Toodyay & Districts **Community Bank**®Branch
108 Stirling Terrace, Toodyay, WA 6566
Phone: (08) 9574 4077 Fax: (08) 9574 4222

Franchisee: Toodyay & Districts Community Financial Services Limited
108 Stirling Terrace, Toodyay, WA 6566
ABN 67 090 105 249

www.bendigobank.com.au
Bendigo Bank Limited, Fountain Court, Bendigo, VIC 3550
ABN 11 068 049 178. (AFSL 237879) (PSW1002) (08/06)

Toodyay & Districts Community Financial Services Limited
ABN 94 094 967 978

2006 annual report

Toodyay & Districts
Community Bank® Branch
Bendigo Bank

Contents

Chairman’s report

For the year ended 30 June 2006

During our sixth year of operation we have further consolidated our position as an essential business for our community. The Company continues to trade profitably while providing a healthy return to shareholders and the broader Community. We owe an ongoing vote of thanks to our Community leaders who some seven years ago partnered with Bendigo Bank Limited to establish this business that enhances our community.

This year has seen some changes to the Board, with Peter Maughan and Jenny Somers resigning from Board duties. We applaud their contribution, particularly Peters many years of service. This year we have also commenced nominal payments to Directors to assist towards some of the time they spend away from their business. We have also employed a casual consultant to help develop and assess complex proposals the Board receive.

Again our **Community Bank®** staff have continued to provide the highest level of community and professional service, while making the branch more than just a bank to visit. While our branch staffing continues to evolve I think it is only appropriate to recognise the work of Debora Jouaneau and Margaret O’Sullivan who have been with the branch since opening and who on a daily basis strive to make the branch what it is.

The Board has continued to support the community through sponsorship and donations to various groups and the funds available will only grow as our branch grows. Some projects of note have been support of Friends of the River for restoration and access works within the townsite. Another project worth mentioning is a partnering project with The Shire of Toodyay to first undertake a community study of recreation needs and ultimately apply this information to provide better recreation facilities in our town.

I offer my sincere thanks to our staff, Board members and Bendigo Bank Limited in providing this service to our community.

Greg Downie
Chairman

Manager’s report

It has now six years since the doors were opened to the Toodyay & Districts **Community Bank®** Branch. Each year, the branch continues to grow and prosper through the dedication and commitment of the staff and from the support of the broader community.

It just goes to show that the Bendigo Bank’s **Community Bank®** model of face-to-face banking and good old fashioned service is still highly regarded by the public.
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Since our last Manager’s report, our funds under management have grown to $69.3 million, an increase of $17.3 million, or 33.27%. Profits have also continued to rise, increasing from $90,478 to $95,095 in the past 12 months. Whilst this does not appear to represent a significant increase, it is pleasing to add that this result was achieved after $74,000 had been distributed to various sporting and community groups via donations and allocations for future community projects. Overall, we continue to build a profitable company and solid community asset.

For the eagle-eyed, you will have noticed some significant changes within Toodyay & Districts **Community Bank®** Branch during the past year, most noticeably amongst the staff.

We have seen some familiar faces leave us - Lloyd and Adele are pursuing careers outside of Bendigo Bank, and Jodie is taking a well earned break to look after her son Mason.

Whilst Jim and John’s stays were all too brief, each made a valued contribution to the Toodyay & Districts **Community Bank®** Branch, and we thank them all for their efforts.

We also welcome our new additions to the branch in Chris, Christine and more recently myself. However, some familiar faces remain, with Deb, Margaret and Deborah providing the glue that bonds us all together.

As a group, we will continue to provide a high standard of customer service befitting the expectations of the community, and ourselves.

I am also very appreciative of the Board, who through their underlying support and trust, allow us to go about our business of running Toodyay & Districts **Community Bank**® Branch with confidence.

However, we would not be in the strong position we now find ourselves in without the support of our customers and Shareholders. You are the people who had the faith and belief to make this all happen, thank you.

I personally look forward to another year of solid growth as we continue our journey together.

Glenn Rodger
Branch Manager

Directors' report

Your Directors present their report together with the financial report of the Company for the year ended 30 June 2006.

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.

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.

Paul Steven Michael
Occupation: Farmer/Investor
Background information: 4 years experience as Certified Practicing Accountant. Has a Bachelor of Commerce degree (UWA), past president Toodyay Land Conservation District Committee. Also past President of Toodyay District High School P & C and has 6 years experience in the pastoral and tourism industry.

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.

Directors' report continued

Company Secretary
Philip Lawton

Directors Meetings Attended

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	11
Philip Lawton	12	11
Richard John Dymond	12	10
Steven Joseph Stanbrook	12	11
Paula Ann Greenway	12	10
Paul Steven Michael	12	7
Robert John Welburn	12	10

Principal Activity and Review of Operations

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

Operating Results

The amount of the profit from ordinary activities of the Company after income tax was $95,097 for the year ended 30 June 2006 (2005: $116,764).

