

**Toodyay & Districts
Community Financial Services Ltd**

Annual Report



**Toodyay & Districts
Community Financial Services Limited**

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"You support us, we support you"

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Sean Fitzgerald in a T Model Coup with John Pearce at the T Cup Charity Drive in aid of the Royal Flying Doctor Service of Australia

Chairman's Report



Another year on and many changes have occurred, with many more planned for the coming year. The Toodyay & Districts Community Bank® Branch is well positioned to benefit from the new Bendigo Bank advertising campaign, "It starts with U".

We are approaching our 10th anniversary in 2009, and as we reach this milestone we, the company directors, reflect on the tremendous responsibility you have entrusted the board with. As such we are continuing to improve our knowledge on best corporate governance, with many of the directors undertaking additional education to improve their skills.

Last year's annual report was awarded the 2007 Annual Report of the Year as judged by the Australian Shareholders Association. This award was due to the outstanding efforts of John Mills who compiled the report.

This year, with rising interest rates, the performance of the company and local branch has been a little below the expectations of the board, but as always the staff within the branch have performed very well in challenging times. As the funds under management in lending ages, there is a natural run-off through principle repayments and growth in new business is essential for the Branches continued success. Strategies such as the appointment of a Business Development Manager were seen as critical ingredients in this process.

The Community Company continues to work closely with the Bendigo Bank for the benefit of customers and shareholders and we value this strong working relationship and embrace the culture of community banking and the concept of "you support us, we support you".

The sharing of profits derived under the franchise agreement with Bendigo Bank with shareholders, by way of dividend payment and the community through sponsorships, donations and support for community based projects, continues to be an important focus for the Board. During the year a mechanism was established to ensure that, as far as possible, applications for funding received fair and due consideration. In making that commitment the Board retained its ability to act quickly in times of urgent need in the community.

Regrettably not all requests for support can be approved as there is a limit to available funds and in reviewing applications consideration must be given to factors such as community benefit, past support provided by the Community Company as well as the applicant's contribution to the project by way of fundraising etc. The Board places considerable emphasis on the organisations planning for sustainable self generated funding in the future.

I am comfortable in the knowledge that I am representing the view of each and every Director on the Board when I say that the Board is proud to serve the shareholders of the company as well as the community of Toodyay and districts.

Please read this annual report and make yourself heard with any issues you may have at the Annual General Meeting. We have some exciting initiatives for next year, some of which you will hear about at the AGM. And remember, it all starts with you and the benefit will end up with you and our community.

A handwritten signature in black ink that reads "Stanbrook".

Steven Stanbrook, Chairman

Steven Stanbrook presents a cheque to the Rural Community Legal Service for \$14,000



Manager's Report

The last financial year has produced another positive result for the Toodyay & Districts Community Bank^{*} Branch, thanks to the continued support of you, our community.

Some of the key performance measures of the Branch over the year are:

Funds under Management as at 30 June 2007 – \$77,58M
Net Profit – \$201,000

During the year Bendigo Bank formalised the merger with Adelaide Bank. The benefits of this merger will become explicit in retail banking over the next fiscal year, but the primary focus at this early stage is to develop the synergies between the two organisations that will in time add to the range of products and services available to our customers.

At the start of 2008 we saw a change in financial markets, but we are pleased to advise Bendigo Bank's somewhat conservative investment policy has held the business in good stead with benefits already flowing on shareholders and customers.

The Board of Directors made the decision during the year to diversify its capital investments and purchased two real estate properties Hamersley Street and Stirling Terrace. Apart from diversification of investments it was also seen as an opportunity to support incoming professionals to Toodyay by making rental accommodation available. One of the properties is leased to a government department for the purpose of teacher housing.

An examination of business activity during the year revealed that there was a need to extend our customer support services in the region, and to achieve this the decision was made to appoint a Business Development Manager to the Branch, focusing on the "mobile" aspect. This means that loan and deposit enquiries, whether personal or for business, can be dealt with at the customers home, business or wherever is convenient. A phone call to 0458 MY BANK or the Branch on 08 9574 4077 is all that is required.

Last but not least, a special mention needs to be made about the commitment of the Branch team. We have seen some challenges during the year with changes in structure, and as always, the staff have responded well to the challenge. They have continued to focus on providing excellence in service to the customers and the Board would like to formally express its appreciation for their contribution towards the results that have been achieved.

The Toodyay & Districts Branch Management Team



Margaret O'Sullivan
Customer Service Supervisor



Kirsten Barrack
Lending Officer

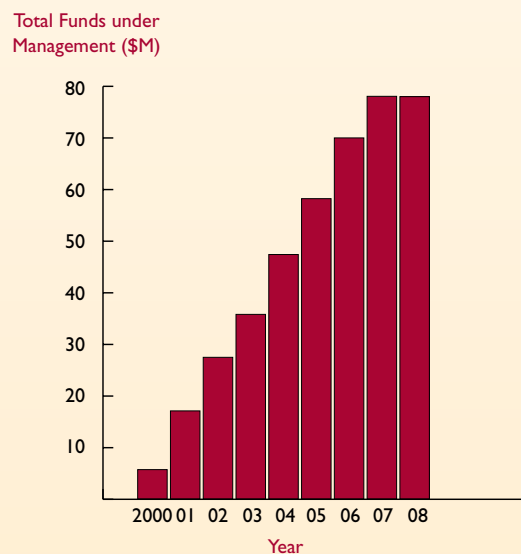
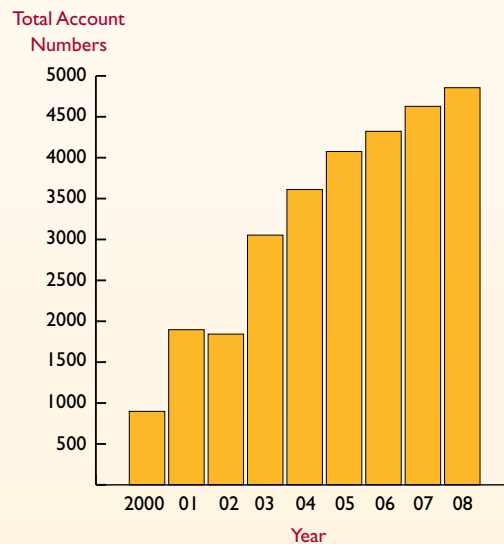


Barry Vose
Business Development Manager

Toodyay & Districts Community Financial Services Limited

Toodyay & Districts Community Financial Services Limited has been operating for over 8 years from the time it established the Franchise Agreement with Bendigo Bank. It continues to receive outstanding support from the community of Toodyay and surrounding districts from local business to the families that make up the community.

