

**Bentley & Districts Community  
Financial Services Limited**

**Financial Statements**

**as at**

**30 June 2013**

**Bentley & Districts Community Financial Services Limited**  
**ABN 99 109 035 967**  
**Directors' Report**

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:

<b>Name and position held</b>	<b>Qualifications</b>	<b>Experience and Other Directorships</b>
Kevin Maurice Taylforth Chairman Board member since 2008	Diploma of Science	Holds directorships with the Global Good foundation Directions WA Inc, and Chair of Southeast Metropolitan working group for at risk children
Joseph Tilli Non-Executive Director Board member since 2010	Bachelor of Business	Owner of a construction and plumbing business
Paul Hansen Treasurer Board member since 2010	Bachelor of Business (Accounting), CPA	Owner of Hansen Business Management with over 30 years experience
Rosa Cummins Non-Executive Director Board member since 2010	Bachelor of Commerce (Accounting and Finance)	Secretary and Director of Freo Group Limited
Peter Lam Secretary Board member since 2010	Bachelor of Commerce (Accounting & Financial Planning), CFP®	Accountant and Financial Planner
Glen Hutchings Non-Executive Director Board member since 2010	Masters of Commerce, CPA	Head of Business development at Curtin University

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

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

**Principal activities**

The principal activities of the company during the course of the financial year were in providing community banking 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 loss of the company for the financial year after income tax was \$62,276 (2012 loss: \$107,138), which is a 42% improvement compared with the previous year.

The net liabilities of the company have increased to \$313,308 (2012: \$251,032). The increase is largely due to an increase in the bank overdraft.

**Dividends**

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

**Bentley & Districts Community Financial Services Limited**  
**ABN 99 109 035 967**  
**Directors' Report**

**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**

Other than detailed below, 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.

Chairman Kevin Taylforth (on behalf of KZJ International Pty Ltd) was paid \$24,000 (inclusive of GST) (2012: \$22,000) for administration duties/services for the year ended 30 June 2013. A rent contribution was also paid during the financial year of \$Nil (2012: \$2,887.50). These payments were made under normal commercial terms and conditions.

Director Joseph Tilli (on behalf of P Tilli & Co) received a payment of \$Nil (2012: \$1,047) during the financial year for services provided to the Company.

**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.

**Bentley & Districts Community Financial Services Limited**  
**ABN 99 109 035 967**  
**Directors' Report**

**Directors meetings**

The number of directors meetings held during the year were 10. Attendances by each director during the year were as follows:

<b>Director</b>	<b>Board Meetings #</b>	<b>Audit Committee Meetings #</b>
Kevin Maurice Taylforth	10 (10)	1 (1)
Joseph Tilli	3 (10)	1 (1)
Paul Hansen	7 (10)	1 (1)
Rosa Cummins	5 (10)	N/A
Peter Lam	9 (10)	N/A
Glen Hutchings	5 (10)	N/A

*# 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**

Peter Lam was appointed the company Secretary of Bentley & Districts Community Financial Services Limited on 25 June 2012. Peter Lam's qualifications and experience include a Bachelor of Commerce (Accounting and Financial Planning), CFP® with 6 years experience in the finance industry.

**Non audit services**

The directors in accordance with advice from the audit committee, are satisfied that the provision of non audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed in Note 5 did not compromise the external auditor's independence for the following reasons:

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

**Bentley & Districts Community Financial Services Limited**  
**ABN 99 109 035 967**  
**Directors' Report**

**Auditor independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is s at page 5 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 9/940 Albany Highway, East Victoria Park on 27 November 2013.