Dividends Paid or Recommended

The Company proposed to pay a dividend of 11 cents ($37,659) on the 31 October 2006.

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.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial period, 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.

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.

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.

REMUNERATION REPORT

This report details the nature and amount of remuneration for each Director of the Company, and for the executives receiving the highest remuneration.

Remuneration policy

The remuneration policy of the Company has been designed to align executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives to run and manage the Company, as well as create goal congruence between executives and shareholders.

	Remuneration $
Gregory Michael Downie	3,000
Phillip Lawton	2,000
Richard John Dymond	2,000
Steven Joseph Stanbrook	1,000
Paula Ann Greenway	1,000
Paul Steven Michael	1,000
Robert John Welburn	1,000
	11,000

The board's policy for determining the nature and amount of remuneration for senior executives of the Company is as follows:

- The remuneration policy, setting the terms and conditions for the senior executives, was developed by the board and approved by the board after seeking professional advice from independent external consultants.

- All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, and performance incentives.

- The board reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors.

The performance of executives is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the Company's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The board may, however, exercise its discretion in relation to approving incentives and bonuses, and can recommend changes to the committee's

Directors' report continued

Remuneration policy (continued)

recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

The executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to executives is valued at the cost to the Company and expensed.

Performance-based remuneration

As part of each executive's remuneration package there is a performance-based component, consisting of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between executives with that of the business and shareholders. The KPIs are set annually, with a certain level of consultation with executives to ensure buy-in. The measures are specifically tailored to the areas each executive is involved in and has a level of control over. The KPIs target areas the board believes hold greater potential for Company expansion and profit, covering financial and non-financial as well as short- and long-term goals. The level set for each KPI is based on budgeted figures for the Company and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the board in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Company's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, the Company bases the assessment on audited figures, however, where the KPI involves comparison of the Company to the market, independent reports are obtained from organisations such as Standard & Poors.

Company performance, shareholder wealth and executive remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and executives. The method applied in achieving this aim is a performance based bonus based on key performance indicators. The Company believes this policy to have been effective in increasing shareholder wealth over the past years.

Details of remuneration for year ended 30 June 2006

The remuneration for each executive officer of the Company receiving the highest remuneration during the year was as follows:

	Salary, Fees and Commissions	Superannuation Contribution	Cash Bonus	Non-cash Benefits	Total	Performance related
	$	$	$	$	$	%
Glen Rodgers	2,269	204			**2,473**	
Jim Finnerty (resigned)	17,424	1,568			**18,992**	
John Mills (resigned)	23,671	2,130			**25,801**	
	43,364	**3,902**			**47,266**	

Directors’ report continued

Performance income as a proportion of total remuneration

Executives are paid performance based bonuses based on set monetary figures, rather than proportions of their salary. This has led to the proportions of remuneration related to performance varying between individuals. The board has set these bonuses to encourage achievement of specific goals that have been given a high level of importance in relation to the future growth and profitability of the Company.

The board will review the performance bonuses to gauge their effectiveness against achievement of the set goals, and adjust future years’ incentives as they see fit, to ensure use of the most cost effective and efficient methods.

Employment contracts of senior executives

The employment conditions of the executives are formalised in contracts of employment. All executives are permanent employees of the Company.

The employment contracts stipulate a range of one- to three-month resignation periods. The Company may terminate an employment contract without cause by providing 1 month written notice or making payment in lieu of notice, based on the individual’s annual salary component together with a redundancy payment. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

Indemnifying Officer or Auditor

Indemnities have been given, during and since the end of the financial period, 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.

Non-audit Services

The board of Directors, in accordance with advice from the audit committee, 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 audit committee 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 as set out in the Institute of Chartered Accountants in Australia and CPA Australia’s Professional Statement F1: Professional Independence.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2006:

	$
Taxation and other services	4,250
	4,250

Directors' report continued

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 a 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

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included within the financial statements.

Adoption of Australian equivalents to International Financial Reporting Standards

As a result of the introduction of Australian equivalents to International Financial Reporting Standards (IFRS), the Company's financial report has been prepared in accordance with those standards. A reconciliation of adjustments arising on the transition to Australian equivalents to IFRS is included in Note 25 to this report.

