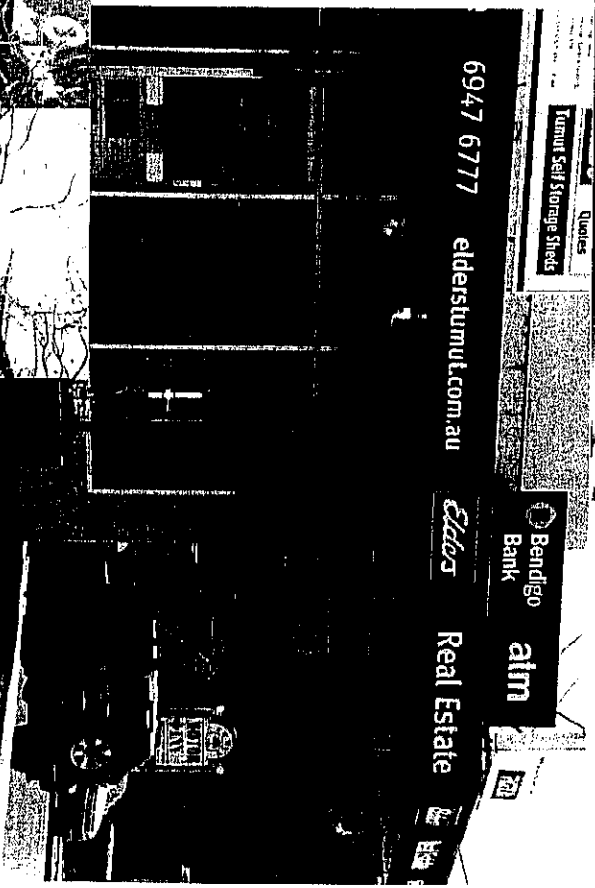


ADELONG & DISTRICT FINANCIAL SERVICES LTD



ANNUAL REPORT



2012

ADELONG & DISTRICT FINANCIAL SERVICES LIMITED
A.B.N. 39 107 620 137

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2012

ADELONG & DISTRICT FINANCIAL SERVICES LIMITED
A.B.N. 39 107 620 137

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ADELONG & DISTRICT FINANCIAL SERVICES LIMITED
A.B.N. 39 107 620 137

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2012.

Director

The name of the directors in office at any time during, or since the end of the year are:

Name	Position	Occupation	Meetings attended
Stewart Smith	Chairman	Farmer	9 of 10
James Hayes	Vice Chairman	School Teacher	9 of 10
Keith Chappel	Director	Retired	10 of 10
David Boston	Director	Retired	7 of 10
Wendy Ann Miller	Director	Home Duties	8 of 10
Ross Tout (appointed 28/11/2011)	Director	Accountant	8 of 9

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

No Directors have material interest in contracts or proposed contracts with the company.

Review of Operations

The profit of the company for the financial year after providing for income tax amounted to \$93,743 (2011: \$142,787)

Significant Changes in the State of Affairs

In July 2011 the company opened another branch located in Gundagai. This was the only significant event which occurred during the year.

Principal Activities

The principal activities of the company during the financial year were in facilitating community banking services under management rights to operate a franchised branch of Bendigo Bank Limited.

No significant change in the nature of these activities occurred during the year.

Events Subsequent to the End of the Reporting Period

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

Likely Developments and Expected Results of Operations

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.

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.

ADELONG & DISTRICT FINANCIAL SERVICES LIMITED
A.B.N. 39 107 620 137

DIRECTORS' REPORT

Dividends

A dividend of \$45,538 was paid on 27 January 2012 which related to the financial year ended 30 June 2011. The directors have approved the payment of a dividend to the value of \$45,538. This was paid on 7 August 2012.

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.

Indemnification of Officers

The company has indemnified all Directors and the Manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as Director or Manager of the company except where the liability arises out of conduct involving the lack of good faith.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentially clause of the contract of insurance. The company has not provided any insurance for an auditor of the company or a related body corporate.

Proceedings on Behalf of the 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.