Peter Lam  
Director



**Richmond  
Sinnott &  
Delahunty**

**Chartered Accountants**

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Bendigo, Victoria  
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**Auditor's Independence Declaration under section 307C of the Corporations Act 2001 to the Directors of Bentley & Districts Community Financial Services Limited**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2013 there has been no contraventions of:

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

**RICHMOND SINNOTT & DELAHUNTY**  
Chartered Accountants

**Philip Delahunty**  
Partner  
Bendigo

**Dated at Bendigo, 27 November 2013**

**Bentley & Districts Community Financial Services Limited**  
**ABN 99 109 035 967**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**for the year ended 30 June 2013**

	<u>Notes</u>	2013 \$	2012 \$
Revenue	2	497,918	478,674
Employee benefits expense	3	(320,891)	(341,508)
Depreciation and amortisation expense	3	(16,013)	(15,637)
Finance costs	3	(16,346)	(15,338)
Bad and doubtful debts expense	3	(1,147)	(825)
Rental expense		(55,222)	(51,636)
Other expenses		<u>(154,665)</u>	<u>(153,812)</u>
<b>Operating profit/(loss) before charitable donations &amp; sponsorships</b>		(66,366)	(100,082)
Charitable donations and sponsorships		<u>(10,546)</u>	<u>(7,056)</u>
<b>Profit/(loss) before income tax expense</b>		(76,912)	(107,138)
Tax expense / (benefit)	4	<u>-</u>	<u>-</u>
<b>Profit/(loss) for the year</b>		(76,912)	(107,138)
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income</b>		<u><u>(76,912)</u></u>	<u><u>(107,138)</u></u>
Profit/(loss) attributable to:			
Members of the company			
Total		<u><u>(76,912)</u></u>	<u><u>(107,138)</u></u>
<b>Earnings per share (cents per share)</b>			
- basic for profit / (loss) for the year	22	(8.67)	(12.08)
- diluted for profit / (loss) for the year	22	(8.67)	(12.08)

The accompanying notes form part of these financial statements

**Bentley & Districts Community Financial Services Limited**  
**ABN 99 109 035 967**  
**Statement of Financial Position**  
**As at 30 June 2013**

	<u>Notes</u>	2013 \$	2012 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	750	750
Trade and other receivables	7	33,695	23,328
<b>Total Current Assets</b>		<u>34,445</u>	<u>24,078</u>
<b>Non-Current Assets</b>			
Property, plant and equipment	8	9,944	9,510
Intangible assets	9	18,870	32,324
<b>Total Non-Current Assets</b>		<u>28,814</u>	<u>41,834</u>
<b>Total Assets</b>		<u>63,259</u>	<u>65,912</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	10	34,067	22,440
Borrowings	11	335,818	272,011
Provisions	12	6,925	8,100
<b>Total Current Liabilities</b>		<u>376,810</u>	<u>302,551</u>
<b>Total Liabilities</b>		<u>376,810</u>	<u>302,551</u>
<b>Net Assets / (Liabilities)</b>		<u>(313,551)</u>	<u>(236,639)</u>
<b>Equity</b>			
Issued capital	13	886,710	886,710
Accumulated losses	14	(1,200,261)	(1,123,349)
<b>Total Equity</b>		<u>(313,551)</u>	<u>(236,639)</u>

The accompanying notes form part of these financial statements



**Bentley & Districts Community Financial Services Limited**  
**ABN 99 109 035 967**  
**Statement of Changes in Equity**  
**for the year ended 30 June 2013**

		<b>Issued Capital \$</b>	<b>Accumulated Losses \$</b>	<b>Total Equity \$</b>
Balance at 1 July 2011		886,710	(1,030,604)	(143,894)
Correction of error	15	<u>-</u>	<u>14,393</u>	<u>14,393</u>
Restated balance at 1 July 2011		886,710	(1,016,211)	(129,501)
Total comprehensive income for the year		-	(107,138)	(107,138)
Transactions with owners, in their capacity as owners				
Dividends paid or provided	23	<u>-</u>	<u>-</u>	<u>-</u>
<b>Balance at 30 June 2012</b>		<b><u>886,710</u></b>	<b><u>(1,123,349)</u></b>	<b><u>(236,639)</u></b>
Balance at 1 July 2012		886,710	(1,123,349)	(236,639)
Total comprehensive income for the year		-	(76,912)	(76,912)
Transactions with owners, in their capacity as owners				
Dividends paid or provided	23	<u>-</u>	<u>-</u>	<u>-</u>
<b>Balance at 30 June 2013</b>		<b><u>886,710</u></b>	<b><u>(1,200,261)</u></b>	<b><u>(313,551)</u></b>