Signed in accordance with a resolution of Directors

Director

Dated this 6th day of OCTOBER 2006

Financial statements

INCOME STATEMENT

For the year ended 30 June 2006

	Note	2006 $	2005 $
Revenue	2	705,875	610,826
Employee benefits expense		(282,083)	(271,775)
Depreciation and amortisation expense		(13,688)	(22,487)
Finance Costs		-	(2)
Other expenses	3	(270,409)	(227,982)
Profit before income tax		**139,695**	**138,580**
Income tax expense activities	4	44,598	21,816
Profit attributable to members		**95,097**	**116,764**

Overall Operations

Basic earnings per share (cents per share)	18	27.8	34.1
Diluted earnings per share (cents per share)	18	27.8	34.1
Dividends per share	17	11.0	11.0

The accompanying notes form part of these financial statements

Financial statements continued

BALANCE SHEET
As at 30 June 2006

	Note	2006 $	2005 $
CURRENT ASSETS			
Cash assets	13(a)	306,215	183,799
Receivables	5	70,950	58,200
Other	6	3,531	6,021
TOTAL CURRENT ASSETS		**380,696**	**248,020**
NON CURRENT ASSETS			
Property, plant and equipment	7	7,034	10,721
Intangible assets	8	35,000	45,000
Deferred Tax Asset	26	3,594	3,157
TOTAL NON CURRENT ASSETS		**45,628**	**58,878**
TOTAL ASSETS		**426,324**	**306,898**
CURRENT LIABILITIES			
Payables	9	39,427	17,459
Provisions	10	63,808	23,789
TOTAL LIABILITIES		**103,235**	**41,248**
NET ASSETS		**323,089**	**265,650**
EQUITY			
Contributed equity	11	342,359	342,359
Accumulated losses	12	(19,270)	(76,709)
TOTAL EQUITY		**323,089**	**265,650**

The accompanying notes form part of these financial statements

Financial statements continued

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2006

	Share Capital (Ordinary shares) $	Retained losses $	Total $
Balance at 1 July 2004	**342,359**	**(155,447)**	**186,912**
Profit attributable to the members of the company		116,764	116,764
Dividends paid or provided	-	(37,659)	(37,659)
Net change on adoption of IFRS	-	(367)	(367)
Balance at 30 June 2005	**342,359**	**(76,709)**	**265,650**
Balance at 1 July 2005	**342,359**	**(76,709)**	**265,650**
Profit attributable to the members of the company	-	95,098	95,098
Dividends paid or provided	-	(37,659)	(37,659)
Balance at 30 June 2006	**342,359**	**(19,270)**	**323,089**

The accompanying notes form part of these financial statements

Financial statements continued

CASH FLOWS STATEMENT

For the year ended 30 June 2006

	Note	2006 $	2005 $
Cash flows from operating activities			
Receipts from customers		683,784	593,705
Interest received		9,340	6,730
Payments to suppliers and employees		(533,049)	(528,060)
Borrowing cost		-	(2)
Net cash provided by operating activities	13(b)	160,075	72,373
Cash flows from investing activities			
Payment for plant and equipment		-	(3,298)
Net cash used in investing activities		-	(3,298)
Cash flows from financing activities			
Dividend paid		(37,659)	(37,659)
Net cash used in financing activities		**(37,659)**	**(37,659)**
Net increase in cash held		**122,416**	**31,416**
Cash held at the beginning of the financial year		183,799	152,383
Cash held at the end of the financial year	**13(a)**	**306,215**	**183,799**

The accompanying notes form part of these financial statements

Notes to the financial statements

For the year ended 30 June 2006

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 Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers Toodyay & Districts Community Financial Services Limited as an individual entity. Toodyay & Districts Community Financial Services Limited is a Company limited by shares, incorporated and domiciled in Australia.

The financial report of Toodyay & Districts Community Financial Services Limited complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

First-time Adoption of Australian Equivalents to International Financial Reporting Standards

Toodyay & Districts Community Financial Services Limited has prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS) from 1 July 2005.

In accordance with the requirements of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the Company accounts resulting from the introduction of IFRS have been applied retrospectively to 2005 comparative figures excluding cases where optional exemptions available under AASB 1 have been applied. These accounts are the first financial statements of Toodyay & Districts Community Financial Services Limited to be prepared in accordance with AIFRS.

The accounting policies set out below have been consistently applied to all years presented. The Company has however elected to adopt the exemptions available under AASB 1 relating to AASB 132: Financial Instruments: Disclosure and Presentation. Refer Note 23 for further details.

Reconciliations of the transition from previous Australian GAAP to AIFRS have been included in Note 25 to this report.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Notes to the financial statements continued

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Accounting Policies

(b) Income Tax

The change for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

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

The cost of fixed assets constructed within the economic entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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 group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Notes to the financial statements continued

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(c) Property, Plant and Equipment (continued)

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the economic entity 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***
Plant and equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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 income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) 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 economic entity 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 period.

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.

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

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(e) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

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 stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

Fair value

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

Impairment

At each reporting date, the group 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 income statement.

Notes to the financial statements continued

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(f) Impairment of Assets

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 income statement.

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

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

(g) Intangibles

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.

(h) Employee Benefits

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

(i) 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.

(j) 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 balance sheet.

(k) Revenue

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

Dividend revenue is recognised when the right to receive a dividend has been established.

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).

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(l) 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 or sale.

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

(m) 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 balance sheet are shown inclusive of GST.

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

(n) Comparative Figures

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

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 group.

Key estimates — Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group 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.

No impairment has been recognised in respect of intangibles for the year ended 30 June 2006. 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 2006 amounting to $35,000.