Auditors' Independence Declaration

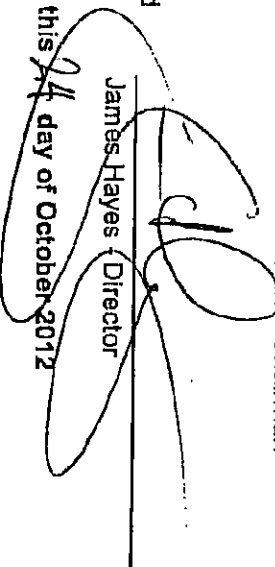
A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

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

Signed:


Stewart MacDonald - Chairman

Signed


James Hayes - Director

Dated this 14 day of October 2012

AUDITORS' INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
ADELONG & DISTRICT FINANCIAL SERVICES LIMITED

We declare, that to the best of our knowledge and belief, during the year ended 30 June 2012 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Name of Firm: HMA Twomey Paterson Audit Pty Ltd
Authorised Audit Company

Name of Director: Steven J Watson CA

Address: 1/185 Morgan St WAGGA WAGGA NSW 2650

Dated this 25th day of October 2012

ADELONG & DISTRICT FINANCIAL SERVICES LIMITED
A.B.N. 39 107 620 137

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
Revenue	2	939,562	766,489
Advertising expenses		(36,115)	(11,664)
Auditors' remuneration	3	(6,000)	(7,100)
Depreciation and amortisation expenses		(50,789)	(22,416)
Employee benefits expenses		(438,151)	(294,908)
Other expenses		(274,907)	(221,684)
Profit before income tax	4	<u>133,600</u>	<u>208,717</u>
Income tax expense	5	(39,857)	(65,931)
Profit for the year		<u>93,743</u>	<u>142,786</u>
Total comprehensive income for the year		<u>93,743</u>	<u>142,786</u>
Total comprehensive income attributable to shareholders of the entity		93,743	142,786
Earnings per share (cents per share)			
-basic for profit/(loss) for the year		0.15	0.24
-diluted for profit/(loss) for the year		0.15	0.24

The accompanying notes form part of these financial statements.

ADELONG & DISTRICT FINANCIAL SERVICES LIMITED
A.B.N. 39 107 620 137

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	2012 \$	2011 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	208,441	112,729
Trade and other receivables	7	92,758	63,456
Other current assets	8	4,238	843
Financial assets	9	11,489	10,747
TOTAL CURRENT ASSETS		<u>305,437</u>	<u>177,028</u>
NON-CURRENT ASSETS			
Property, plant and equipment	10	469,941	456,487
Intangible assets	11	43,692	62,034
Tax assets	12	5,419	2,639
TOTAL NON-CURRENT ASSETS		<u>530,541</u>	<u>531,907</u>
TOTAL ASSETS		<u>835,978</u>	<u>708,935</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	13	60,892	20,217
Tax liabilities	12	43,217	46,926
Borrowings	15	5,624	-
Other current liabilities	14	3,500	3,000
TOTAL CURRENT LIABILITIES		<u>107,609</u>	<u>70,143</u>
NON-CURRENT LIABILITIES			
Borrowings	15	29,922	-
Provisions	16	25,348	19,523
TOTAL NON-CURRENT LIABILITIES		<u>60,894</u>	<u>19,523</u>
TOTAL LIABILITIES		<u>168,503</u>	<u>89,666</u>
NET ASSETS		<u>667,475</u>	<u>619,269</u>
EQUITY			
Issued capital	17	580,118	580,118
Retained earnings	19	87,357	39,151
TOTAL EQUITY		<u>667,475</u>	<u>619,269</u>

The accompanying notes form part of these financial statements.