The accompanying notes form part of these financial statements

**Bentley & Districts Community Financial Services Limited**  
**ABN 99 109 035 967**  
**Statement of Cash Flows**  
**For the year ended 30 June 2013**

	<u>Notes</u>	<b>2013</b> <b>\$</b>	<b>2012</b> <b>\$</b>
<b>Cash Flows From Operating Activities</b>			
Receipts from clients		487,551	536,377
Payments to suppliers and employees		(532,019)	(604,002)
Dividend revenue received		-	-
Interest paid		(16,346)	(15,338)
Interest received		-	-
<b>Net cash flows from/(used in) operating activities</b>	16b	<u>(60,814)</u>	<u>(82,963)</u>
<b>Cash Flows From Investing Activities</b>			
Purchase of property, plant & equipment		(2,993)	(9,065)
<b>Net cash flows from/(used in) investing activities</b>		<u>(2,993)</u>	<u>(9,065)</u>
<b>Cash Flows From Financing Activities</b>			
Dividends paid		-	-
<b>Net cash flows from/(used in) financing activities</b>		<u>-</u>	<u>-</u>
<b>Net increase/(decrease) in cash held</b>		<u>(63,807)</u>	<u>(92,028)</u>
Cash and cash equivalents at start of year		(271,260)	(179,232)
<b>Cash and cash equivalents at end of year</b>	16a	<u><u>(335,067)</u></u>	<u><u>(271,260)</u></u>

The accompanying notes form part of these financial statements

**Bentley & Districts Community Financial Services Limited**  
**ABN 99 109 035 967**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2013**

The financial statements and notes represent those of Bentley & Districts Community Financial Services Limited.

Bentley & Districts 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 November 2013.

## **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, where 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 the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the company incurred an after tax loss of \$76,912 and had net cash outflows from operating activities of \$60,814 for the year ended 30 June 2013. The company has incurred losses since its incorporation.

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 factors:

- (i) The company recognises that losses will be incurred during the start up phase of the business and while market access is being developed;
- (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 for \$370,000 on commercial terms and conditions; and
- (iii) The directors will continue to review the growth forecast budget and cashflows throughout the 2013/14 year.

**Bentley & Districts Community Financial Services Limited**

**ABN 99 109 035 967**

**Notes to the Financial Statements**

**For the year ended 30 June 2013**

**1. Summary of significant accounting policies (continued)**

**(c) 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.

**(d) 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:

<i>Class of Asset</i>	<i>Depreciation Rate</i>
Plant & Equipment	20%

***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.

**Bentley & Districts Community Financial Services Limited**  
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**Notes to the Financial Statements**  
**For the year ended 30 June 2013**

**1. Summary of significant accounting policies (continued)**

**(e) 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.

**(f) 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.

**(g) 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.

**(h) 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 Comprehensive Income.

**(i) 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.

**Bentley & Districts Community Financial Services Limited**  
**ABN 99 109 035 967**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2013**

**1. Summary of significant accounting policies (continued)**

**(j) 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).

**(k) 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.

**(l) 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.

**Bentley & Districts Community Financial Services Limited**  
**ABN 99 109 035 967**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2013**

**1. Summary of significant accounting policies (continued)**

**(l) New accounting standards and interpretations not yet adopted (continued)**

**(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.

**(m) Loans and borrowings**

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

**(n) 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.

**(o) 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.

**(p) Comparative figures**

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

**(q) 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:

*Estimation of useful lives of assets*

The company determines the estimated useful lives and related depreciation and amortisation charges 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.

**Bentley & Districts Community Financial Services Limited**

**ABN 99 109 035 967**

**Notes to the Financial Statements**

**For the year ended 30 June 2013**

**1. Summary of significant accounting policies (continued)**

**(q) Critical accounting estimates and judgements (continued)**

*Income tax*

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.