Notes to the financial statements continued

For the year ended 30 June 2006

		2006 $	2005 $
2.	**REVENUE**		
	Operating activities		
	Franchise margin income	696,285	600,464
	Interest received	9,340	6,730
	Other revenue	250	3,633
		705,875	**610,827**
3.	**OTHER EXPENSES**		
	Operating lease expenses	23,176	28,313
	IT leasing and running costs	27,725	27,716
	Other operating expenses	219,508	121,953
		270,409	**177,982**
	AUDITOR'S REMUNERATION		
	Remuneration of the auditor of the Company		
	- Audit services	3,217	2,500
	- Other services	4,250	4,250
		7,467	**6,750**

Notes to the financial statements continued

For the year ended 30 June 2006

		2006 $	2005 $
4.	**INCOME TAX EXPENSE**		
a.	The components of tax expense comprise:		
	Current tax	45,035	21,816
	Deferred tax (Note 26)	(437)	
	Recoupment of prior year tax losses		
	Under/(over) provision in respect of prior years		
		44,598	**21,816**
b.	The prima facie tax on profit before income tax is reconciled to the income tax as follows:		
	Prima facie tax payable on profit from ordinary activities before income tax at 30% (2005: 30%)	41,908	40,827
	Add:		
	Tax effect of:		
	— non-deductible depreciation and amortization	3,000	(1,642)
	— other non-allowable items		147
	Less:		
	Tax effect of:		
	— other allowable items	(310)	
	— recoupment of prior year tax losses not previously brought to account		(17,516)
	Income tax attributable to entity	**44,598**	**21,816**

5.	**RECEIVABLES**		
	Trade debtors	**70,950**	**58,200**

6.	**OTHER**		
	Prepayments	**3,531**	**6,021**

Notes to the financial statements continued

For the year ended 30 June 2006

		2006 $	2005 $
7.	**PROPERTY, PLANT AND EQUIPMENT**		
	Plant and equipment		
	Cost	102,777	102,777
	Accumulated depreciation	(95,743)	(92,056)
		7,034	**10,721**
	Movement in carrying amount		
	Balance at the beginning of the year	10,721	19,910
	Additions	-	3,298
	Depreciation expense	(3,687)	(12,487)
	Carrying amount at the end of the year	7,034	10,721

8.	**INTANGIBLE ASSETS**		
	Franchise fee		
	Cost	100,000	100,000
	Accumulated amortisation	(65,000)	(55,000)
		35,000	**45,000**

Pursuant to a five year franchise agreement with Bendigo Bank, the Company operates a branch of Bendigo Bank at Toodyay, trading as "Toodyay & Districts Community 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 per five year period and this is being amortised on the basis disclosed in Note 1(g).

Notes to the financial statements continued

For the year ended 30 June 2006

		2006 $	2005 $
10.	**PROVISIONS**		
	Company Tax	51,831	13,267
	Employee entitlements	11,977	10,522
		63,808	**23,789**
	Number of employees at year end	6	7
11.	**CONTRIBUTED EQUITY**		
	342,359 (2005: 342,359) fully paid ordinary shares	342,359	342,359
12.	**ACCUMULATED LOSSES**		
	Balance at the beginning of the financial year	(76,709)	(155,447)
	Profit attributable to members of the Company	95,098	116,764
	Dividends paid	(37,659)	(37,659)
	Net change on adoption of IFRS	-	(367)
	Balance at the end of the financial year	(19,270)	(76,709)

For the year ended 30 June 2006

	2006 $	2005 $
13. NOTES TO THE CASH FLOW STATEMENT		
(a) Reconciliation of cash		
For the purpose of the cash flow statement, 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 cash flow statement is reconciled to the related items in the Balance Sheet as follows:		
Cash at bank	**306,215**	**183,799**
(b) Reconciliation of net cash provided by operating activities to profit from ordinary activities		
Profit from ordinary activities	95,097	116,764
Depreciation and amortisation	13,688	22,488
Movement in assets and liabilities		
Receivables	(12,750)	(10,392)
Other assets	2,490	(53,163)
Payables	21,968	(11,799)
Deferred Tax Asset	(437)	-
Provisions	40,019	8,475
Net cash provided by operating activities	**160,075**	**72,373**

(c) Credit Standby Arrangement and Loan Facilities

The Company does not operate a bank overdraft facility or have any loan facilities at present.

Notes to the financial statements continued

For the year ended 30 June 2006

14. KEY MANAGEMENT PERSONNEL COMPENSATION

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

Directors	**Position**
Gregory Michael Downie	Chairman
Phillip Lawton	Secretary
Richard John Dymond	Treasurer
Steven Joseph Stanbrook	Non-Executive Director
Paula Ann Greenway	Non-Executive Director
Paul Steven Michael	Non-Executive Director
Robert John Welburn	Non-Executive Director
Executives	
Glenn Rodgers	Bank Manager
Jim Finnerty (Resigned 14 October 2005)	Bank Manager
John Mills (Resigned 19 April 2006)	Bank Manager

(b) Compensation Practices

The board's policy for determining the nature and amount of compensation of key management for the group is as follows:

The compensation structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement. Key management personnel are paid a percentage of their salary in the event of redundancy.

