Beaconsfield District Community Financial Services Ltd

ABN 18 134 858 889

ANNUAL REPORT 2013

Beaconsfield District **Community Bank**® Branch

Contents

Chairman's report

For year ending 30 June 2013

The past financial year has been very challenging for our **Community Bank®** branch, however recently more positive signs have emerged.

The income of a **Community Bank®** branch is generated from funds of management including deposits, loans, financial wealth and various other amounts. All banking is with Bendigo and Adelaide Bank. During the financial year these funds under management declined hence our revenue also reduced impacting on our operating results for the financial year. In the last six months, the funds under management have steadily increased and our Funds now exceed $50.5 million and we are budgeting to increase the Funds to $60.0 million by the end of the current financial year. Depending on the mix of Funds Under Management our **Community Bank®** branch should be able to improve the trading result in the 2013/14 year and improve the base for future growth.

The growth in our business is unlikely to occur without the continuing dedication of staff capably led by Manager Andrew Gardner, CRO Natalie Romero and CSO's Erin Treasure, Kylie Durrant and Gillian Wright. Our staff are very experienced bankers and there is access to other specialists including Imran Tabassum (Financial Wealth) and Terry Knight (Business Lending). One role of Directors is to promote the **Community Bank®** branch providing staff with referrals who have the expertise and resources to provide an extensive range of banking facilities. All Shareholders should also be advocates for the **Community Bank®** branch to help achieve the business growth we need. Any referrals would be much appreciated even non-obligation "financial health check" of anyone's current banking position.

As part of the Franchise Agreement, each **Community Bank®** branch is provided with Marketing and Development Funds (MDF) from Bendigo and Adelaide Bank to promote the branch in the community. In the last financial year ourbranch received $46,667 of which $20,647 was contributed to local organisations as donations and sponsorship. With the growth in our funds under management, our MDF funds are now at $50,000p.a. The policy adopted by the Board of Directors is that any requests for sponsorship must meet certain guidelines including obtaining the organisation's business, access to members to inform of benefits of banking with Bendigo and Adelaide Bank advertising, signage etc. These business relationships are viewed to promote longer term benefits for the organisations, the members and the **Community Bank®** branch.

During the past year, the Directors have worked extensively on strategic planning and resolved to appoint additional Directors and sub-committee members as well as restructure members on sub-committees. This process included a public information evening which was well attended and has achieved our aim. Announcements will be made at the Annual General Meeting on these new appointments. Thanks to everyone who attended the meeting, and to Bendigo and Adelaide Bank staff who spoke and particularly our Mentor Jim Christie who conveys the **Community Bank®** message so well.

I appreciate the ongoing support, assistance and banking expertise provided by Bendigo and Adelaide Bank through Regional Office previously managed by Cora Clough who has been transferred within Bendigo and Adelaide Bank and we now welcome Michelle Mason. The support from these regional staff is greatly appreciated.

An important aspect of any business and particularly a **Community Bank®** branch is having friendly customer orientated staff. As mentioned earlier, the branch is capably led by Manager Andrew Gardner who commenced during April this year and well supported by Natalie Romero (Customer Relationship Officer) and the Customer Service Officers. Their sound knowledge of banking and the willingness of staff to assist customers and also promote the branch outside normal work hours is greatly appreciated by the Board.

Chairman's report (continued)

Since the last Annual Report, Peter Barton has resigned as a Director. In addition Jim Byrne and Nick Hilder have indicated that they will not be seeking re-election at the Annual General Meeting. All these Directors have contributed a lot of time, energy and expertise from the outset of the **Community Bank®** branch in their roles as Directors and we wish them well in the future. Their special skills may be called on in the future in lesser roles. Thank you to all Board members for their contributions and commitment to their responsibilities as Directors of a public company. There is much work required of Directors outside of attending Board and committee meetings and I acknowledge the voluntary commitment the Directors provided during the year.

Finally, the continued support of the shareholders is appreciated and has greatly assisted the development of our **Community Bank®** branch business. With your continued support combined with the efforts of the staff and Board members, we can improve our trading and financial position and benefits will ultimately flow to shareholders and to the local community.

Graeme J Taylor
Chairman

Manager's report

For year ending 30 June 2013

In what is hopefully my first of many years at Beaconsfield District **Community Bank®** Branch I'd firstly like to thank the staff, the Board and the people of the Beaconsfield and surrounding areas for making me feel very welcome.