*Impairment*

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.

**(r) 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.



**Bentley & Districts Community Financial Services Limited****ABN 99 109 035 967****Notes to the Financial Statements****For the year ended 30 June 2013****1. Summary of significant accounting policies (continued)****(r) Financial instruments (continued)****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.

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>2. Revenue and other income</b>		
Revenue		
- services commissions	495,814	471,620
- other revenue	2,104	7,054
	<u>497,918</u>	<u>478,674</u>
<b>3. Expenses</b>		
Employee benefits expense		
- wages and salaries	284,005	295,820
- superannuation costs	10,924	22,627
- workers' compensation costs	288	205
- other costs	25,674	22,856
	<u>320,891</u>	<u>341,508</u>
Depreciation of non-current assets:		
- plant and equipment	2,559	2,183
Amortisation of non-current assets:		
- intangible assets	13,454	13,454
	<u>16,013</u>	<u>15,637</u>
Finance Costs:		
- Interest paid	16,346	15,338
Bad debts	1,147	825

**Bentley & Districts Community Financial Services Limited**

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**Notes to the Financial Statements**

**For the year ended 30 June 2013**

**4. Tax Expense**

**2013**

**2012**

**\$**

**\$**

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

Prima facie tax on profit/(loss) before income tax at 30% (2012: 30%)	(14,245)	(32,141)
---	----------	----------

Add tax effect of:

- Tax loss not brought to account	14,245	32,141
- Non-deductible expenses	-	-

*Current income tax expense*

-	-
---	---

Income tax attributable to the entity

-	-
---	---

The applicable weighted average effective tax rate is

-	-
---	---

**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.

-	-
---	---

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

**5. Auditors' remuneration**

Remuneration of the auditor for:

- Audit or review of the financial report	3,900	3,900
- Taxation services	500	500
	<u>4,400</u>	<u>4,400</u>

**6. Cash and cash equivalents**

Cash at bank and on hand

<u>750</u>	<u>750</u>
------------	------------

**7. Trade and other receivables**

**Current**

Trade debtors	4,013	5,160
Other assets	29,682	18,168
	<u>33,695</u>	<u>23,328</u>

**Bentley & Districts Community Financial Services Limited**

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**Notes to the Financial Statements**

**For the year ended 30 June 2013**

**7. Trade and other receivables (continued)**

**Credit risk**

The company has no significant concentration of credit risk with respect to any single group or company 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	
<b>2013</b>						
Trade receivables	4,013	-	-	-	4,013	-
Other receivables	29,682	-	-	-	-	29,682
<b>Total</b>	<b>33,695</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,013</b>	<b>29,682</b>
<b>2012</b>						
Trade receivables	5,160	-	-	-	-	5,160
Other receivables	18,168	-	-	-	-	18,168
<b>Total</b>	<b>23,328</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,328</b>

	2013 \$	2012 \$
<b>8. Property, plant and equipment</b>		
<i>Plant and equipment</i>		
At cost	28,283	28,283
Less accumulated depreciation	(27,349)	(27,112)
Total written down amount	934	1,171
<i>Computer Equipment</i>		
At cost	142	142
Less accumulated depreciation	(72)	(44)
Total written down amount	70	98
<i>Furniture and fittings</i>		
At cost	86,407	83,415
Less accumulated depreciation	(83,514)	(83,415)
Total written down amount	2,893	-
<i>Leasehold improvements</i>		
At cost	109,457	109,457
Less accumulated depreciation	(103,410)	(101,216)
Total written down amount	6,047	8,241
	9,944	9,510

**Bentley & Districts Community Financial Services Limited**

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**Notes to the Financial Statements**