The employment conditions of the key management personnel are formalised in contracts of employment. All key management personnel are permanent employees of the Company.

The employment contract stipulates a range of resignation periods. The Company may terminate an employment contract without cause by providing written notice or making payment in lieu of notice, based on the individual's annual salary component together with a redundancy payment. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

The board determines the proportion of fixed and variable compensation for each key management personnel.

For the year ended 30 June 2006

14. KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

(c) Remuneration of Directors

An annual reserve of $20,000 is to be instituted to be used to compensate Directors of the Company for the worked performed on behalf of the Company.

It is anticipated that no Director would receive more that $3,000 per annum with non-officer Directors receiving $1,000 for their time and expertise in the normal operations of the board.

	Remuneration $
Gregory Michael Downie	3,000
Phillip Lawton	2,000
Richard John Dymond	2,000
Steven Joseph Stanbrook	1,000
Paula Ann Greenway	1,000
Paul Steven Michael	1,000
Robert John Welburn	1,000
	11,000

(d) Remuneration of Executives

	Salary, Fees and Commissions $	Superannuation Contribution $	Cash Bonus $	Non-cash Benefits $	Total $	Performance related %
Glen Rodgers	2,269	204			2,473	
Jim Finnerty (resigned)	17,424	1,568			18,992	
John Mills (resigned)	23,671	2,130			25,801	
	43,364	**3,902**			**47,266**	

(e) Options

No options over issued shares or interests in the Company were granted to Directors or Executive during or since the end of the financial period 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.

For the year ended 30 June 2006

14. KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

(f) Shareholdings

	Shareholder	Balance 1 July 2005	Balance 30 June 2006
Directors			
Gregory Michael Downie	Self	2,000	2,000
Phillip Lawton	Related parties	5,001	5,001
Richard John Dymond	Self	10,001	10,001
	Related parties	10,500	10,500
Steven Joseph Stanbrook	Self	2,001	2,001
Paula Ann Geenway	Self	-	-
Paul Steven Michael	Self	3,001	3,001
	Related parties	5,000	5,000
Robert John Welburn	Self	4,000	4,000
	Related parties	2,301	2,301
Executives			
Glenn Rodgers	Self	-	-
Jim Finnerty (Resigned 14 October 2005)	Self	-	-
John Mills (Resigned 19 April 2006)	Self	-	-
TOTAL		**43,805**	**43,805**

For the year ended 30 June 2006

15. RELATED PARTY TRANSACTIONS

The related parties have not entered into a transaction with the Company during the financial years ended 30 June 2005 and 30 June 2006.

	2006 $	2005 $
16. LEASING COMMITMENT		
Non cancellable operating lease commitment contracted for but not capitalised in the financial statements		
Payable		
- Not longer than 1 year	21,000	21,000
- Longer than 1 year but not longer than 5 years	63,000	84,000
	84,000	**105,000**

17. DIVIDENDS

	2006 $	2005 $
(i) Dividends paid or provided for		
Interim unfranked ordinary dividends	37,659	37,659
Dividends proposed and not recognised as a liability		
Franked dividends	37,659	-
(ii) Dividends per Share		
Interim unfranked dividend – cents per share	11.0	11.0
Dividends proposed and not recognised as a liability		
Franked dividends – cents per share	11.0	-

For the year ended 30 June 2006

17. DIVIDENDS (continued)

		2006 $	2005 $
(iii) Franking account Balance			
The amount of franking credits available for the subsequent annual reporting period are:			
—	Franking account balance as at the reporting date at 30% (20-1: 30%)	15,020	6,412
—	Franking credits that will arise from the payment of income tax payable at the reporting date	51,831	15,404
—	Franking debits that will arise from payment of dividends provided for at the reporting date	-	-
—	Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date	-	-
Amount of franking credits available for future reporting periods			
—	Impact of the franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period.	(16,140)	-
		50,711	**21,816**

18. EARNINGS PER SHARE

a.	Reconciliation of earnings to profit or loss		
	Profit	95,097	116,764
	Earnings used to calculate basic EPS	95,097	116,764
	Earnings used in the calculation of dilutive EPS	95,097	116,764
		No.	**No.**
b.	Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	342,359	342,359
	Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	342,359	342,359

Notes to the financial statements continued

For the year ended 30 June 2006

19. FINANCIAL INSTRUMENTS

(a) Interest rate risk

2006	Rates	Variable	Fixed		Non-interest	Total
			1 year	1 to 5 years		
Financial Assets						
Cash	3.65%	306,215	-	-	-	306,215
Receivables		-	-	-	70,950	70,950
		306,215	-	-	70,950	377,165
Financial Liabilities						
Payables		-	-	-	(39,427)	(39,427)
Provisions		-	-	-	(63,808)	(63,808)
		-	-	-	(103,235)	(103,235)
Net financial assets		**306,215**	**-**	**-**	**(32,285)**	**273,930**

2005	Rates	Variable	Fixed		Non-interest	Total
			1 year	1 to 5 years		
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)
		-	-	-	(41,246)	(41,246)
Net financial assets		183,799	-	-	16,954	200,753

(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.