Beaconsfield District **Community Bank®** Branch is fortunate to have a team of four capable, enthusiastic and professional staff that are committed to going that extra mile, and providing a standard of service that makes us stand out from the crowd. By continually updating our learning and enhancing our skills we are able to ensure all our customers' needs are met and their expectations are exceeded. The most rewarding aspect of our role is that our customers bank with Beaconsfield District **Community Bank®** Branch because they want to. They are made to feel welcome, needed and comfortable whenever they come into the branch. This is what makes us unique!

It has been a challenging year for Beaconsfield District **Community Bank®** Branch both in staffing and business performance. I believe we are now in a period of transition and growth. Business slowed in 2013 with the overall balance sheet reducing by $3 million to $49 million total footings. Whilst this is disappointing, I'm pleased to say that at the time of writing we are back above the $50 million mark with a head of steam up as we head to the middle part of the 2014 financial year. The market is tight and competitive in the banking sector as uncertainty creeps into our customers' and potential customers' mindsets. In this environment, our point of difference and how we present it becomes even more important.

I would like to acknowledge, and sincerely thank the Board of Directors, who continue to provide the branch within sight from each of their areas of speciality. All of the Directors volunteer their time and expertise to ensure the branch continues to move forward and provide a positive impact to our community.

Our business revolves around delivering banking services that represents good value for our customers, which in turn enables Beaconsfield District **Community Bank®** Branch to give back to the community. I encourage everyone to consider moving their banking to us and see first-hand how enjoyable your banking experience can be and see what a difference we can make to you and your community.

I look forward to a new year of growth as we strive to achieve the goals of profit, shareholder dividends and the ability to assist in providing our community with the support needed.

Andrew Gardner
Branch Manager

Treasurer's report

For year ending 30 June 2013

This financial report covers the year ended 30 June 2013 with comparative amounts for the annual periods from incorporation of the company on 9 January 2009.

The financial performance as set out below compares actual results for the four financial periods, with the budgeted 2012/13 income and expenditure approved by the company's Board of Directors.

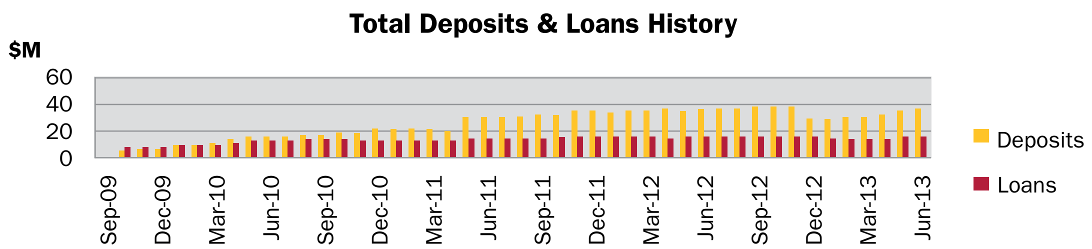
	Actual results $'000				Budget $'000	Budget variation favourable (unfavourable)
	2009/10	2010/11	2011/12	2012/13	2012/13	
Revenue from activities	**163**	**340**	**428**	**414**	**563**	**-148**
Salaries & employment costs	240	274	275	276	304	28
Depreciation & amortisation	35	44	43	39	39	0
Administration & other costs	149	174	207	194	214	20
Total expenses	**424**	**493**	**524**	**509**	**557**	**48**
Net loss (before tax)	-261	-153	-97	-94	6	**-100**

It is clear that income generation for 2012/13 year was well below budget expectations, reflecting the tight market conditions over the 12-month period. Expenditure on the other hand has been maintained well within plan; with a staff cost underspend when there was no Branch Manager.

The company has been afforded an overdraft facility $100,000 by parent Bendigo and Adelaide Bank Limited and a 2013/14 budget approved by them falls within this limit. At time of writing, company performance sees us well within the budget which is summarised as follows:

Revenue from activities	$426,182
Salaries & employment costs	$290,766
Depreciation & amortisation	$40,319
Administrative & other costs	$203,435
Net loss	$108,338

As forecast, a deflated lending market impacted our 2012/13 operations and our book remains heavily deposit orientated. This is expressed in the following graph which reflects our business growth (deposits and loans) since incorporation.



Treasurer's report (continued)

Concentration on improving our lending position is an obvious priority and support of shareholders in directing any new business opportunities to our branch will greatly assist.

The Finance Committee acknowledges the assistance of the Board of Directors, our Branch Manager, Andrew Gardner and his staff, as well as the various administrative staff of Bendigo and Adelaide Bank Limited. I also thank other Finance Committee members, Graeme Taylor and Rohan Treasure.

Maurice Potter
Treasurer

Directors' report

For the financial year ended 30 June 2013

Your Directors submit their report of the company for the financial year ended 30 June 2013.