The growth achieved in the eight years is demonstrated below:



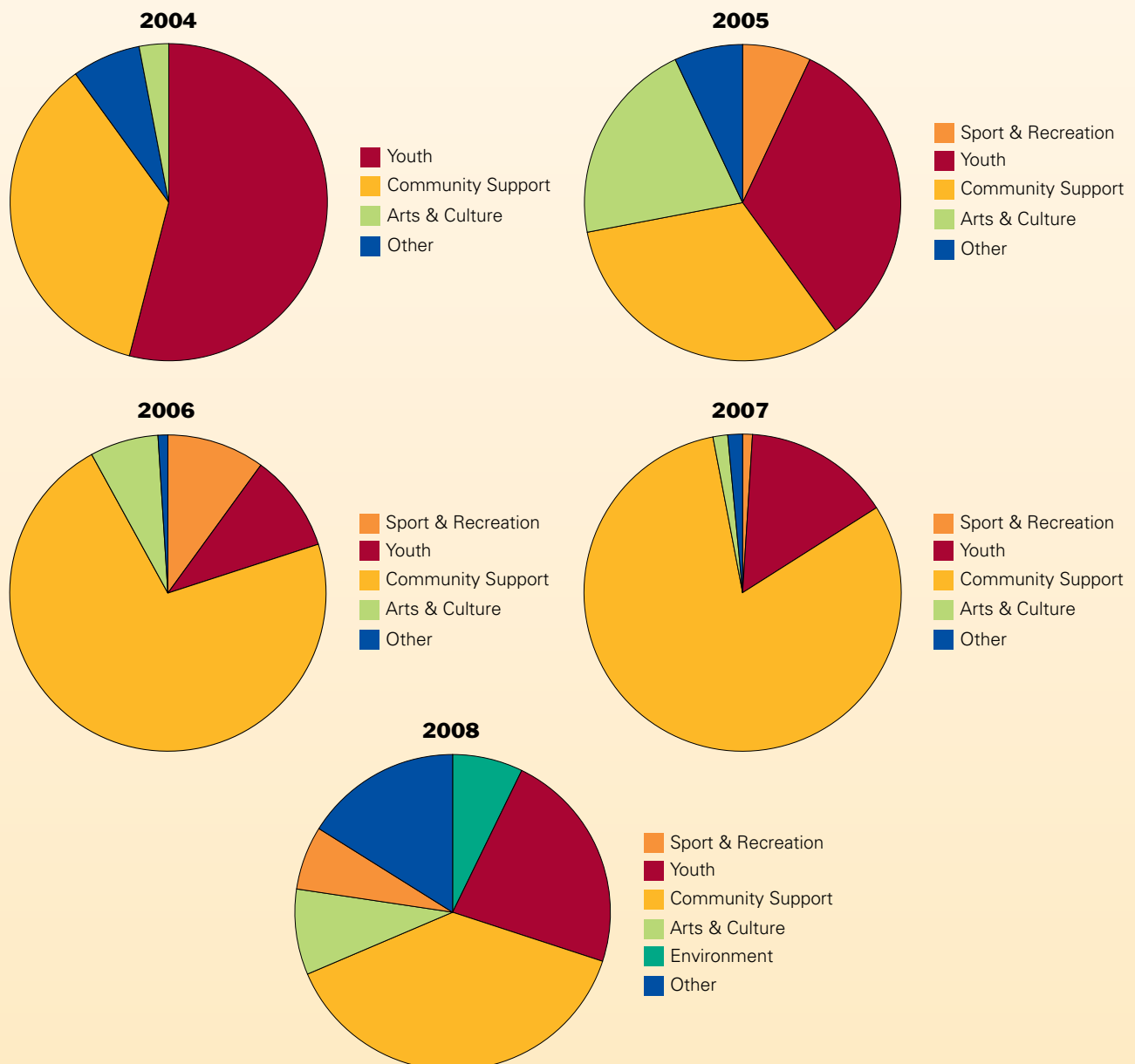
The Community Bank concept is to generate profits of which a substantial percentage will be passed back for the benefit the Shareholders that provided the initial capital required to establish the operation as and to support the Community.

Dividends paid since 2003 are as follows:

	Amount paid	Dividend per Share (cents)
2003	\$13,694	4
2004	\$6,847	2
2005	\$37,659	11
2006	\$37,659	11
2007	\$41,083	12

In the corresponding periods the Board was able to return a share of its profits derived from the profit share arrangement with Bendigo Bank, to the community through a range of initiatives. The distribution over the period is as follows:

	2004	2005	2006	2007	2008
Sport and Recreation	\$1,050	\$7,290	\$550	–	\$6,016
Youth	\$2,981	\$4,757	\$7,583	\$11,139	\$19,000
Community Support	\$2,003	\$4,440	\$54,355	\$60,883	\$32,115
Arts and Culture	\$150	\$2,930	\$5,500	\$1,000	\$7,310
Environmental	–	–	–	–	\$5,445
Other	\$380	\$1,040	\$612	\$989	\$13,412
Total	\$5,514	\$14,217	\$75,340	\$74,561	\$69,886



2007/2008 Major Recipients of Support

During the 2007/2008 financial year the following were some of the major recipients of support:

- ✦ St John Ambulance to assist with the cost of construction of the Training Centre \$32,500
(This money was paid through funds held with the Bendigo Bank's philanthropic arm the Community Enterprise Foundation)
- ✦ Baptist Church for projection equipment at The Factory \$9,950
- ✦ Provision of a Community Catering Trailer \$5,873. The total cost was approximately \$12,000.
- ✦ Advertising campaign in Perth to attract school teachers to Toodyay \$13,412
- ✦ Ida's Hidaway \$1,250
- ✦ Rural Community Legal Service in Northam to allow it to continue operation \$9,570
- ✦ Toodyay Music Festival \$3,300
- ✦ Toodyay District High School Students Work Experience \$2,050
- ✦ Avon Valley Riding for the Disabled \$1,000
- ✦ Toodyay Cricket Club \$2,266
- ✦ Toodyay Chamber of Commerce Christmas Street Party \$1,200
- ✦ Enviro Bags for Toodyay initial funding \$5,445
- ✦ WA Festival of Health and Healing \$1,000
- ✦ Amiya Drumming training program \$3,110
- ✦ Toodyay Youth Arts Festival \$2,000
- ✦ Toodyay Scout Group \$1,000
- ✦ St John Ambulance and Toodyay and District High School first aid for students \$3,000
- ✦ The Company has committed \$10,000 towards the T Cup Charity Drive in aid of Australian Royal Flying Doctors service and Bendigo Bank Western Australia has committed a further \$4,000 towards this worthy cause.



St John Ambulance and Toodyay and District High School first aid for students

Youth in our Community Grant

One project that is regarded as important by the Board as our commitment towards developing our youth in the community is the annual awards made to one deserving young community member to assist with their advancement in their chosen career.

The Board allocates \$5,000 per annum to the Grant and engages representatives from the Community to assess each application that includes interviews the applicants. The Board would like to formally recognise the generous contribution of time made by the committee members in providing this service.

The Board contacted the past recipients and asked for an up-date on their progress towards achieving their chosen career and the responses were as follows:

Rebecca Chrimes

I completed my TEE and graduated from Northam Senior High School at the end of last year. After deferring my position in Health Science at UWA, the past 6 months have been occupied in various casual positions.

These have included Swimming Teaching throughout the summer, working as an office receptionist as well as catering and kitchen hand positions.

I have spent the past 3 months living in Darwin and working to finance an overseas trip.

I plan to finish the remainder of this year working and travelling in northern Australia.

Rhys Vallance

I was a recipient of the Grant in 2004. Since that time, I have completed my TEE at Northam Senior High School, worked for a year after deferring my placement in 2007 and am now undertaking an Arts degree at the University of Western Australia, majoring in German and Chinese.

The Grant has meant that I have been able to avoid going into a HELP* debt for the first year of my course, and thus the money I earned last year while on deferral I have been able to keep and as a result should keep me HELP free for my whole course.

I hope to finish my degree and, ideally, work in the diplomatic corps or with immigrants into Australia.

Rhiannon Toop

I am currently attending Northam Senior High School where I am completing my year 11 studies aiming at TEE courses. I have also attended the University of Western Australia on their open day, visiting the campus and experiencing a forum called "What I wish I had known in year 12".

I still remain a member of the hockey association playing for the Saints currently sitting in 3rd place. I have also taken part in the Senior High School Country Week in July this year. I began as a member of the girls' hockey team before swapping to the girls' soccer to make up numbers. This was a worthwhile experience that I greatly enjoyed.

The TEE pathway is very demanding and I spend a lot of my time studying. Due to this I had to give up my part time job at Toodyay IGA but this sacrifice allowed me a lot more time to focus on my studies. I passed my semester one exams and now await the second round next term.

Lee Coumbe

I am currently in the last semester of my undergraduate degree in Forensic and Analytical Chemistry. I plan to further pursue an honours degree in the same field after taking a 12 month leave of absence where I shall be preparing financially and travelling to Brazil with my Brazilian girlfriend, Mariana.

My final semester in my undergraduate degree has involved me in a significant research project to develop a novel strategy for the separation of amphetamine related analytes using High Performance Liquid Chromatography (HPLC). Some of the drugs involved include Amphetamine, Methamphetamine, N-Ethylamphetamine, Ephedrine, Pseudoephedrine and Norephidrine. The project aims at producing a fast and robust separation technique that may be utilized by Police Forensics in the detection and quantification of illicit substances in biological samples.

I am also preparing to compete for my third Australian University Games playing Beach Volleyball. The inaugural AUG is being held at Melbourne this year, immediately following the AFL Grand Final. Until then its knuckle down hard and eyes on the prize.

Kevin Arber

I am currently schooling at Northam Senior High School, studying Physics, History, Discrete Maths and English literature as part of my T.E.E course.

I am involved with the Toodyay Football Club and having a very successful year. More recently I have also joined the 17 and under mixed hockey team as it is their last year.

Next year I am hoping to continue on with my studies at university towards my goal of becoming a sports physiotherapist.

The Board is proud to advise that since 2004 Toodyay & Districts Community Financial Services Limited has returned over \$200,000 to the community of from income derived from its profit sharing arrangement with the Bendigo Bank. It is the Board's commitment to customers of the Branch that on the understanding that the level of support continues so shall the level of support to the community. The culture of the Toodyay & Districts Community Financial Services is you support us, we support you.