ADELONG & DISTRICT FINANCIAL SERVICES LIMITED
A.B.N. 39 107 620 137

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	Retained earnings	Total
		\$	\$
Balance at 1 July 2010		(103,635)	(103,635)
Profit attributable to equity shareholders		142,786	142,786
Balance at 30 June 2011		39,151	39,151
Profit attributable to equity shareholders		93,743	93,743
Dividends paid		(45,537)	(45,537)
Balance at 30 June 2012		<u>87,357</u>	<u>87,357</u>
Issued Capital	17		<u><u>580,118</u></u>

ADELONG & DISTRICT FINANCIAL SERVICES LIMITED
A.B.N. 39 107 620 137

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		910,241	726,549
Payments to suppliers and employees		(766,179)	(566,050)
Interest received		19	12,685
Net cash provided by (used in) operating activities	18	144,081	173,184
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(45,901)	(245,202)
Payments for intangibles (franchise fees)		-	(15,417)
Net cash provided by investing activities		(45,901)	(260,619)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		51,281	-
Dividends paid		(45,538)	(45,538)
Repayment of borrowings		(8,211)	-
Net cash provided by (used in) financing activities		(2,468)	(45,538)
Net increase (decrease) in cash held		95,712	(132,973)
Cash at beginning of financial year		112,729	245,702
Cash at end of financial year	18	208,441	112,729

The accompanying notes form part of these financial statements.

ADELONG & DISTRICT FINANCIAL SERVICES LIMITED
A.B.N. 39 107 620 137
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1 Statement of Significant Accounting Policies

The financial statements cover Adelong & District Financial Services Ltd as an individual entity. Adelong & District Financial Services Limited is a company limited by shares, incorporated and domiciled in Australia.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards Reduced Disclosure Requirements (including Australian Accounting Interpretations) of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards Reduced Disclosure Requirements set out accounting policies that the AASB has concluded would result in a financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 25 October 2012 by the directors of the company.

Accounting Policies

Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax assets and deferred tax liability balances during the year as well as unused tax losses.

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

ADELONG & DISTRICT FINANCIAL SERVICES LIMITED
A.B.N. 39 107 620 137

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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 and 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) a legally enforceable right of set-off exists; and
- (b) 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.

Property, Plant and Equipment

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

Property

Freehold land and buildings are shown at their cost less accumulated depreciation for buildings.

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses.

In the event the carrying value of plant and equipment is greater than the estimated recoverable amount, the carrying value is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present.

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

ADELONG & DISTRICT FINANCIAL SERVICES LIMITED
A.B.N. 39 107 620 137

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Depreciation

The depreciation method and useful life used for items of property, plant and equipment (excluding freehold land) reflects the pattern in which their future economic benefits are expected to be consumed by the company. Depreciation commences 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 method and useful life of assets is reviewed annually to ensure they are still appropriate.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 recognised in profit or loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Impairment of Assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that Standard.

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

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

ADELONG & DISTRICT FINANCIAL SERVICES LIMITED
A.B.N. 39 107 620 137

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Intangibles

Franchise Fees

Franchise fees are recognised at cost of acquisition. Franchise fees have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Franchise fees are amortised over their useful life of 5 years.

Trade and Other Receivables

Trade receivables are recognised initially at the transaction price (i.e. cost) and are subsequently measured at cost less provision for impairment. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

At the end of each reporting period, the carrying amount of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in statement of comprehensive income.

Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees at the end of the reporting period. 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.

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. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

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.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

ADELONG & DISTRICT FINANCIAL SERVICES LIMITED
A.B.N. 39 107 620 137

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Revenue and Other Income

Fee and other revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).

Trade and Other Payables

Trade and other payables represent the liabilities at the end of the reporting period for goods and services received by the company that remain unpaid.

Trade payables are recognised at their transaction price. Trade payables are obligations on the basis of normal credit terms.

Goods and Services Tax (GST)

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

Comparative Figures

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

Loans and Borrowings

All loans are measured at the principal amount. Interest is recognised as an expense as it accrues.