Directors

The names and details of the company's Directors who held office during or since the end of the financial year are:

Name and position held	Qualifications	Experience and other Directorships
Graeme James Taylor Director Board member since 2009	Chartered Accountant Australia - FCA	Chartered Accountant in practice. No Other Public Company Directorships
James Martin Byrne Director Board member since 2009	RESI	Real Estate Agent No Public Company Directorships
Peter Thomas Barton Director Board member since 2009 Resigned 29.05.2013		Proprietor Motor Vehicle Repairers No Public Company Directorships
John Edward French Director Board member since 2009		Training Services Manager No Public Company Directorships
Carol Anne Porter Director Board member since 2009		Partner in Plumbing Business No Public Company Directorships
Rohan James Treasure Director Board member since 2009		Managing Director No Public Company Directorships
Maurice Lisle Potter Company Secretary Board member since 2009		Retired Bank Officer No Public Company Directorships
Nicholas John Hilder Director Board member since 2009		Information Technology Business Propriertor No Public Company Directorships

Directors were in office for this entire year unless otherwise stated.

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

Directors' report (continued)

Principal activities

The principal activities of the company during the course of the financial year were in providing **Community Bank®** services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

There has been no significant changes in the nature of these activities during the year.

Review of operations

The profit/(loss) of the company for the financial year after providing for income tax was ($71,397) (2012: loss: $70,974) which is a 0.06% increase in the loss compared with the previous year.

The net assets of the company have decreased to $346,347 (2012: $417,744). The decrease is largely due to the trading loss for the year.

Dividends

The Directors recommend that no dividend be paid for the current year.

Significant changes in the state of affairs

No significant changes in the company's state of affairs occurred during the financial year.

Events subsequent to reporting date

No matters or circumstances have arisen since the end of the financial year that significantly affect 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.

Remuneration report

Remuneration policy

There has been no remuneration policy developed as Director positions are held on a voluntary basis and Directors are not remunerated for their services.

Remuneration benefits and payments

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Indemnifying Officers or Auditor

The company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The company also has Officers Insurance for the benefit of Officers of the company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the company or in or arising out of the discharge of the Officer's duties.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an Auditor of the company.

Directors' report (continued)

Directors' meetings

The number of Directors' meetings held during the year were 12. Attendances by each Director during the year were as follows:

Director	Board meetings*
Graeme James Taylor	12(12)
James Martin Byrne	6(12)
Peter Thomas Barton	5(10)
John Edward French	8(12)
Carol Anne Porter	9(12)
Rohan James Treasure	10(12)
Maurice Lisle Potter	10(12)
Nicholas John Hilder	6(12)

The first number is the meetings attended while in brackets is the number of meetings eligible to attend.
N/A - not a member of that Committee.

Likely developments

The company will continue its policy of providing banking services to the community.

Environmental regulations

The company is not subject to any significant environmental regulation. However, the Board believes that the company has adequate systems in place for the management of its environment requirements and is not aware of any breach of these environmental requirements as they apply to the company.

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.

Company Secretary

Maurice Potter has been the Company Secretary of Beaconsfield District Community Financial Services Limited Board since the inception of the company in 2009 and Company Secretary since March 2012. Maurice's qualifications and experience include 42 years service with National Australia Bank, mostly in specialist, administration and systems development roles. He has served voluntary community positions of President of Beaconsfield Kindergarten and Beaconsfield Primary School, Treasurer of Beaconsfield Progress Association and Secretary of Beaconsfield Tennis Club. He currently also undertakes Treasury role for Beaconsfield District Community Financial Services Limited.

Directors' report (continued)

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 11 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Signed in accordance with a resolution of the Board of Directors at Beaconsfield on 27 September 2013.

Graeme James Taylor
Director

Auditor's independence declaration

Richmond Sinnott & Delahunty
Chartered Accountants

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27 September 2013

The Directors
Beaconsfield District Community Financial Services Limited
PO Box 249
BEACONSFIELD VIC 3807

To the Directors of Beaconsfield District Community Financial Services Limited

Auditor's Independence Declaration under section 307C of the Corporations Act 2001

I declare that to the best of my knowledge and belief, during the year ended 30 June 2013 there has 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.