Toodyay Cricket Club received a cheque for \$2200



Ida's Hideaway received a cheque for \$1250

Directors' Report

Your Directors present their report on the Company for the year ended 30 June 2008.
The names of Directors in office at any time during or since the end of the year are:



Steven Joseph Stanbrook

Position:	Non Executive Chairperson
Occupation:	Company Director
Background Information:	Currently Director/CEO of The Little Farm Company – Australia, with experience in the insurance, agriculture and tourism industry. Since becoming a director Steven has completed his Diploma of Company Directorship and commenced his Masters of Business Administration. A Director on the Community Company Board since 1999.
Directorships held in other listed entities:	None
Interest in shares and options:	2,001 shares



Richard John Dymond

Position:	Non-Executive Director/Treasurer
Occupation:	Company Director/Investor
Background Information:	25 years experience in retail. He has been involved in many local community groups including Theatre, Tourism, P & C, Swimming Pool Action Committee, Montessori School Committee. A Director on the Community Company Board since 1999.
Directorships held in other listed entities:	None
Interest in shares and options:	10,001 shares 10,500 interest in shares



Gregory Michael Downie

Position:	Non-Executive Director
Occupation:	Business Proprietor
Background Information:	Involved in the building industry for 25 years. Currently operates a hardware and rural supply business with wife Carolyn. Is an active member of the Toodyay community. A Director on the Community Company Board for 6 years.
Directorships held in other listed entities:	None
Interest in shares and options:	2,000 shares



Paula Ann Greenway

Position: Non-Executive Director

Occupation: Business Proprietor

Background Information: Paula with her husband has been small land owners in Toodyay for 25 years. They have raised their girls in the town and Paula has been involved in many Community groups over the years. Currently she is a business partner in their family Transport Business. She works part time in a small business in Toodyay and runs her own Potters studio supplying Perth and interstate. She works with the local tourist industry.

A Director on the Community Company Board for 4 years.

Directorships held in other listed entities: None

Interest in shares and options: –



Robert John Welburn

Position: Non-Executive Director

Occupation: Farmer/Earthworks contractor

Background Information: Loans manager for 16 years, business consultant for 5 years and currently proprietor of Avon Dingo and has been for last 10 years. Has been involved in numerous clubs and sporting groups over time including the P & C Toodyay football club, T Ball, Baseball & Toodyay 4WD Club.

Community Company Board member since 1999.

Directorships held in other listed entities: None

Interest in shares and options: 1,001 shares
6,300 interest in shares



Andrew Barclay Wilkinson

Position: Non-Executive Director

Occupation: Retired

Background Information: Retired construction Cost Consultant and Registered Builder. A Director on the Board of the Community Company for 1 year.

Directorships held in other listed entities: None

Interest in shares and options: 2,500 shares
2,500 interest in shares



William John Francis Mills FAICD, CPAHRI, AIMM

Position:	Executive Director
Occupation:	Business consultant and Company director
Background Information:	26 years in banking to executive management and director level. General Manager of an electronic security company. Currently a Business Consultant and secretary of Morangup Progress Association. A Director on the Board of the Community company for 1 year.
Directorships held in other listed entities:	None
Interest in shares and options:	–



Vicki Susan Wesley

Position:	Non-Executive Director
Occupation:	Business Proprietor
Background Information:	20 years within the sign and printing industry with 15 years of this owning and running a business. A Director on the Community Company Board for 5 months.
Directorships held in other listed entities:	None
Interest in shares and options:	–

Company Secretary: William John Francis Mills

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

Names of Directors	Directors' Meetings	
	Number eligible to attend	Number attended
Gregory Michael Downie	12	10
Richard John Dymond	12	12
Steven Joseph Stanbrook	12	12
Paula Ann Greenway	12	11
Robert John Welburn	12	12
Andrew Barclay Wilkinson	12	12
William John Francis Mills	12	12
Vicki Susan Wesley	5	5

Principal activity and review of operations

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

Operating results

The profit of the Company after providing for income tax amounted to \$135,714.

Financial Report (for the year ended 30 June 2008)

Dividends paid or recommended

The Company paid or declared for payment dividends of \$41,083 during the year.

Financial position

The net assets of the Company at year end were \$479,564, which is an improvement on prior year due to the improved operating performance of the Company

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

Significant changes in state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the financial year under review, not otherwise disclosed in these financial statements.

After balance date events

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

Future developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

REMUNERATION REPORT

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

Remuneration of Directors

Income paid or was payable or otherwise made available to the Directors of the Company during the year ended 30 June 2008 and 30 June 2007 as follows:

Names of Directors	2008	2007
Gregory Michael Downie	\$1,000	\$4,000
Richard John Dymond	\$3,000	\$3,000
Steven Joseph Stanbrook	\$4,000	\$1,000
Paula Ann Greenway	\$1,000	\$1,000
Robert John Welburn	\$1,000	\$3,000
Andrew Barclay Wilkinson	\$1,000	\$1,000
Paul Steven Michael	\$-	\$1,000
Vicki Susan Wesley	\$-	\$-
Total Remuneration	\$11,000	\$14,000

Remuneration of Executives

During the 2008 year William John Francis Mills provided management services to the Company as Executive Director through his consultancy Marama Pty Ltd trading as RF Business solutions. During the year he was paid \$39,555.64 (2007: \$24,637) that was based on hours worked and we are advised that the Company was charged at a rate equal to or less than the rate applicable to other commercial clients of his business.

Remuneration policy

The remuneration policy of the Company is to align the performance of the Company's short and long term key performance measures affecting the Company's financial results to the level of financial recognition made to staff in at least achieving minimum expectations.

The Board policy for determining the nature and amount of remuneration is as follows:

- All staff receive a base salary (which is based on factors such as length of service, position responsibilities and experience)
- The Board reviews salaries annually taking account of comparable information from industry sectors
- The performance of staff is measured twice annually against agreed criteria and incentive or bonus payments are predominantly based on performance against forecast growth and shareholder' value.
- All staff including the Manager receive a superannuation guarantee contribution required by the Government which is currently 9% and do not receive any other retirement benefits. Some employees may have chosen to sacrifice part of their salary to increase payments towards superannuation.
- All remuneration paid to the Manager and staff is valued at the cost to the Company and expensed.

Performance-based remuneration

As part of each employees salary package is a performance based component consisting of Key Performance Indicators (KPI's). The intention of this program is to facilitate goal congruence between staff, including the Manager and Senior Officers and that of the business and shareholders.

The KPI's are set annually, with a certain level of consultation with the Manager to ensure buy-in by the Branch team. The measures are specifically tailored to the areas the Branch is involved in and has a level of control over. Each KPI is based on specific performance including the budgeted figures.

