expensed. This will result in a change in the Company's current accounting policy which allows for the capitalisation of formation costs and franchise fees. Under the new policy, all formation costs and franchise fees will be written off as incurred. On transition, all currently recognised formation costs and franchise fees will be adjusted against opening accumulated profits/losses as they will not meet the recognition requirements under IFRS.

At the present time, the Company's management is still completing its transition to AIFRS and will be fully compliant by 30 June 2006. No material differences in the Company's accounting policies or balances on conversion to AIFRS are expected.

The actual effects of transition to AIFRS however may differ due to:

- (a) ongoing work being undertaken by the Directors of the Company;
- (b) potential amendments to AIFRSs and Interpretations thereof being issued by the standard-setters and IFRIC; and
- (c) emerging accepted practice in the interpretation and application of AIFRS and UIG Interpretations.

Note 23: Company details

The registered office and principal place of business of the Company is:
108 Stirling Terrace
Toodyay, WA 6566

Director's declaration 30 June 2005

TOODYAY & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

STATEMENT BY DIRECTORS

In the Directors' opinion:

1. the financial statements and notes, as set out on pages 9 to 24, are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standards and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the financial position as at 30 June 2005 and of the performance as represented by the results of the operations and the cash flows for the financial year ended on that date; and.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by S295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



Director

Dated this 23rd day of September 2005

RSM Bird Cameron Partners

Chartered Accountants

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9101
www.rsmi.com.au

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF TOODYAY & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements and the Directors' declaration for Toodyay & Districts Community Financial Services Limited (the Company) for the year ended 30 June 2005.

The Directors of the Company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the Company and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's financial position and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:-

- ◆ examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- ◆ assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Directors.

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RSM Bird Cameron Partners

Chartered Accountants

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9101
www.rsmi.com.au

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the Company.

Independence

We are independent of the Company and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Audit Opinion

In our opinion, the financial report of Toodyay & Districts Community Financial Services Limited is in accordance with:

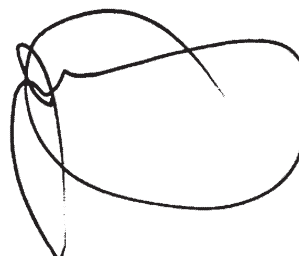
- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of Toodyay & Districts Community Financial Services Limited at 30 June 2005 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

Perth, WA
Dated: 23 September 2005

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Chartered Accountants



JAMES KOMNINOS
Partner

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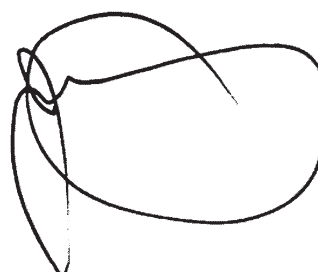
AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF

TOODYAY & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

In relation to our audit of the financial report of Toodyay & Districts Community Financial Services Limited for the year ended 30 June 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

RSM Bird Cameron Partners
RSM BIRD CAMERON PARTNERS
Chartered Accountants



JAMES KOMNINOS
Partner

Perth, WA
Dated: 23 September 2005

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