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W Sinnott

Warren Sinnott
Partner
Bendigo
Dated at Bendigo, 27 September 2013

Richmond Sinnott & Delahunty
ABN 60 616 244 309
Liability limited by a scheme approved under Professional Standards Legislation

Partners:
Warren Sinnott
Cara Hall
Brett Andrews
Philip Delahunty
Kathie Teasdale
David Richmond

Financial statements

Statement of profit or loss and other comprehensive income for the year ended 30 June 2013

	Notes	2013 $	2012 $
Revenue	2	414,209	427,954
Employee benefits expense	3	(275,605)	(274,772)
Depreciation and amortisation expense	3	(39,280)	(42,845)
Finance costs	3	(108)	-
Bad and doubtful debts expense	3	(842)	(982)
Rental expense		(36,930)	(36,318)
Other expenses		(135,155)	(153,405)
Operating loss before charitable donations & sponsorships		**(73,711)**	**(80,368)**
Charitable donations and sponsorships		(20,647)	(16,164)
Loss before income tax expense		**(94,358)**	**(96,532)**
Tax benefit	4	(22,961)	(25,558)
Loss for the year		**(71,397)**	**(70,974)**
Other comprehensive income		-	-
Total comprehensive income		**(71,397)**	**(70,974)**
Profit/(loss) attributable to:			
Members of the company		(71,397)	(70,974)
Total		**(71,397)**	**(70,974)**

Earnings per share (cents per share)			
- basic for loss for the year	21	(9.33)	(9.28)
- diluted for profit loss for the year	21	(9.33)	(9.28)

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2013

	Notes	2013 $	2012 $
Assets			
Current assets			
Cash and cash equivalents	6	21,848	30,014
Trade and other receivables	7	37,176	41,870
Total current assets		**59,024**	**71,884**
Non-current assets			
Property, plant and equipment	8	132,933	149,935
Deferred tax asset	4	202,376	179,415
Intangible assets	9	41,465	63,463
Total non-current assets		**376,774**	**392,813**
Total assets		**435,798**	**464,697**
Liabilities			
Current liabilities			
Trade and other payables	10	30,318	34,690
Borrowings	11	41,828	-
Provisions	12	17,305	12,263
Total current liabilities		**89,451**	**46,953**
Total liabilities		**89,451**	**46,953**
Net assets / (liabilities)		**346,347**	**417,744**
Equity			
Issued capital	13	748,476	748,476
Retained earnings / (accumulated losses)	14	(402,129)	(330,732)
Total equity		**346,347**	**417,744**

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2013

	Notes	Issued Capital $	Accumulated Losses $	Total Equity $
Balance at 1 July 2011		**748,476**	**(259,758)**	**488,718**
Total comprehensive income for the year		-	(70,974)	(70,974)
Transactions with owners, in their				
capacity as owners				
Dividends paid or provided	22	-	-	-
Balance at 30 June 2012		**748,476**	**(330,732)**	**417,744**
Balance at 1 July 2012		**748,476**	**(330,732)**	**417,744**
Total comprehensive income for the year		-	(71,397)	(71,397)
Transactions with owners, in their				
capacity as owners				
Dividends paid or provided	22	-	-	-
Balance at 30 June 2013		**748,476**	**(402,129)**	**346,347**

The accompanying notes form part of these financial statements.

Statement of cash flows
for the year ended 30 June 2013

	Notes	2013 $	2012 $
Cash flows from operating activities			
Receipts from clients		418,608	403,130
Payments to suppliers and employees		(468,509)	(459,459)
Interest paid		(108)	-
Interest received		295	2,515
Net cash flows from/(used in) operating activities	**15b**	**(49,714)**	**(53,814)**
Cash flows from investing activities			
Purchase of property, plant & equipment		(280)	(1,000)
Net cash flows from/(used in) investing activities		**(280)**	**(1,000)**
Net increase/(decrease) in cash held		**(49,994)**	**(54,814)**
Cash and cash equivalents at start of year		30,014	84,828
Cash and cash equivalents at end of year	**15a**	**(19,980)**	**30,014**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2013

The financial statements and notes represent those of Beaconsfield District Community Financial Services Limited.

Beaconsfield District Community Financial Services Limited (‘the company’) is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 27 September 2013.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

The financial statements are general purpose financial statements, that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board and the Corporations Act 2001. The company is a for profit entity for financial reporting purposes under Australian Accounting Standards.

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

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, were applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

(b) Going concern

The financial statements have been prepared on a going concern basis which contemplates continuity of normal businss activities and the realisation of assets and discharge of liabilities in the normal course of business.

The Directors believe that it is reasonably foreseeable that the company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial statements after consideration of the following:

(i) The company recognises that losses will be incurred during the development of the business and while market access is being developed within the district. The company has reported a loss after tax of $71,397 (2012: $70,974) for the year ended 30 June 2013. The company has budgeted for a loss before tax of $108,338 for the 2013/14 year. The Directors will continue to review their growth forecast budget and cashflows throughout the 2013/14 year.