For the year ended 30 June 2006

19. 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.

20. SEGMENT REPORTING

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

21. 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.

22. CONTINGENT LIABILITIES

There were no contingent liabilities at the reporting date.

23. CHANGE IN ACCOUNTING POLICY

(a) The Company has adopted the following accounting standards for application on or after 1 January 2005:

— AASB 132: Financial Instruments: Disclosure and Presentation

The changes resulting from the adoption of AASB 132 relate primarily to increased disclosures required under the Standard and do not affect the value of amounts reported in the financial statements.

Notes to the financial statements continued

For the year ended 30 June 2006

23. CHANGE IN ACCOUNTING POLICY (continued)

The following Australian Accounting Standards issued or amended and are applicable to the Company but not yet effective and have not been adopted in preparation of the financial statements at reporting date.

AASB Amendment	AASB Standard Affected	Nature of change in Accounting Policy and Impact	Application Date of the Standard	Application Date for the Company
2004–3	AASB 1: First-time Adoption of AIFRS	No change, no impact	1 January 2006	1 July 2006
	AASB 101: Presentation of Financial Statements	No change, no impact	1 January 2006	1 July 2006
	AASB 124: Related Party Disclosures	No change, no impact	1 January 2006	1 July 2006
2005–1	AASB 139: Financial Instruments: Recognition and Measurement	No change, no impact	1 January 2006	1 July 2006
2005–5	AASB 1: First-time Adoption of AIFRS	No change, no impact	1 January 2006	1 July 2006
	AASB 139: Financial Instruments: Recognition and Measurement	No change, no impact	1 January 2006	1 July 2006
2005–6	AASB 3: Business Combinations	No change, no impact	1 January 2006	1 July 2006
2005–9	AASB 132: Financial Instruments: Recognition and Measurement	No change	1 January 2006	1 July 2006
	AASB 139: Financial Instruments: Disclosure and Presentation	No change	1 January 2006	1 July 2006
2005–10	AASB 139: Financial Instruments: Recognition and Measurement	No change, no impact	1 January 2007	1 July 2007
	AASB 101: Presentation of Financial Statements	No change, no impact	1 January 2007	1 July 2007
	AASB 114: Segment Reporting	No change, no impact	1 January 2007	1 July 2007
	AASB 117: Leases	No change, no impact	1 January 2007	1 July 2007
	AASB 133: Earnings per share	No change, no impact	1 January 2007	1 July 2007

Notes to the financial statements continued

For the year ended 30 June 2006

23. CHANGE IN ACCOUNTING POLICY (continued)

All other pending Standards issued between the previous financial report and the current reporting dates have no application to the Company.

AASB Amendment	AASB Standard Affected
2005–2	AASB 1023: General Insurance Contracts
2005–4	AASB 139: Financial Instruments: Recognition and Measurement
	AASB 132: Financial Instruments: Disclosure and Presentation
2005–9	AASB 4: Insurance Contracts
	AASB 1023: General Insurance Contracts
	AASB 139: Financial Instruments: Recognition and Measurement
	AASB 132: Financial Instruments: Disclosure and Presentation

24. COMPANY DETAILS

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

108 Stirling Terrace
Toodyay WA 6566

For the year ended 30 June 2006

25. FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Reconciliation of Equity at 1 July 2004	Note	Previous GAAP at 1 July 2004 $	Effect of transition to IFRS $	AIFRS at 1 July 2004 $
CURRENT ASSETS				
Cash and cash equivalents		152,383	-	152,383
Trade and other receivables		47,808	-	47,808
Other		2,857	-	2,857
TOTAL CURRENT ASSETS		**203,048**		**203,048**
NON CURRENT ASSETS				
Property, plant and equipment		19,910	-	19,910
Intangibles		8,524	(3,524)	5,000
TOTAL NON CURRENT ASSETS		**28,434**	**(3,524)**	**24,910**
TOTAL ASSETS		**231,482**	**(3,524)**	**227,958**
CURRENT LIABILITIES				
Trade and other payables		29,256	-	29,256
Provisions		15,314	-	15,314
TOTAL LIABILITIES		**44,570**	**-**	**44,570**
NET ASSETS		**186,912**	**(3,524)**	**183,388**
CONTRIBUTED EQUITY				
Contributed equity		342,359	-	342,359
Retained losses		(155,447)	(3,524)	(158,971)
TOTAL EQUITY		**186,912**	**(3,524)**	**183,388**