Performance in relation to KPI's is assessed annually by the Board with bonuses being awarded depending on achievement of desired outcomes. The Company believes that this policy to have been effective in increasing shareholder wealth over past years.

Key management personnel remuneration

The remuneration for the Manager receiving the highest remuneration during the year was as follows:

2008						
	Salary, Fees and Commissions	Superannuation Contribution	Cash Bonus	Non-cash Benefits	Total	Performance related
	\$	\$	\$	\$	\$	%
Glenn Rodgers	69,557	6,260	-	-	75,817	-
	69,557	6,260	-	-	75,817	-
2007						
	Salary, Fees and Commissions	Superannuation Contribution	Cash Bonus	Non-cash Benefits	Total	Performance related
	\$	\$	\$	\$	\$	%
Glenn Rodgers	73,676	6,391	-	-	80,067	-
	73,676	6,391	-	-	80,067	-

Options

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

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

Indemnifying officers or auditor

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

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 issues

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

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Corporate governance

Corporate Governance deals with issues such as:

- The responsibilities and functions of the company's board, including setting strategic direction and monitoring management performance.
- Board membership.
- Board committees such as Audit and Operations.
- Risk management and the effectiveness of the internal business controls.
- Ethical standards.
- Accountability to all stakeholders.

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

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

Non-audit Services

The Board is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2002. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2008:

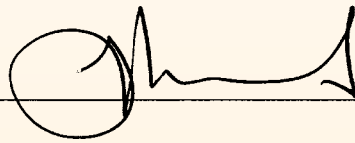
Taxation services:	\$4,500
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Auditor's Independence Declaration

A copy of the auditor's independence declaration is included within the financial statements.

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

Director



Dated this

19TH

day of

SEPTEMBER

2008

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 9111
www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Toodyay & Districts Community Financial Services Limited for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

DJ Wall

D J WALL
Partner

Perth, WA

Dated: 19 September 2008

Liability limited by a
scheme approved under
Professional Standards
Legislation

Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 35 965 185 036

RSM Bird Cameron Partners is an
independent member firm of RSM
International, an affiliation of independent
accounting and consulting firms.



Income Statement

FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 \$	2007 \$
Revenue	2	977,203	816,595
Employee benefits expense		(375,760)	(363,763)
Depreciation and amortisation expense		(12,876)	(13,598)
Finance costs		(21,845)	(76)
Other expenses	3	(365,725)	(292,723)
Profit before income tax		200,997	146,435
Income tax expense	4	(65,283)	(46,931)
		135,714	99,504
Overall operations			
Basic profit per share (cents per share)		39.6	29.1
Diluted profit per share (cents per share)		39.6	29.1

The accompanying notes form part of these financial statements

Balance Sheet

AS AT 30 JUNE 2008

	Note	2008 \$	2007 \$
CURRENT ASSETS			
Cash and cash equivalents	5	36,521	344,799
Trade and other receivables	6	91,079	77,058
Other current assets	7	13,883	1,393
TOTAL CURRENT ASSETS		141,483	423,250
NON-CURRENT ASSETS			
Property, plant and equipment	8	704,503	3,436
Intangible assets	9	15,000	25,000
Deferred tax asset	21	6,252	5,026
TOTAL NON-CURRENT ASSETS		725,755	33,462
TOTAL ASSETS		867,238	456,712
CURRENT LIABILITIES			
Trade and other payables	10	33,724	42,696
Financial liability	11	41,664	-
Short-term provisions	12	20,838	16,752
Current tax liability	21	27,805	12,330
TOTAL CURRENT LIABILITIES		124,031	71,778
NON-CURRENT LIABILITIES			
Financial liability	11	263,643	-
TOTAL NON-CURRENT LIABILITIES		263,643	-
TOTAL LIABILITIES		387,674	71,778
NET ASSETS		479,564	384,934
EQUITY			
Issued capital	13	342,359	342,359
Retained profits		137,205	42,575
TOTAL EQUITY		479,564	384,934

The accompanying notes form part of these financial statements

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2008

	Share Capital (Ordinary shares)	Retained profits/ (Accumulated losses)	Total
	\$	\$	\$
Balance at 1 July 2006	342,359	(19,270)	323,089
Profit attributable to the members of the Company	-	99,504	99,504
Dividends paid or provided	-	(37,659)	(37,659)
Balance at 30 June 2007	342,359	42,575	384,934
Balance at 1 July 2007	342,359	42,575	384,934
Profit attributable to the members of the Company	-	135,714	135,714
Dividends paid or provided	-	(41,084)	(41,084)
Balance at 30 June 2008	342,359	137,205	479,564

The accompanying notes form part of these financial statements

Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 \$	2007 \$
Cash flows from operating activities			
Receipts from customers		958,055	805,812
Payments to suppliers and employees		(758,862)	(743,546)
Interest received		5,126	14,053
Borrowing costs paid		(21,845)	(76)
Income tax paid		(51,034)	-
Net cash provided by operating activities	14(a)	131,440	76,243
Cash flows from investing activities			
Payments for plant and equipment		(32,731)	-
Payments for land & buildings		(671,212)	-
Net cash used in investing activities		(703,943)	-
Cash flows from financing activities			
Proceeds from borrowings		305,308	-
Dividends paid		(41,083)	(37,659)
Net cash provided by/(used) in financing activities		264,225	(37,659)
Net increase/(decrease) in cash held		(308,278)	38,584
Cash held at the beginning of the financial year		344,799	306,215
Cash held at the end of the financial year	5	36,521	344,799

The accompanying notes form part of these financial statements

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting 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 public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board (AASB) has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

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.

(a) Income tax

- The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).
- Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.
- Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.
- Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.
- Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.
- Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.
- Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.
- Current tax assets and liabilities are offset where a legally enforceable right of set off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Property, plant and equipment

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

Plant and equipment

- Plant and equipment are measured on the cost basis.
- The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.
- Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the 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 year in which they are incurred.