(ii) Bendigo and Adelaide Bank Limited has confirmed that it will continue to support the company and its operations for the 2013/14 financial year and beyond through the provision of an overdraft facility on normal commercial terms and conditions to assist with working capital requirements.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(b) Income tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

(c) Property, plant and equipment

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

Class of asset	Depreciation rate
Leasehold improvement	6.67%
Plant & equipment	5 - 100%

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Revaluations

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Note 1. Summary of significant accounting policies (continued)

(d) Impairment of assets

At each reporting date, the company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

(e) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position. Cash flows are presented on a gross basis.

The GST components of investing and financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(f) Employee benefits

Provision is made for the company's liability for employee benefits arising from the services rendered by employees to 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 any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to the employee benefits.

(g) Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the Statement of Profit or Loss and Other Comprehensive Income.

(h) Cash

Cash on hand and in banks are stated at nominal value. Bank overdrafts are shown as short term borrowings in current liabilities in the statement of financial position.

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

(i) Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Revenue comprises service commissions and other income received by the company.

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

Note 1. Summary of significant accounting policies (continued)

(j) Receivables and payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables expected to be collected within 12 months at the end of the reporting period are classified as current assets. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company and are recognised as a current liability.

(k) New accounting standards and interpretations not yet adopted

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company.

The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in the future reporting periods is set below:

(i) AASB 9 Financial Instruments (2010), AASB 9 Financial Instruments (2009)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project that may result in limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets and hedge accounting.

AASB 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The adoption of AASB 9 (2010) is not expected to have an impact on the company's financial assets or financial liabilities.

(ii) AASB 13 Fair Value Measurement (2011)

AASB 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout Australian Accounting Standards. Subject to limited exceptions, AASB 13 is applied when fair value measurements or disclosures are required or permitted by other AASBs. The company is currently reviewing its methodologies in determining fair values. AASB 13 is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

(iii) AASB 119 Employee Benefits (2011)

AASB 119 (2011) changes the definition of short-term and other long-term employee benefits to clarify the distinction between the two. For defined benefit plans, removal of the accounting policy choice for recognition of actuarial gains and losses is not expected to have any impact on the company. However, the company may need to assess the impact of the change in measurement principles of expected return on plan assets. AASB 119 (2011) is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

(l) Loans and borrowings

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(m) Provisions

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

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

(n) 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.

(o) Comparative figures

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

(p) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements 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. Estimates and judgements are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and judgements that have a significant risk of causing material adjustments to the carrying values of assets and liabilities are as follows:

<u>Estimation of useful lives of assets</u>

The company determines the estimated useful lives and related depreciation and amortisation changes for its property, plant and equipment and intangible assets. The depreciation and amortisation charge will increase where useful lives are less than previously estimated lives.

<u>Income tax</u>

The company is subject to income tax. Significant judgement is required in determining the deferred tax asset or the provision for income tax liability. Deferred tax assets are recognised only when it is considered sufficient future profits will be generated. The assumptions made regarding future profits is based on the company's assessment of future cash flows.

<u>Impairment</u>

The company assesses impairment at the end of each reporting period by calculating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

Note 1. Summary of significant accounting policies (continued)

(q) 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 (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to the profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost.

Fair value represents the amount for which an asset would be exchanged or a liability settled, between knowledgeable willing parties. Where available quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are applied to determine the fair value. Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less repayments and any reduction for impairment and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

(i) 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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Financial liabilities

Non derivative financial liabilities are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset is deemed to be impaired if and only if, there is objective evidence of impairment as a result of one or more events (a loss event) having occurred, which has an impact on the estimated future cash flows of the financial asset. In the case of financial assets carried at amortised cost, loss events may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in payments, indications that they will enter bankruptcy or other financial reorganisation and changes in arrears or economic conditions that correlate with defaults.

Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount 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.

Notes to the financial statements (continued)

	2013 $	2012 $

Note 2. Revenue and other income

Revenue		
- services commissions	365,527	377,106
- other revenue	46,667	48,333
	412,194	**425,439**
Other revenue		
- interest received	295	2,515
- other revenue	1,720	-
	2,015	**2,515**
Total revenue	**414,209**	**427,954**

Note 3. Expenses

Employee benefits expense		
- wages and salaries	246,892	245,399
- superannuation costs	20,500	20,076
- workers' compensation costs	535	710
- other costs	7,678	8,587
	275,605	**274,772**
Depreciation of non-current assets:		
- leasehold improvements	7,915	7,910
- plant and equipment	9,367	12,935
Amortisation of non-current assets:		
- intangible assets	21,998	22,000
	39,280	**42,845**
Finance costs:		
- Interest paid	108	-
Bad debts	842	982

	2013 $	2012 $

Note 4. Tax expense

The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:

	2013 $	2012 $
Prima facie tax on profit/(loss) before income tax at 30% (2012: 30%)	(28,307)	(28,960)
Add tax effect of:		
- Non-deductible expenses	5,346	3,402
Current income tax expense	**(22,961)**	**(25,558)**
Income tax attributable to the entity	**(22,961)**	**(25,558)**
The applicable weighted average effective tax rate is	24%	26%
Deferred tax asset		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	**202,376**	**179,415**

The applicable income tax rate is the Australian Federal tax rate of 30% (2012: 30%) applicable to Australian resident companies.