Share Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

ADELONG & DISTRICT FINANCIAL SERVICES LIMITED
A.B.N. 39 107 620 137

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	\$	\$
2 Revenue and Other Income		
Revenue		
Sales revenue:		
Rendering of services	939,543	753,804
Other revenue:		
Interest received	19	12,685
Total revenue	<u>939,562</u>	<u>766,489</u>
3 Auditors' Remuneration		
Auditor's Remuneration		
Accounting Standards	<u>6,000</u>	<u>7,100</u>
4 Profit for the year		
Profit before income tax from continuing operations		
includes the following specific expenses:		
Expenses		
Depreciation of property, plant and equipment	32,447	9,781
Depreciation of intangibles	18,342	12,635
5 Income Tax Expense		
The components of tax expense comprise:		
Income Tax Expense	<u>39,857</u>	<u>65,931</u>

ADELONG & DISTRICT FINANCIAL SERVICES LIMITED
A.B.N. 39 107 620 137

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	\$	\$
6 Cash and Cash Equivalents		
Cheque account	208,441	103,398
Op Shop cheque account	208,441	9,331
	<u>208,441</u>	<u>112,729</u>
7 Trade and Other Receivables		
Current		
Security Deposit	500	500
Trade Debtors	92,258	62,956
	<u>92,758</u>	<u>63,456</u>
8 Other Current Assets		
Current		
Prepayments	4,238	843
	<u>4,238</u>	<u>843</u>
9 Financial Assets		
Shares in Listed Companies	11,489	10,747
	<u>11,489</u>	<u>10,747</u>
10 Property, Plant and Equipment		
Land		
At cost	84,340	84,340
	<u>84,340</u>	<u>84,340</u>
Leasehold improvements		
At cost	392,334	409,136
Less accumulated depreciation	(75,522)	(61,631)
	<u>316,812</u>	<u>347,505</u>

The company does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

ADELONG & DISTRICT FINANCIAL SERVICES LIMITED
A.B.N. 39 107 620 137

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

2012 2011
 \$ \$

Plant and Equipment:			
At cost	73,177		46,923
Accumulated depreciation	(32,049)		(22,281)
Total Plant and Equipment	<u>41,128</u>		<u>24,642</u>
Motor Vehicles:			
At cost	36,449		-
Accumulated depreciation	(8,788)		-
Total Plant and Equipment	<u>27,661</u>		<u>-</u>

Total Property, Plant and Equipment 469,941 456,487

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land	Leasehold Improvements	Plant and Equipment	Motor Vehicles	Total
	\$	\$	\$	\$	\$
Carry amount at July 2010	84,340	115,094	25,781	-	225,215
Additions	-	243,199	2,003	-	245,202
Depreciation	-	(6,677)	(3,104)	-	(9,781)
Disposals	-	(4,111)	(38)	-	(4,149)
Carrying amount at June 2011	84,340	347,505	24,642	-	456,487
Additions	-	-	9,452	36,449	45,901
Depreciation	-	(13,891)	(9,768)	(8,788)	(32,447)
Transfers	-	(16,802)	16,802	-	-
Carrying amount at June 2012	<u>84,340</u>	<u>316,812</u>	<u>41,128</u>	<u>27,661</u>	<u>469,941</u>

11 Intangible Assets

Franchise Fee			
Franchise fee	87,268		87,268
Less: Accumulated Amortisation	(43,576)		(25,234)
Closing carrying value at 30 June 2012	<u>43,692</u>		<u>62,034</u>

ADELONG & DISTRICT FINANCIAL SERVICES LIMITED
A.B.N. 39 107 620 137

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	\$	\$
12 Tax		
Liabilities		
Current		
Provision for Income Tax	43,217	46,926
Assets		
Future Income Tax Benefit	5,419	2,639
13 Trade and Other Payables		
Current		
Trade Creditors	22,851	4,367
GST Payable Control Account	16,288	435
Provision for Annual Leave	21,753	15,415
	60,892	20,217
14 Other Liabilities		
Current		
Accrued expenses	3,500	3,000
15 Borrowings		
Current		
Chattel mortgage - Mitsubishi Triton	8,211	-
Less Unexpired interest	(2,587)	-
Total current borrowings	5,624	-
Non-Current		
Chattel mortgage - Mitsubishi Triton	34,858	-
Less Unexpired interest	(4,936)	-
Total non-current borrowings	29,922	-
Total borrowings	35,546	-

ADELONG & DISTRICT FINANCIAL SERVICES LIMITED
A.B.N. 39 107 620 137

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

2012 2011
 \$ \$

16 Provisions

Provision for Long Service Leave	25,348	19,523
Total provisions	25,348	19,523
Analysis of Total Provisions		
Non-current	25,348	19,523
	25,348	19,523

17 Issued Capital

607,169 Ordinary Shares fully paid of \$1 each	607,169	607,169
Less: Transaction cost	(27,051)	(27,051)
	580,118	580,118

There are no externally imposed capital requirements.