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:

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

(c) Leases

- Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Company are classified as finance leases.
- Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.
- Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.
- Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.
- Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(d) Financial instruments

Recognition and Initial Measurement

- Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.
- Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

- Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

i. *Financial assets at fair value through profit or loss*

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

ii. *Loans and receivables*

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

iii. *Held-to-maturity investments*

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

iv. *Available-for-sale financial assets*

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

v. *Financial Liabilities*

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

Derivative instruments

- Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.
- The Company does not hold any derivative instruments.

Fair value

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

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Financial Guarantees

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

The Company has not issued any financial guarantees.

(e) 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.

(f) 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.

(g) 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.

(h) Provisions

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

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown

Notes to the Financial Statements

within short-term borrowings in current liabilities on the balance sheet.

(j) Revenue and other income

- 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).

(k) Borrowing costs

- Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.
- All other borrowing costs are recognised in income in the period in which they are incurred.

(l) Goods and services tax (GST)

- Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the 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.

(m) Comparative figures

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

(n) Critical accounting estimates and judgments

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

Key estimates — Impairment

- The Company assesses impairment at each reporting date by evaluating conditions specific to the 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 2008. 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 2008 amounting to \$15,000

(o) Authorisation for financial report

The financial report was authorised for issue on 19 September 2008 by the Board of Directors

	2008	2007
	\$	\$
2. Revenue		
Franchise margin income	948,888	802,542
Interest revenue	5,126	14,053
Other revenue	23,189	-
	977,203	816,595
3. Expenses		
Advertising and marketing	34,130	11,011
ATM leasing and running costs	41,461	28,104
Bad debts	443	357
Community sponsorship and donations	42,529	71,760
Consultancy	39,556	24,637
IT leasing and running costs	39,013	31,167
Insurance	13,664	15,569
Occupancy running costs	22,340	15,601
Postage and freight	8,962	7,950
Printing and stationary	17,510	13,039
Property running costs	6,156	-
Other operating expenses	99,961	73,528
	365,725	292,723
Remuneration of the auditors of the Company		
Audit services	7,071	3,749
Other Services	4,500	4,385
	11,571	8,134

Notes to the Financial Statements

	2008	2007
	\$	\$
4. Income tax expense		
a. The components of tax expense comprise:		
Current tax	66,509	48,363
Deferred tax (Note 21)	(1,226)	(1,432)
	65,283	46,931
b. The prima facie tax on profit before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit before income tax at 30% (2007: 30%)	60,299	43,931
Add:		
Tax effect of:		
— non-deductible depreciation and amortisation	3,000	3,000
— other non-allowable items	1,984	-
Income tax attributable to the Company	65,283	46,931
5. Cash and cash equivalents		
Cash at bank and in hand	36,521	344,799
6. Trade and other receivables		
Trade debtors	91,079	77,058
7. Other assets		
Current		
Prepayments	13,883	1,393

	2008	2007
	\$	\$
8. Property, plant and equipment		
Land & Buildings		
33 Hamersley St Toodyay	327,900	-
66 Stirling Terrace Toodyay	343,312	-
	671,212	-
Plant and Equipment		
Cost	135,508	102,777
Accumulated depreciation	(102,217)	(99,341)
	33,291	3,436
	704,503	3,436
<i>Reconciliation of the carrying value for each class of property, plant and equipment are set out below</i>		
<i>Land and Buildings</i>		
Balance at the beginning of the year	-	-
Additions	671,212	-
Carrying amount at the end of the year	671,212	-
<i>Plant and Equipment</i>		
Balance at the beginning of the year	3,436	7,034
Additions	32,731	-
Depreciation expense	(2,876)	(3,598)
Carrying amount at the end of the year	33,291	3,436

Notes to the Financial Statements

	2008	2007
	\$	\$
9. Intangible assets		
Franchise fee		
Cost	100,000	100,000
Accumulated amortisation	(85,000)	(75,000)
	15,000	25,000

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

10. Trade and other payables

Trade creditors and accruals	18,901	25,847
GST payable	14,823	16,849
	33,724	42,696

11. Financial liabilities

Current		
Mortgage loan	41,664	-
Non current		
Mortgage loan	263,643	-

Security:

The mortgage loans are secured over the Company's assets.

12. Provisions

Current		
Provision for employee entitlements	20,838	16,752
Number of employees at year end	7	8

	2008	2007
	\$	\$
13. Equity		
342,359 (2007: 342,359) fully paid ordinary shares	342,359	342,359
14. Cash flow information		
a. Reconciliation of cash flow from operations with profit after tax		
Profit after tax	135,714	99,504
Depreciation and amortisation	12,876	13,598
<i>Movement in assets and liabilities</i>		
Receivables	(14,021)	(6,108)
Other assets	(12,490)	2,138
Deferred tax asset	(1,226)	(1,432)
Payables	(8,972)	3,269
Provisions	4,084	(34,726)
Current tax liability	15,475	-
Net cash provided by operating Activities	131,440	76,243
b. Credit Standby Arrangement and Loan Facilities		
<i>The Company does not operate a bank overdraft facility.</i>		

15. Related party transactions

Steven Stanbrook was paid \$300 for commercial services. The amount was paid under commercial terms and conditions.

Vicki Wesley was paid \$9,829 for sign writing services. The amount was paid under commercial terms and conditions.

Gregory Dowine was paid \$4,687 for hardware goods and services. The amount was paid under commercial terms and conditions.

No other related parties have entered into a transaction with the Company during the financial years ended 30 June 2008 and 30 June 2007.

Notes to the Financial Statements

	2008	2007
	\$	\$
16. Leasing commitments		
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	21,000	42,000
	42,000	63,000

17. Financial instruments

a. Financial Risk Management

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

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

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

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

The Company does not have any derivative instruments at 30 June 2008.

b. Financial Risk exposures and management

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

i. Interest rate risk

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

ii. Foreign currency risk

The company is not exposed to fluctuations in foreign currencies.

iii. Liquidity risk

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

iv. Credit risk

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

There are no material amounts of collateral held as security at 30 June 2008.