Note 5. Auditors' remuneration

Remuneration of the Auditor for:

	2013 $	2012 $
- Audit or review of the financial report	4,150	3,900
- Share registry services	1,717	1,650
	5,867	**5,550**

Note 6. Cash and cash equivalents

	2013 $	2012 $
Cash at bank and on hand	**21,848**	**30,014**

Note 7. Trade and other receivables

Current

	2013 $	2012 $
Trade debtors	28,556	32,130
Other assets	8,620	9,740
	37,176	**41,870**

Note 7. Trade and other receivables (continued)

Credit risk

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be high credit quality.

	Gross amount	Past due and impaired	Past due but not impaired			Not past due
			< 30 days	31-60 days	> 60 days	
2013						
Trade receivables	28,556	-	-	-	-	28,556
Other receivables	8,620	-	-	-	-	8,620
Total	**37,176**	**-**	**-**	**-**	**-**	**37,176**
2012						
Trade receivables	32,130	-	-	-	-	32,130
Other receivables	9,740	-	-	-	-	9,740
Total	**41,870**	**-**	**-**	**-**	**-**	**41,870**

Note 8. Property, plant and equipment

	2013 $	2012 $
Leasehold improvements		
At cost	118,595	118,595
Less accumulated depreciation	(29,662)	(21,747)
	88,933	**96,848**
Plant and equipment		
At cost	92,177	91,897
Less accumulated depreciation	(48,177)	(38,810)
	44,000	**53,087**
Total written down amount	**132,933**	**149,935**

	2013 $	2012 $

Note 8. Property, plant and equipment (continued)

Movements in carrying amounts

	2013 $	2012 $
Leasehold improvements		
Balance at the beginning of the reporting period	96,848	104,758
Additions	-	-
Disposals	-	-
Depreciation expense	(7,915)	(7,910)
Balance at the end of the reporting period	**88,933**	**96,848**
Plant and equipment		
Balance at the beginning of the reporting period	53,087	65,022
Additions	280	1,000
Disposals	-	-
Depreciation expense	(9,367)	(12,935)
Balance at the end of the reporting period	**44,000**	**53,087**

Note 9. Intangible assets

	2013 $	2012 $
Franchise fee		
At cost	110,000	110,000
Less accumulated amortisation	(83,415)	(61,417)
	26,585	**48,583**
Goodwill		
At cost	14,880	14,880
	14,880	**14,880**
	41,465	**63,463**
Movements in carrying amounts		
Franchise fees		
Balance at the beginning of the reporting period	48,583	70,583
Additions	-	-
Disposals	-	-
Amortisation expense	(21,998)	(22,000)
Balance at the end of the reporting period	**26,585**	**48,583**

	2013 $	2012 $

Note 9. Intangible assets (continued)

Goodwill		
Balance at the beginning of the reporting period	14,880	14,880
Additions	-	-
Disposals	-	-
Amortisation expense	-	-
Balance at the end of the reporting period	**14,880**	**14,880**

Note 10. Trade and other payables

Current		
Unsecured liabilities:		
Trade creditors	1,644	3,042
Other creditors and accruals	28,674	31,648
	30,318	**34,690**

Note 11. Borrowings

Bank overdraft	41,828	-
	41,828	**-**

The company has an overdraft facility of $100,000 which is subject to normal terms and conditions

Note 12. Provisions

Employee benefits	**17,305**	**12,263**
Movement in employee benefits		
Opening balance	12,263	9,161
Additional provisions recognised	5,042	6,215
Amounts utilised during the year	-	(3,113)
Closing balance	**17,305**	**12,263**
Current		
Annual Leave	17,305	12,263
Total provisions	**17,305**	**12,263**

Note 12. Provisions (continued)

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

	2013 $	2012 $
Note 13. Share capital		
764,961 Ordinary shares fully paid of $1 each	764,961	764,961
Less: Equity raising costs	(16,485)	(16,485)
	748,476	**748,476**
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	764,961	764,961
Shares issued during the year	-	-
At the end of the reporting period	**764,961**	**764,961**

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands.

The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Statement of Financial Position.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the Distribution Limit.