There have been no changes in the strategy adopted by management to control the capital of the company since the prior year.

18 Cash Flow Information

Reconciliation of cash at the end of the financial year		
Cash at Bank	208,441	112,729
	208,441	112,729

Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit after income tax	93,743	142,786

Non-cash flows in profit		
Amortisation	18,342	12,635
Depreciation	32,447	9,781

Changes in assets and liabilities, net of the effects of purchase and disposals of subsidiaries		
(Increase) Decrease in current receivables	(29,302)	(11,582)
(Increase) Decrease in other assets	(3,522)	1,692
(Increase) Decrease in prepayments	(3,395)	-
Increase (Decrease) in trade creditors	26,814	14,877
Increase (Decrease) in other creditors	(3,209)	-
Increase (Decrease) in current provisions	12,163	2,994
	144,081	173,184

ADELONG & DISTRICT FINANCIAL SERVICES LIMITED
A.B.N. 39 107 620 137

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	\$	\$
19 Retained Earnings		
Accumulated profits (losses) at the beginning of the financial year	39,151	(103,635)
Net profit attributable to members of the company	93,743	142,786
Less dividends paid	(45,537)	-
Retained earnings at the end of the financial year	87,357	39,151

20 Financial Risk Management

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

Financial Risk Management Policies

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

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These included 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 2012.

21 Company Details

Adelong & District Financial Services Limited is a company limited by shares incorporated in Australia

The registered office and principal place of business is:

62 Tumut Street
 Adelong NSW 2729

22 Contingent Liabilities

There were no contingent liabilities at the date of this report to affect the financial statements.

ADELONG & DISTRICT FINANCIAL SERVICES LIMITED
A.B.N. 39 107 620 137

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	\$	\$

23 Director and related party disclosures

The names of directors who have held office and shares during the financial year are:

Stewart Smith	3,000	3,000
Wendy Ann Miller	3,000	3,000
James Hayes	1,000	1,000

There was no movement in Directors' shareholdings during the year.
Each share held was purchased for \$1.


ADELONG & DISTRICT FINANCIAL SERVICES LIMITED
A.B.N. 39 107 620 137

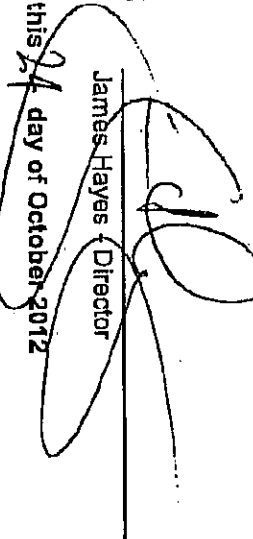
DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 1 to 19, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Australian Accounting Standards, and
 - (b) give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the company.
2. In the director's 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.

Signed: 
Stewart MacDonald - Chairman

Signed 
James Hayes - Director

Dated this 24 day of October, 2012

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ADELONG & DISTRICT FINANCIAL SERVICES LIMITED
A.B.N. 39 107 620 137

Report on the Financial Report

We have audited the accompanying financial report of Adelong & District Financial Services Limited which comprises the statement of financial position as at 30 June 2012 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory information and the directors' declaration.