**For the year ended 30 June 2013**

<b>8. Property, plant and equipment (continued)</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>Movements in carrying amounts</b>		
<i>Plant and equipment</i>		
Carrying amount at beginning of year	1,171	-
Additions	-	1,200
Disposals	-	-
Depreciation expense	(237)	(29)
Carrying amount at end of year	<u>934</u>	<u>1,171</u>
<i>Computer Equipment</i>		
Carrying amount at beginning of year	98	126
Additions	-	-
Disposals	-	-
Depreciation expense	(28)	(28)
Carrying amount at end of year	<u>70</u>	<u>98</u>
<i>Furniture and fittings</i>		
Carrying amount at beginning of year	2,993	132
Additions	-	-
Disposals	-	-
Depreciation expense	(100)	(132)
Carrying amount at end of year	<u>2,893</u>	<u>-</u>
<i>Leasehold improvements</i>		
Carrying amount at beginning of year	8,241	2,370
Additions	-	7,865
Disposals	-	-
Depreciation expense	(2,194)	(1,994)
Carrying amount at end of year	<u>6,047</u>	<u>8,241</u>
	<u>9,944</u>	<u>9,510</u>
<b>9. Intangible assets</b>		
<i>Franchise Fee</i>		
At cost	67,268	67,268
Less accumulated amortisation	(49,331)	(35,877)
	<u>17,937</u>	<u>31,391</u>
<i>Preliminary expenses</i>		
At cost	933	933
Less accumulated amortisation	-	-
	<u>933</u>	<u>933</u>
	<u>18,870</u>	<u>32,324</u>

**Bentley & Districts Community Financial Services Limited**

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**Notes to the Financial Statements**

**For the year ended 30 June 2013**

<b>9. Intangible assets (continued)</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>Movements in carrying amounts</b>		
<i>Franchise fees</i>		
Balance at the beginning of the reporting period	31,391	44,845
Additions	-	-
Disposals	-	-
Amortisation expense	(13,454)	(13,454)
Balance at the end of the reporting period	<u>17,937</u>	<u>31,391</u>
<i>Preliminary costs</i>		
Balance at the beginning of the reporting period	933	933
Additions	-	-
Disposals	-	-
Amortisation expense	-	-
Balance at the end of the reporting period	<u>933</u>	<u>933</u>
<b>10. Trade and other payables</b>		
<b>Current</b>		
Unsecured liabilities:		
Trade creditors	11,099	8,751
GST payable	8,332	13,689
Superannuation payable	14,636	-
	<u>34,067</u>	<u>22,440</u>
<b>11. Borrowings</b>		
Bank overdraft	<u>335,818</u>	<u>272,011</u>
	<u>335,818</u>	<u>272,011</u>
The company has an overdraft facility of \$370,000 which is subject to normal terms and conditions. At the reporting date the annual overdraft percentage rate was 5.104%.		
<b>12. Provisions</b>		
Employee benefits	<u>6,925</u>	<u>8,100</u>
<b>Movement in employee benefits</b>		
Opening balance	8,100	8,100
Additional provisions recognised	20,672	22,755
Amounts utilised during the year	(21,847)	(22,755)
Closing balance	<u>6,925</u>	<u>8,100</u>
<b>Current</b>		
Annual Leave	<u>6,925</u>	<u>8,100</u>
	<u>6,925</u>	<u>8,100</u>

**Bentley & Districts Community Financial Services Limited**  
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**Notes to the Financial Statements**  
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**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.

At the reporting date there was no 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 \$
<b>13. Share capital</b>		
886,710 Ordinary Shares fully paid of \$1 each	886,710	886,710
Less: Equity raising costs	-	-
	<u>886,710</u>	<u>886,710</u>
<b>Movements in share capital</b>		
Fully paid ordinary shares:		
At the beginning of the reporting period	886,710	886,710
Shares issued during the year	-	-
At the end of the reporting period	<u>886,710</u>	<u>886,710</u>

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
- (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%.