The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

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

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

- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and
- customers that do not meet the company's strict credit policies may only purchase in cash or using recognised credit cards.

The trade receivables balances at 30 June 2008 and 30 June 2007 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

v. *Price risk*

The company is not exposed to any material commodity price risk.

c. Financial Instrument Composition and Maturity analysis

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

Notes to the Financial Statements

2008

		Variable	Fixed			
	Weighted Average Effective Interest Rate	Floating Interest Rate	Within 1 Year	Within 1 to 5 Years	Non Interest Bearing	Total
<i>Financial Assets</i>						
Cash and cash equivalents	3.75%	36,521	-	-	-	36,521
Loans and receivables		-	-	-	91,079	91,079
Total Financial Assets		36,521	-	-	91,079	127,600
<i>Financial Liability</i>						
Bank loan secured	8.45%	305,307	-	-	-	305,307
Trade and other payables		-	-	-	33,724	33,724
Total Financial Liabilities		305,307	-	-	33,724	339,031

2007

		Variable	Fixed			
	Weighted Average Effective Interest Rate	Floating Interest Rate	Within 1 Year	Within 1 to 5 Years	Non Interest Bearing	Total
<i>Financial Assets</i>						
Cash and cash equivalents	3.75%	344,799	-	-	-	344,799
Loans and receivables		-	-	-	77,058	77,058
Total Financial Assets		344,799	-	-	77,058	421,857
<i>Financial Liability</i>						
Trade and other payables		-	-	-	42,696	42,696
Total Financial Liabilities		-	-	-	42,696	42,696

2008

\$

2007

\$

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

Less than 6 months	33,724	42,696
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d. Net Fair Values

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

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

Fair values are materially in line with carrying values.

e. Sensitivity Analysis

i. Interest Rate Risk

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

ii. Interest Rate Sensitivity Analysis

At 30 June 2008, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

2008

		-2 %		+ 2%	
	Carrying Amount \$	Profit \$	Equity \$	Profit \$	Equity \$
<i>Financial Assets</i>					
Cash and cash equivalents	36,521	(730)	(730)	730	730
<i>Financial Liability</i>					
Bank loans secured	305,307	6,106	6,106	(6,106)	(6,106)

2007

		-2 %		+ 2%	
	Carrying Amount \$	Profit \$	Equity \$	Profit \$	Equity \$
<i>Financial Assets</i>					
Cash and cash equivalents	344,799	(6,896)	(6,896)	6,896	6,896

18. Segment reporting

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

Notes to the Financial Statements

Events after the balance sheet 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.

Contingent liabilities and contingent assets

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

	2008	2007
	\$	\$

21. Tax

a. Liability

Current

Income tax	27,805	12,330
------------	--------	--------

b. Assets

Deferred tax assets comprise:

Provisions	6,252	5,026
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c. Reconciliations

i. Gross Movements

The overall movement in the deferred tax account is as follows:

Opening balance	5,026	3,594
Charge/(credit) to income statement	1,226	1,432
Closing balance	6,252	5,026

ii. Deferred Tax Assets

The movement in deferred tax assets for each temporary difference during the year is as follows:

Provisions

Opening balance	5,026	3,594
Credited to the income statement	1,226	1,432
Closing balance	6,252	5,026

Key management personnel compensation

a. Names and positions

<i>Name</i>	<i>Position</i>
Steven Stanbrook	Chairman/Director
William Mills	Company Secretary/Director
Gregory Downie	Director
Richard Dymond	Director
Paula Greenway	Director
Robert Welburn	Director
Andrew Wilkinson	Director
Vicki Wesley	Director

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

b. Options provided as remuneration and shares issued on exercise of such options

No options were provided as remuneration or shares issued on exercise of options

c. Option holdings

No options over ordinary shares in the Company are held by any Director of the Company or other key management personnel, including their personally related parties.

d. Shareholdings

Number of ordinary shares held or interest in shares held by key management personnel

2008

Ordinary Shares

<i>Directors</i>	<i>Balance at beginning of period</i>	<i>Purchased during the period</i>	<i>Other changes</i>	<i>Balance at end of period</i>
Gregory Downie	2,000	-	-	2,000
Richard Dymond	20,501	-	-	20,501
Steven Stanbrook	2,001	-	-	2,001
Paula Greenway	-	-	-	-
Robert Welburn	7,301	-	-	7,301
William Mills	-	-	-	-
Vicki Wesley	-	-	-	-
Andrew Wilkinson	5,000	-	-	5,000
	36,803	-	-	36,803

Notes to the Financial Statements

23. Changes in accounting policy

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

AASB Amendment	Standards Affected	Outline of Amendment	Application Date of Standard	Application Date for Group
AASB 2007–3 Amendments to Australian Accounting Standards	AASB 5	Non-current Assets Held for Sale and Discontinued Operations	1.1.2009	1.7.2009
	AASB 6	Exploration for and Evaluation of Mineral		
	AASB 102	Inventories		
	AASB 107	Cash Flow Statements		
	AASB 119	Employee Benefits		
	AASB 127	Consolidated and Separate Financial Statements		
	AASB 134	Interim Financial Reporting		
	AASB 136	Impairment of Assets		
	AASB 1023	General Insurance Contracts		
	AASB 1038	Life Insurance Contracts		
AASB 8 Operating Segments	AASB 114	Segment Reporting	1.1.2009	1.7.2009
AASB 2007–6 Amendments to Australian Accounting Standards	AASB 1	First time adoption of AIFRS	1.1.2009	1.7.2009
	AASB 101	Presentation of Financial Statements		
	AASB 107	Cash Flow Statements		
	AASB 111	Construction Contracts		
	AASB 116	Property, Plant and Equipment		
AASB 123 Borrowing Costs	AASB 138	Intangible Assets	1.1.2009	1.7.2009
	AASB 123	Borrowing Costs		
AASB 2007–8 Amendments to Australian Accounting Standards	AASB 101	Presentation of Financial Statements	1.1.2009	1.7.2009
AASB 101	AASB 101	Presentation of Financial Statements	1.1.2009	1.7.2009

Directors' Declaration

24. Company details

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

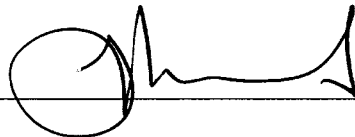
108 Stirling Terrace
Toodyay WA 6566

The Directors of the Company declare that:

1. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 and:
 - a. comply with Accounting Standard and the Corporations Regulations 2001; and
 - b. give a true and fair view of the financial position as at 30 June 2008 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.