(i) the Distribution Limit is the greater of:

- (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

Note 13. Share capital (continued)

Capital management (continued)

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2013 can be seen in the Statement of Profit or Loss and Comprehensive Income.

There were no changes in the company's approach to capital management during the year.

	2013 $	2012 $
Note 14. Retained earnings / (accumulated losses)		
Balance at the beginning of the reporting period	(330,732)	(259,758)
Profit/(loss) after income tax	(71,397)	(70,974)
Balance at the end of the reporting period	**(402,129)**	**(330,732)**

Note 15. Statement of cash flows

	2013 $	2012 $
(a) Cash and cash equivalents balances as shown in the statement of financial position can be reconciled to that shown in the statement of cash flows as follows		
As per the statement of financial position	21,848	30,014
less Bank overdraft	(41,828)	-
As per the statement of cash flow	**(19,980)**	**30,014**
(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities		
Profit / (loss) after income tax	(71,397)	(70,974)
Non cash items		
- Depreciation	17,282	20,845
- Amortisation	21,998	22,000
Changes in assets and liabilities		
- (Increase) decrease in receivables	4,694	(22,309)
- (Increase) decrease in deferred tax asset	(22,961)	(25,558)
- Increase (decrease) in payables	(4,372)	19,080
- Increase (decrease) in provisions	5,042	3,102
Net cash flows from/(used in) operating activities	**(49,714)**	**(53,814)**

Note 15. Statement of cash flows (continued)

(c) Credit standby arrangement and loan facilities

The company has a bank overdraft facility amounting to $100,000 (2012: $0). This may be terminated at any time at the option of the bank. At 30 June 2013, $41,828 of this facility was used (2012 $0.) Variable interest rates apply to the overdraft.

Note 16. Related party transactions

The company's main related parties are as follows:

(a) Key management personnel

Any person(s) having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company is considered key management personnel.

(b) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(c) Transactions with key management personnel and related parties

Other than detailed below, no key management personnel or related party has entered into any contracts with the company. No Director fees have been paid as the positions are held on a voluntary basis.

(d) Key management personnel shareholdings

The number of ordinary shares in Beaconsfield District Community Financial Services Limited held by each key management personnel of the company during the financial year is as follows:

	2013	2012
James Martin Byrne	10,001	10,001
Peter Thomas Barton	10,001	10,001
John Edward French	5,001	5,001
Carol Anne Porter	5,001	5,001
Rohan James Treasure	20,001	20,001
Maurice Lisle Potter	1,501	1,501
Nicholas John Hilder	1,501	1,501
Graeme James Taylor	10,001	10,001

There was no movement in key management personnel shareholdings during the year. Each share held has a paid up value of $1 and is fully paid.

Note 16. Related party transactions (continued)

(e) Other key management transactions

There has been no other transactions involving equity instruments other than those described above.

Note 17. Events after the reporting period

There have been no events after the end of the financial year that would materially affect the financial statements.

Note 18. Contingent liabilities and assets

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

Note 19. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one geographic area being Beaconsfield, Victoria. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2012: 100%).

Note 20. Company details

The registered office & principal place of business is: Shop 6 / 52-62 Old Princes Highway
Beaconsfield Victoria 3807

	2013 $	2012 $

Note 21. Earnings per share

Basic earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2013 $	2012 $
Profit/(loss) after income tax expense	**(71,397)**	**(70,974)**
Weighted average number of ordinary shares for basic and diluted earnings per share	**764,961**	**764,961**

Note 22. Dividends paid or provided for on ordinary shares

No dividends were paid or proposed by the company during the period.

Note 23. Financial risk management

The company's financial instruments consist mainly of deposits with banks, account receivables and payables, bank overdraft and loans. The totals for each category of financial instruments measured in accordance with AASB 139 as detailed in the accounting policies are as follows:

	Note	2013 $	2012 $
Financial assets			
Cash & cash equivalents	6	21,848	30,014
Trade and other receivables	7	37,176	41,870
Total financial assets		**59,024**	**71,884**
Financial liabilities			
Trade and other payables	10	30,318	34,690
Bank overdraft	11	41,828	-
Total financial liabilities		**72,146**	**34,690**

<u>Financial risk management policies</u>

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

<u>Specific financial risk exposure and management</u>

The company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments. There have been no substantive changes in the types of risks the company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the company it arises from receivables and cash assets.

Credit risk is managed through maintaining procedures that ensure, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness and their financial stability is monitored and assessed on a regular basis. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the statement of financial position.

The company's exposure to credit risk is limited to Australia by geographic area. The majority of receivables are due from Bendigo and Adelaide Bank Limited.