**Bentley & Districts Community Financial Services Limited****ABN 99 109 035 967****Notes to the Financial Statements****For the year ended 30 June 2013****13. Share capital (continued)****Capital management (continued)**

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 \$
<b>14. Accumulated losses</b>		
Balance at the beginning of the reporting period	(1,123,349)	(1,030,604)
Correction of error	-	14,393
Restated balance at the beginning of the reporting period	(1,123,349)	(1,016,211)
Profit/(loss) after income tax	(76,912)	(107,138)
Balance at the end of the reporting period	<u>(1,200,261)</u>	<u>(1,123,349)</u>

**15. Correction of error**

In prior years an incorrect adjustment was made to GST payable and PAYG payable (included in trade creditors) in error. This has subsequently been corrected through equity.

The affected reported balances at 30 June 2012 and restated balances as at 1 July 2012 are shown below:

**GST Payable and Trade Creditors**

Balance at beginning of financial year GST Payable	25,967
Balance at beginning of financial year PAYG Payable	10,866
GST Payable error correction	12,278
PAYG Payable error correction	2,115
Restated balance at beginning of financial year GST Payable	13,689
Restated balance at beginning of financial year PAYG Payable	8,751

**Equity 2012**

Balance at beginning of financial year	(1,137,742)
Movement in accumulated losses - GST Payable and PAYG Payable correction	14,393
Restated balance at beginning of financial year	<u>(1,123,349)</u>

**16. Statement of cash flows**

*(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	750	750
less Bank overdraft	(335,818)	(272,011)
As per the statement of cash flow	<u>(335,068)</u>	<u>(271,261)</u>

**Bentley & Districts Community Financial Services Limited**

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**Notes to the Financial Statements**

**For the year ended 30 June 2013**

<b>16. Statement of cash flows (continued)</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities</b>		
Profit / (loss) after income tax	(76,912)	(107,138)
Non cash items		
- Depreciation	2,559	2,183
- Amortisation	13,454	13,454
Changes in assets and liabilities		
- (Increase) decrease in receivables	(10,367)	9,836
- (Increase) decrease in deferred tax asset	-	-
- Increase (decrease) in payables	11,627	(1,298)
- Increase (decrease) in provisions	(1,175)	-
Net cash flows from/(used in) operating activities	<u>(60,814)</u>	<u>(82,963)</u>

**(c) Credit standby arrangement and loan facilities**

The company has a bank overdraft and commercial bill facility amounting to \$370,000 (2012: \$345,000). This may be terminated at any time at the option of the bank. At 30 June 2013, \$335,818 of this facility was used (2012: \$272,011). Variable interest rates apply to these overdraft and bill facilities.

**17. 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.

Chairman Kevin Taylforth (on behalf of KZJ International Pty Ltd) was paid \$24,000 (2012: \$22,000) for administration duties/services for the year ended 30 June 2013. A rent contribution was also paid during the financial year of \$Nil (2012: \$2,887.50). These payments were made under normal commercial terms and conditions.

Director Joseph Tilli (on behalf of P Tilli & Co) received a payment of \$Nil (2012: \$1,047) during the financial year for services provided to the Company.

**(d) Key management personnel shareholdings**

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



**Bentley & Districts Community Financial Services Limited**

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**Notes to the Financial Statements**

**For the year ended 30 June 2013**

**17. Related party transactions (continued)**

	<b>2013</b>	<b>2012</b>
Kevin Maurice Taylforth	550	150
Joseph Tilli	13,000	10,000
Paul Hansen	150	150
Rosa Cummins	-	-
Peter Lam	-	-
Glen Hutchings	-	-

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.

**(e) Other key management transactions**

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

**18. Events after the reporting period**

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

**19. Contingent liabilities and assets**

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

**20. 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 Bentley, Western Australia. The company has a franchise agreement in place with Bendigo & Adelaide Bank Limited who account for 100% of the revenue (2012: 98%).