Notes to the financial statements continued

For the year ended 30 June 2006

25. FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Reconciliation of Equity at 30 June 2005	Note	Previous GAAP at 30 June 2005 $	Effect of transition to IFRS $	AIFRS at 30 June 2005 $
CURRENT ASSETS				
Cash and cash equivalents		183,799	-	183,799
Trade and other receivables		58,200	-	58,200
Other		6,021	-	6,021
TOTAL CURRENT ASSETS		**248,020**		**248,020**
NON CURRENT ASSETS				
Property, plant and equipment		10,721	-	10,721
Deferred tax asset		-	3,157	3,157
Intangibles		46,033	(1,033)	45,000
TOTAL NON CURRENT ASSETS		**56,754**	**2,124**	**58,878**
TOTAL ASSETS		**304,774**	**2,124**	**306,898**
CURRENT LIABILITIES				
Trade and other payables		17,459	-	17,459
Provisions		23,789	-	23,789
TOTAL CURRENT LIABILITIES		**41,248**	**-**	**41,248**
TOTAL LIABILITIES		**41,248**	**-**	**41,248**
NET ASSETS		**263,526**	**2,124**	**265,650**
CONTRIBUTED EQUITY				
Contributed equity		342,359	-	342,359
Retained losses		(78,833)	2,124	(76,709)
TOTAL EQUITY		**263,526**	**2,124**	**265,650**

Notes to the financial statements continued

For the year ended 30 June 2006

25. FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Reconciliation of Profit or Loss for the full year 30 June 2005	Note	Previous GAAP $	Effect of transition to to IFRS $	AIFRS at 30 June 2005 $
Revenue from ordinary activities		610,826	-	610,826
Employee benefits expense		(271,775)	-	(271,775)
Depreciation and amortization expenses		(24,977)	2,490	(22,487)
Borrowing costs		(2)	-	(2)
Other expenses from ordinary activities		(177,982)		(227,982)
Profit from ordinary activities before income tax expense		136,090	2,490	138,580
Income tax expense relating to ordinary activities		21,816	-	21,816
Net profit from ordinary activities after income tax expense		114,274	2,490	116,764
Total changes in equity other than those resulting from transactions with owners as owners		114,274	2,490	116,764
Basic earnings per share (cents)		33.4		34.1
Diluted earnings per share (cents)		33.4		34.1

For the year ended 30 June 2006

25. FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Notes to reconciliations of equity and profit and loss at 1 July 2004, 31 December 2004 and 30 June 2005

Under AASB 138 formation costs must be expensed. Under the new policy, all formation costs will be written off as incurred. All formation costs amortised under previous GAAP has been reversed and all formation costs capitalised have been written off as follows.

	$
Retained losses at 1 July 2004 under previous GAAP	(155,447)
Formation costs written off under AASB 138	(3,524)
IFRS equivalent of retained losses at 1 July 2004	(158,971)
Profit for the half year ended 31 December 2004	41,805
Write back of amortisation expense of formation costs	1,245
Dividends paid	(37,659)
IFRS equivalent of retained losses at 31 December 2004	(153,580)
Profit for the half year ended 30 June 2005	72,469
Write back of amortisation expense of formation costs	1,245
IFRS equivalent of retained losses at 30 June 2005 prior to recognition of timing and permanent differences	(79,866)
Less taxable temporary differences	3,157
IFRS equivalent of retained losses at 30 June 2005	(76,709)

For the year ended 30 June 2006

26. TAX

			2006 $	2005 $
a.	**Liabilities**			
	CURRENT			
	Income tax		51,831	13,267
b.	**Assets**			
	Deferred tax assets comprise:			
	Provisions		3,594	3,157
	Impairment of property, plant and equipment		-	-
	Other		-	-
			3,594	**3,157**
c.	**Reconciliations**			
	i.	Gross Movements		
		The overall movement in the deferred tax account is as follows:		
		Opening balance	3,157	28,628
		Charge/(credit) to income statement	437	-
		Charge to equity	-	(25,471)
		Closing balance	**3,594**	**3,157**
	ii.	Deferred Tax Assets		
		The movement in deferred tax assets for each temporary difference during the year is as follows:		
		Provisions		
		Opening balance	3,157	1,515
		Credited to the income statement	437	-
		Charge to equity	-	1,642
		Closing balance	3,594	3,157
		Other		
		Opening balance	-	17,516
		Credited (charged) to the income statement	-	-
		Charge to equity	-	(17,516)
		Closing balance	**-**	**-**

Director's declaration

Toodyay & Districts Community Financial Services Limited
ABN 67 090 105 249
Directors' Declaration

The Directors of the Company declare that:

1. the financial statements and notes are in accordance with the Corporations Act 2001:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 30 June 2006 and of the performance for the year ended on that date of the Company.