Director's 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 Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing 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

Auditors' 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 auditors' judgment, 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 auditors consider 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 director, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the company, would be in the same terms if given to the directors as at the date of this auditor's report.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ADELONG & DISTRICT FINANCIAL SERVICES LIMITED
A.B.N. 39 107 620 137**

Auditors' Opinion

In our opinion:

- (a) the financial report of Adelong & District Financial Services Ltd 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 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards Reduced Disclosure Requirement (including Australian Accounting Interpretations) and the Corporations Regulator 2001- and
- Name of Firm:** HMA Twomey Patterson Audit Pty Ltd
Authorised Audit Company

Name of Director: Steven J Watson CA

Address: 1/185 Morgan St WAGGA WAGGA NSW 2650

Dated this 25th day of October 2012

ADELONG & DISTRICT FINANCIAL SERVICES LTD

2012 Chairman's report

Dear Shareholders

Eight years of continued growth is a great achievement.

To date the Adelong & District Community Bank has \$90 Million under management. This year has been a difficult one world wide but your Bank has continued growing, with \$6 Million growth through this last year.

A dividend of 7.5 cents per share, fully franked, was paid in August. We recommend that all shareholders make sure they have updated changes in address etc to ensure that dividends and other correspondence are delivered to you promptly. We also recommend arranging direct credit with the Bank Staff for prompt payments to you as well as saving your Bank postage and handling costs. Shareholders will be pleased that with this 3rd dividend payment, 20% of the original share cost has been repaid.

This year we opened another branch in Gundagai. The new branch has shown steady growth with many positive signs. We have excellent staff, trying to keep it local where possible. Any funds spent on the Gundagai Community originate from the Gundagai Branch, Sponsorship funds spent in Adelong are from Adelong Branch's profits. We envisage bringing more Gundagai representatives onto our Board so both townships are represented.

Tumut Agency has also shown steady growth. At the Community Bank State Conference the Tumut Agency was praised as a success story. Linking with a successful business such as Elders Real Estate gives a wide coverage for potential business.

To achieve such positive growth, we thank the staff of our three enterprises. They work at the coalface and are the face of our three branch's. Their dedication is the key to our success and we thank them for a job well done.

The Board works in the background, with the betterment of our community at heart. The Directors are to be applauded for their interest and dedication to this highly successful enterprise.

Sponsorships reached great heights this year with our usual commitments to our Community, capped off with being major sponsor for the Adelong Show and donating \$100,000 to the Progress Association as seed money to replace the Adelong Swimming Pool.

Finally, I thank the Shareholders who gave their financial support to put a Bank back in Adelong. I'm sure each Shareholder must be justly proud of what they have created.

ADELONG & DISTRICT FINANCIAL SERVICES LTD

Under our Franchise Agreement with the Bendigo Bank, we can pay a maximum of 20% of our profits in dividends with the balance of profits supporting our community.

The following groups have been provided with grants, sponsorships or other support from the Community bank in the financial year to 30th June 2012, and shows our continued commitment to supporting, growing and sustaining our community.

Adelong/Gundagai Racing Club
Adelong Biggest Morning Tea
Adelong Community Radio
Adelong Golf Club
Adelong Horse Activity Group
Adelong Junior Sports Foundation
Adelong Mens' Shed
Adelong Museum
Adelong OpShop
Adelong P&A Society
Adelong Pre School
Adelong Progress Association
Adelong Public School
Adelong RFS
Adelong St Josephs P&A
Adelong/Gundagai JRLFC
Gundagai Camp Quality
Gundagai Can Assist street stall
Gundagai Carp A Thon
Gundagai Ex Tigers
Gundagai High School
Gundagai Lions Club
Gundagai Mens' Shed
Gundagai P&A Society
Gundagai Pre School Kindergarten
Gundagai Rodeo Club Inc
Gundagai SES
Gundagai Tigers RLFC
Gundagai Veterans Golf
Tumut Bulls Rugby Union
Tumut Foundation Flood Appeal
Tumut Golf Club
Tumut High School
Tumut Kidney Car Rally
Tumut SES
Tumut Veterans Golf

Stewart Smith,

Chairman

Bendigo and Adelaide Bank report

For year ending 30 June 2012

Thanks to your support as shareholders the **Community Bank**® network has achieved a significant milestone this year, contributing more than \$80 million to support the communities these unique companies operate within.