Director



Dated this

19TH

day of

SEPTEMBER

2008

Independent Auditor's Report

TO THE MEMBERS OF TOODYAY & DISTRICTS COMMUNITY FINANCIAL SERVICES LTD

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Toodyay & Districts Community Financial Services Limited ("the company"), which comprises the balance sheet as at 30 June 2008 and the income statement, statement of changes in equity and cash flow statement for the period ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion on the Financial Report

In our opinion:

- (a) the financial report of Toodyay & Districts Community Financial Services Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 8 of the directors' report for the financial period ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Toodyay & Districts Community Financial Services Limited for the financial period ended 30 June 2008 complies with section 300A of the *Corporations Act 2001*.

Perth, WA

Dated: 19 September 2008

RSM Bird Cameron Partners.

RSM BIRD CAMERON PARTNERS

Chartered Accountants

D.J. Wall

D J WALL

Partner

BSX Additional Information

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 9 September 2008.

(a) Distribution of equity securities

The number of shareholders, by size of holding, are:

Share Distribution Schedule	Holders	Shares Held	% L/C
1 - 1,000	157	78,654	22.97
1,001 - 5,000	69	214,003	62.51
5,001 - 10,000	6	39,701	11.60
10,001 - 100,000	1	10,001	2.92
100,001 and over	-	-	-
	233	342,359	100.00

There are 57 shareholders holding less than a marketable parcel of shares (\$500 in value). Their holdings total 9,354 shares.

There are no substantial shareholders (holding more than 5% of voting rights) as each shareholder is entitled to 1 vote. Normally holding more than 5% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the company.

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to \$1 per share. There are no unquoted equity securities.

(b) Twenty-nine largest shareholders

The names of the twenty-nine largest shareholders of quoted shares are:
Listed ordinary shares

		Number of shares	Number of ordinary shares
1	Mr. Richard John Dymond	10,001	10,001
2	Mr. Wayne Campbell Clarke and Ms Desrae Clarke	10,000	10,000
3	Mr. George Ian Murray and Ms Maureen Joan Murray	7,000	7,000
4	Mr. Richard Everitt Thorne	7,000	7,000
5	Mr. Michael Joseph Knowles and Ms Kerry Lynne Knowles	5,500	5,500
6	Mr. Gary David Nancarrow	5,200	5,200
7	Ms Judith Patricia Lawton	5,001	5,001
8	Mr. Robert Somers	5,000	5,000
9	Ms Deborah Leanne Dymond	5,000	5,000
10	Mrs Diane Margaret Roberts	5,000	5,000
11	Mr. Jeffrey Clive Roberts	5,000	5,000
12	Mr. Timothy Noel Murray and Ms Leanne Mary Murray	5,000	5,000
13	Ms Kim Lesley Angus Bendtsen	5,000	5,000
14	Ms Jacqueline Ann Irvine	5,000	5,000
15	Mr. Michael Irvine	5,000	5,000
16	Mr. Russell Chrimes and Ms Toni Anne Chrimes	5,000	5,000
17	Mr. Ross Esmond Meston and Ms Joan Isobel Meston	5,000	5,000
18	Richcab Pty Ltd	5,000	5,000
19	Ms Barbara Ellen Rissman and Mr. Robert Colin Rissman	5,000	5,000
20	Mr. Neil Hamilton and Ms Maureen Hazel Hamilton	5,000	5,000
21	Mr. Leonard Ross Horsburgh and Mrs Jean Susan Horsburgh	5,000	5,000
22	MW Trenorden Pty Ltd	5,000	5,000
23	Ms Mary Rose Guest	5,000	5,000
24	Mr. Walter George Chitty	5,000	5,000
25	Mr. Brian Rayner	5,000	5,000
26	Mr. Allan Edward Henshaw	5,000	5,000
27	Mr. Anthony Peter Maughan and Ms Fay Lorraine Maughan	5,000	5,000
28	Mr. Peter Kim Dawson	5,000	5,000
29	Mr. Michael Stuart Bromilow and Ms Yvonne Bromilow	5,000	5,000

(c) Voting rights

Each shareholder has one vote.

(d) Corporate governance statement

Corporate Governance deals with issues such as:

- The responsibilities and functions of the company's board, including setting strategic direction and monitoring management performance.
- Board membership.
- Board committees such as Audit and Operations.
- Risk management and the effectiveness of the internal business controls.
- Ethical standards.
- Accountability to all stakeholders.

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

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

The company has implemented various corporate governance practices, which include:

- The establishment of an audit committee. Members of the audit committee are Richard Dymond and Steven Stanbrook.
- Director approval of operating budgets and monitoring of progress against these budgets; Ongoing Director training; and
- Monthly Director meetings to discuss performance and strategic plans.

(e) Name of Company Secretary:

William John Francis Mills

(f) Address and telephone number of registered office:

The registered office is located at:

Toodyay & Districts Community Bank

108 Stirling Terrace, Toodyay WA 6566 Telephone: (08) 9574 4077

The principal administrative office of the company is located at:

Toodyay & Districts Community Bank

108 Stirling Terrace, Toodyay WA 6566 Telephone: (08) 9574 4077

(g) Address and telephone number of office at which securities register is kept.

Toodyay & Districts Community Bank

108 Stirling Terrace, Toodyay WA 6566 Telephone: (08) 9574 4077

(h) Trading history

The trading history for Toodyay & Districts Community Financial Services Limited is available on the BSX website at www.bsx.com.au