2. the Chief Executive Officer and Chief Finance Officer have each declared that:

   (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

   (b) the financial statements and notes for the financial year comply with the Accounting Standards; and

   (c) the financial statements and notes for the financial year give a true and fair view.

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.

Dated this 6th day of OCTOBER 2006

Independent audit report

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, remuneration disclosures and Directors' responsibility

The financial report comprises the income statement, balance sheet, statement of changes in equity, cash flow statement, 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 2006.

The Company has disclosed information about the remuneration of key management personnel (remuneration disclosures) as required by Accounting Standards AASB 124 Related Party Disclosures (AASB 124), under the heading "remuneration report" in the Directors' report, as permitted by the Corporations Regulations 2001.

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report 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. The Directors are also responsible for the remuneration disclosures contained in the Directors' report.

Audit approach

We conducted an independent audit in order to express an opinion 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 and the remuneration disclosures comply with AASB 124 and the Corporations Regulations 2001. 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 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 its operations, changes in equity and cash flows. We also performed procedures to assess whether the remuneration disclosures comply with AASB 124 and the Corporations Regulations 2001.

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

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 remuneration disclosures; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Directors.

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.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit Opinion

In our opinion,

1. 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 Company's financial position at 30 June 2006 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.

2. the remuneration disclosures that are contained in the Directors' report comply with AASB 124 and the Corporations Regulations 2001.

RSM Bird Cameron Partners.
RSM BIRD CAMERON PARTNERS
Chartered Accountants

David Wall
DAVID WALL
Partner

Perth, WA
Dated this 11 day of OCTOBER 2006

Auditor's independence declaration

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

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF

TOODYAY & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2006 there have been:

(a). no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners.
RSM BIRD CAMERON PARTNERS
Chartered Accountants

DAVID WALL
Partner

Perth, WA
Dated this 6 day of OCTOBER 2006

BSX report

Additional information required by the Bendigo Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 18 October 2006.

A. Corporate governance statement

The Board guides and monitors the business and affairs on behalf of the Shareholders to whom they are accountable.

The Board recognises the importance of a strong corporate governance focus and methodology. The Board is currently working towards adopting policies and procedures that will govern our Company into the future. We believe that building policy framework will assist the future direction of our local Company, provide accountability and transparency and ensure there are guiding principles in place for future decision making.

B. Substantial Shareholders – Twenty-nine largest Shareholders

		Number of ord. Shares
1.	Mr Richard John Dymond	10,001
2.	Mr Wayne Campbell Clarke	10,000
3.	Mr George Ian Murray	7,000
4.	Mr Michael Joseph Knowles	5,500
5.	Ms Judith Patricia Lawton	5,001
6.	Mr Robert Somers	5,000
7.	Mrs Dianne Margaret Roberts	5,000
8.	Ms Deborah Leanne Taylor	5,000
9.	Mr Jeffrey Clive Roberts	5,000
10.	Mr Timothy Noel Murray	5,000
11.	Mr Kim Lesley Angus Bendtsen	5,000
12.	Mr Michael Irvine	5,000
13.	Ms Jacqueline Ann Irvine	5,000
14.	Mr Russell Chrimes	5,000
15.	Mr Ross Esmond Meston	5,000
16.	Pichcab Pty Ltd	5,000
17.	Ms Barbara Ellen Rissman	5,000
18.	Mr Neil Hamilton	5,000
19.	Hazque Pty Ltd	5,000
20.	M W Trenorden Pty Ltd	5,000
21.	Ms Mary Rose Guest	5,000
22.	Mr Walter George Chitty	5,000
23.	Mr Gary David Nancarrow	5,000
24.	Mr Brian Rayner	5,000
25.	Mr Allan Edward Henshaw	5,000
26.	Mr Richard Everritt Thorne	5,000
27.	Mr Anthony Peter Maughan	5,000
28.	Mr Peter Kim Dawson	5,000
29.	Mr Michael Stuart Bromilow	5,000
		157,502

BSX report continued

C. Voting rights

Each Shareholder has one vote regardless of the number of shares held.

D. Distribution of Shareholders

The number of Shareholders, by size of holding, is:

	Ordinary Shares	
	Number of holders	**Number of Shares**
1 - 1000	160	89,408
1001 - 5000	72	225,003
5001 - 10000	4	27,501
10001 - 100000	1	10,001
100001 and over	0	0
Total	**237**	**351,913**

E. Monitoring of the Board's performance and communication to Shareholders

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Directors is reviewed annually by the Chairperson.

Directors whose performance is unsatisfactory are asked to retire.

The Board and Directors aim to ensure that Shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors.

The Board does have an Audit Committee.

F. Address and telephone number of the office where the securities register is kept:

Toodyay & Districts **Community Bank®** Branch
108 Stirling Terrace Toodyay WA 6566
Telephone: 08 9574 4077

G. Toodyay & Districts Community Financial Services Limited

Richard Dymond Company Treasurer
108 Stirling Terrace Toodyay WA 6566
Telephone: 08 9574 4077