**21. Company details**

The registered office is:

9/940 Albany Highway,  
East Victoria Park WA 6981

The principal place of business is:

Shop 13, 1140 Albany Highway,  
East Victoria Park WA 6981

**Bentley & Districts Community Financial Services Limited**  
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**22. Earnings per share**

**2013**

**2012**

**\$**

**\$**

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:

Profit/(loss) after income tax expense	<u>(76,912)</u>	<u>(107,138)</u>
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>886,710</u>	<u>886,710</u>

**23. Dividends paid or provided for on ordinary shares**

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

**Bentley & Districts Community Financial Services Limited****ABN 99 109 035 967****Notes to the Financial Statements****For the year ended 30 June 2013****24. 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 \$
<b>Financial Assets</b>			
Cash & cash equivalents	6	750	750
Trade and other receivables	7	33,695	23,328
<b>Total Financial Assets</b>		<u>34,445</u>	<u>24,078</u>
<b>Financial Liabilities</b>			
Trade and other payables	10	34,067	22,440
Bank overdraft	11	335,818	272,011
<b>Total Financial Liabilities</b>		<u>369,885</u>	<u>294,451</u>

**Financial Risk Management Policies**

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

**Specific Financial Risk Exposure and Management**

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.

Note 7 represents the assets of the company past due of \$4,013 (2012: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets that are 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.

**Bentley & Districts Community Financial Services Limited**

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**Notes to the Financial Statements**

**For the year ended 30 June 2013**

**(a) Credit Risk (continued)**

**Cash and cash equivalents:**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
A rated	<u>-</u>	<u>750</u>

**(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 \$370,000 with Bendigo & Adelaide Bank Limited.

Financial liability and financial asset maturity analysis:

<b>30 June 2013</b>	<b>Note</b>	<b>Total \$</b>	<b>Within 1 year \$</b>	<b>1 to 5 years \$</b>	<b>Over 5 years \$</b>
<b>Financial Liabilities due</b>					
Trade and other payables	10	34,067	34,067	-	-
Loans and borrowings	11	335,818 *	335,818	-	-
<b>Total expected outflows</b>		<u>369,885</u>	<u>369,885</u>	<u>-</u>	<u>-</u>
<b>Financial Assets - realisable</b>					
Cash & cash equivalents	6	750	750	-	-
Trade and other receivables	7	33,695	33,695	-	-
<b>Total anticipated inflows</b>		<u>34,445</u>	<u>34,445</u>	<u>-</u>	<u>-</u>
<b>Net (Outflow)/inflow</b>		<u>(335,440)</u>	<u>(335,440)</u>	<u>-</u>	<u>-</u>
<b>30 June 2012</b>					
		<b>Total \$</b>	<b>Within 1 year \$</b>	<b>1 to 5 years \$</b>	<b>Over 5 years \$</b>
<b>Financial Liabilities due</b>					
Trade and other payables	10	36,833	36,833	-	-
Loans and borrowings	11	272,011 *	272,011	-	-
<b>Total expected outflows</b>		<u>308,844</u>	<u>308,844</u>	<u>-</u>	<u>-</u>
<b>Financial Assets - realisable</b>					
Cash & cash equivalents	6	750	750	-	-
Trade and other receivables	7	23,328	23,328	-	-
<b>Total anticipated inflows</b>		<u>24,078</u>	<u>24,078</u>	<u>-</u>	<u>-</u>
<b>Net (Outflow)/inflow on financial instruments</b>		<u>(284,766)</u>	<u>(284,766)</u>	<u>-</u>	<u>-</u>

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

**Bentley & Districts Community Financial Services Limited**  
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**Notes to the Financial Statements**  
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**(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:

<b>Financial assets</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents (net of bank overdrafts)	5.104%	6.452%

**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.

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

	<b>Profit</b>	<b>Equity</b>
	<b>\$</b>	<b>\$</b>
<b>Year ended 30 June 2013</b>		
+/- 1% in interest rates (interest income)	8	8
	<u>8</u>	<u>8</u>
<b>Year ended 30 June 2012</b>		
+/- 1% in interest rates (interest income)	8	8
	<u>8</u>	<u>8</u>

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.

**Bentley & Districts Community Financial Services Limited**  
**ABN 99 109 035 967**  
**Directors' Declaration**

In accordance with a resolution of the Directors of Bentley & Districts 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 6 to 28 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.



Peter Lam  
Director

Signed at 9/940 Albany Highway, East Victoria Park on 27 November 2013.