This figure was almost unimaginable when the **Community Bank**® model was first launched in 1998, in partnership with the people from the small Victorian wheat farming towns of Rupanyup and Milnyip. For these communities the **Community Bank**® model was seen as a way to restore branch banking services to the towns, after the last of the major banks closed its services. However, in the years since the **Community Bank**® model has become so much more.

In the past financial year a further 20 **Community Bank**® branches have opened, this growth is in-line with our forecast and consistent with what we have seen in recent years. Demand for the model remains strong and there are currently another 32 **Community Bank**® sites in development, with many more conversations happening with communities Australia wide.

At the end of the financial year 2011/12 the **Community Bank**® network had achieved the following:

- Returns to community – \$80 million
- **Community Bank**® branches – 295
- **Community Bank**® branch staff – more than 1,400
- **Community Bank**® branch Directors – 1,905
- Volume footings – \$21.75 billion
- Customers – 500,000
- Shareholders – 71,197
- Dividends paid to shareholders – \$28.8 million

Almost 300 communities have now partnered with Bendigo and Adelaide Bank, so they can not only enhance banking services, but more importantly aggregate the profits their banking business generates and reinvest it in local groups and projects that will ultimately strengthen their community.

In the past 14 years we have witnessed the **Community Bank**® network's returns to communities grow exponentially each year, with \$470,000 returned within the first five years, \$8.15 million within the first eight and \$22.58 million by the end of the first decade of operation.

Today that figure is an astonishing \$80 million and with the continued growth and popularity of the **Community Bank**® model, returns should top \$100 million by the end of 2013. These dollars add up to new community facilities, improved services, more opportunities for community engagement activities and generally speaking, a more prosperous society.

The communities we partner with also have access to Bendigo and Adelaide Bank's extensive range of other community building solutions including Community Enterprise Foundation™ (philanthropic arm), Community Sector Banking (banking service for not-for-profit organisations), Generation Green™ (environment and sustainability initiative), Community Telco (telecommunications solution), sponsorships, scholarships and Community Enterprises that provide **Community Bank**® companies with further development options.

In Bendigo and Adelaide Bank, your **Community Bank**® company has a committed and strong partner and over the last financial year our company has also seen much success.

Bendigo and Adelaide Bank report (continued)

Last December, our Bank joined the ranks of Australia's A-rated banks following an upgrade announced by Standard & Poor's. Its decision to raise our long-term rating from BBB+ to A- means the Bank (and its **Community Bank**® partners) are now rated 'A' by all three of the world's leading credit rating agencies. This is a huge boost to the Bank and will allow us to access new funding opportunities. It will also enable our group to service supporters who were precluded from banking with us because we were not A rated.

The rating upgrade is a welcome boost for the Bank and its partners at a time when funding is expensive and likely to remain so, margins have been eroded across the industry, credit growth is sluggish at best and subsequently, the profitability of banks remains under pressure.

Not surprisingly, these factors continue to place pressure on our Bank's margin and as **Community Bank**® margin share is still in part based on fixed trails, this is continuing to reflect a skew in margin share between the Bank and its **Community Bank**® partners.

We've been working with the **Community Bank**® network to take action to reduce this imbalance (which is in favour of the **Community Bank**® partners) and see the share of revenue on core banking products closely aligned to the key principal of 50/50 revenue share. Recent market developments are challenging this goal, but the Bank and its partners remain committed to addressing this.

It's Bendigo and Adelaide Bank's vision to be Australia's leading customer-connected bank. We believe our strength comes from our focus on the success of our customers, people, partners and communities. We take a 100-year view of our business: we listen and respect every customer's choice, needs and objectives. We partner for sustainable long-term outcomes and aim to be relevant, connected and valued.

This is what drives each and every one of our people and we invite you as **Community Bank**® shareholders to support us as we work with our partners to deliver on our goals and ensure our sustained and shared success.

As **Community Bank**® shareholders you are part of something special, a unique banking movement which has evolved into a whole new way of thinking about banking and the role it plays in modern society.

We thank you all for the part you play in driving this success.



Russell Jenkins
Executive Customer and Community