None of the assets of the company are past due (2012: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

The company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Limited and therefore credit risk is considered minimal.

	2013 $	2012 $

Note 23. Financial risk management (continued)

(a) Credit risk (continued)

Cash and cash equivalents:

A rated	**21,848**	**30,014**

(b) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

In addition the company has established an overdraft facility of $100,000 with Bendigo and Adelaide Bank Limited.

Financial liability and financial asset maturity analysis:

	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
30 June 2013					
Financial liabilities due					
Trade and other payables	10	(30,318)	(30,318)	–	–
Loans and borrowings	11	(41,828)*	(41,828)	–	–
Total expected outflows		**(72,146)**	**(72,146)**	**–**	**–**
Financial assets - realisable					
Cash & cash equivalents	6	21,848	21,848	–	–
Trade and other receivables	7	37,176	37,176	–	–
Total anticipated inflows		**59,024**	**59,024**	**–**	**–**
Net (outflow)/inflow financial instruments		**(13,122)**	**(13,122)**	**–**	**–**

Note 23. Financial risk management (continued)

(b) Liquidity risk (continued)

	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
30 June 2012					
Financial liabilities due					
Trade and other payables	10	(34,690)	(34,690)	–	–
Loans and borrowings	11	- *	-	–	–
Total expected outflows		**(34,690)**	**(34,690)**	**–**	**–**
Financial assets - realisable					
Cash & cash equivalents	6	30,014	30,014	–	–
Trade and other receivables	7	41,870	41,870	–	–
Total anticipated inflows		**71,884**	**71,884**	**–**	**–**
Net (outflow)/inflow financial instruments		**37,194**	**37,194**	**–**	**–**

* The Bank overdraft has no set repayment period and as such all has been included as current.

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company reviews the exposure to interest rate risk as part of the regular Board meetings.

The weighted average interest rates of the company's interest-bearing financial assets are as follows:

Financial assets	2013 %	2012 %
Cash and cash equivalents (net of bank overdrafts)	(10.61)%	1.90%

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

	2013 $	2012 $

Note 23. Financial risk management (continued)

(b) Liquidity risk (continued)

Sensitivity analysis (continued)

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit $	Equity $
Year ended 30 June 2013		
+/- 1% in interest rates (interest income)	218	218
	218	**218**
Year ended 30 June 2012		
+/- 1% in interest rates (interest income)	300	300
	300	**300**

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Fair values

The fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. Fair value is the amount at which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm’s length transaction. The company does not have any unrecognised financial instruments at year end.

Directors' declaration

In accordance with a resolution of the Directors of Beaconsfield District Community Financial Services Limited, the Directors of the company declare that:

1 the financial statements and notes of the company as set out on pages 12 to 34 are in accordance with the Corporations Act 2001 and:

   (i) comply with Australian Accounting Standards, which as stated in accounting policy Note 1(a) to the financial statements constitutes compliance with International Financial Reporting Standards (IFRS); and

   (ii) give a true and fair view of the company's financial position as at 30 June 2013 and of the performance for the year ended on that date;

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

Graeme James Taylor
Director

Signed at Beaconsfield on 27 September 2013.

Richmond Sinnott & Delahunty
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEACONSFIELD DISTRICT COMMUNITY FINANCIAL SERVICES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Beaconsfield District Community Financial Services Limited, which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the entity comprising the company and the entities it controlled at the year's end.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation 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 company'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.

Independent audit report (continued)

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 Beaconsfield District Community Financial Services Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

Auditor's Opinion

In our opinion:

(a) the financial report of Beaconsfield District Community Financial Services Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter

Without qualification to the audit opinion expressed above, attention is drawn to the following matter. Note 1(b) "Going Concern' in the financial statements indicates the company recorded a loss after tax of $71,397 (2012: loss of $70,974). The directors have prepared a budget for the 2013/14 year which indicates a budgeted loss before tax of $108,338 will be recorded.

The directors have received a financial facility to assist with working capital requirements for the next twelve months. Without the financial facility, there is significant uncertainty whether Beaconsfield District Community Financial Services Limited will continue as a going concern.

These conditions indicate the existence of a material uncertainty which may cast doubt about the Company's ability to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.

Richmond Sinnott & Delahunty

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W Sinnott

W. J. SINNOTT
Partner
Dated at Bendigo, 27 September 2013

Beaconsfield District **Community Bank**® Branch
Shop 6, 52-62 Old Princes Highway,
Beaconsfield VIC 3807
Phone: (03) 9769 5122

Franchisee:
Beaconsfield District Community Financial Services Ltd
PO Box 249, Beaconsfield VIC 3807
Phone: (03) 9769 5122
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