Boorowa Community Financial Services Limited

ABN 76 093 519 094

ANNUAL REPORT 2013

Boorowa **Community Bank®** Branch

Contents

Chairman’s report

For year ending 30 June 2013

Thanks to the support of our **Community Bank®** branch customers and shareholders, our **Community Bank®** company has enjoyed another successful year. We have achieved an operating profit of $511,076 compared to $466,564 last financial year. The small decline in Profit (before income tax) is due to a $48,000 increase in charitable donations and sponsorships. This is an enormous achievement in the current economic environment where all banks are facing higher funding costs and are struggling to maintain profitability.

Over the past year, $219,000 was returned to the community in the form of community grants and sponsorships, with a further $58,000 being returned to local shareholders. These community grants and sponsorships have made a significant difference to a number of local organisations. Recipients of grants included Rugby Hall Kitchen upgrade, Reids Flat Hall fire exit, Yass Bowling Club Disabled toilet and ramp access, Boorowa Men’s Den seating, Boorowa Railway Mob railway display, Burrowa House Aged Care Facility air conditioning, Life Education Van booklets, Southwest Regional Library children’s program and Boorowa Lions Club catering equipment. Sponsorship included Snowy Hydro Southcare Helicoptor, Boorowa Rugby Club field upgrade and Boorowa Tennis Club court upgrade. Events sponsored included Boorowa Show, Boorowa Picnic Races, Woolfest, Carols by Candlelight, Boorowa Quickshear, Boorowa International Women’s Day, Hilltops Harvest Festival, Boorowa Working Dog Trials, Boorowa Education Ball, Boorowa 2015 RSL Remembers and a large number of sporting events.

Thank you to our **Community Bank®** branch staff, our partners at Bendigo and Adelaide Bank and my fellow Board members who all contribute to the success of our branch. Our staff, led by Greg Pryor, provides the wonderful service that we all enjoy on a daily basis. A special congratulations to Greg Pryor who has continued to build business during these difficult economic times. Finally, thank you to you the shareholders, who have made our branch possible. We look forward to working together to achieving ongoing profitability and a stronger community.

Sue Corcoran
Chairman

Manager's report

For year ending 30 June 2013

It is with great pleasure, now in our 12th year of trading, that the Boorowa **Community Bank®** Branch has continued to grow and the commitment to the community is stronger than ever.

Our results over the past financial year through very difficult and challenging economic times, has been a direct result of the support from the community of the **Community Bank®** branch.

Business levels are now in excess of $100 million and we hold over 3,600 accounts.

The message is clear, 12 years on and more important than ever, the **Community Bank®** model has been embraced and by banking with us, you help generate profits which in turn go back to the community via various projects, sponsorships, donations and dividends.

Once again I will acknowledge the great support of the Board, Bendigo and Adelaide Bank and most importantly the staff, whose enthusiasm has not waned, and strive for continued success.

Lastly, I would like to thank again our loyal customers, whom without their ongoing support, the continued success of the branch would not be possible.

Greg Pryor
Manager

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:

Sue-Anne Corcoran
Chairman
Local Business Operator for 21 years

Michelle Fahey
Company Secretary
Primary School Principal

Graham Simmonds
Director
Retired Stock & Station Agent

Sonia Workman
Treasurer
Finance Manager, Yass Valley Council

Neil Gorham
Director
Retired Grazier and Local Councillor

Tim McGrath
Director
Local Farmer

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 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.

Operating results

The profit of the company for the financial year after provision for income tax was $204,153 (2012 profit: $208,980).

Financial position

The net assets of the company have increased by $146,057 from 30 June 2012 to $1,436,901 in 2013. The increase is largely due to improved operating performance of the company.

Dividends

	Year ended 30 June 2013	
	Cents per share	$
Final dividends recommended:	nil	nil
Dividends paid in the year:		
- Interim for the year	15	58,097
- As recommended in the prior year report	nil	nil

Directors' report (continued)

Significant changes in the state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report.

Events after the reporting period

Since balance date, the world financial markets have shown volatility that may have an impact on investment earnings in the 2013/2014 financial year. The company continues to maintain a conservative investment strategy to manage the exposure to market volatility.

There are no other matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company, in future years.

Future developments

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

Environmental issues

The company is not subject to any significant environmental regulation.

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.

Remuneration report

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 attended during the year were:

Director	Board meetings #
Sue-Anne Corcoran	10 (10)
Sonia Workman	9 (10)
Michelle Fahey	9 (10)
Neil Gorham	6 (10)
Graham Simmonds	8 (10)
Tim McGrath	9 (10)

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.

Company Secretary

Michelle Fahey has been the Company Secretary of Boorowa Community Financial Services Limited since 2004.

Corporate governance

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

(a) Director approval of operating budgets and monitoring of progress against these budgets;

(b) Ongoing Director training; and

(c) Monthly Director meetings to discuss performance and strategic plans.

Non audit services

The Directors 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 Directors prior to commencement to ensure they do not adversely affect 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.

Directors' report (continued)

Auditor independence declaration

The Auditor's independence declaration for the year ended 30 June 2013 has been received and can be found on the following page of this financial report.

Signed in accordance with a resolution of the Board of Directors at Boorowa on 30 September 2013.

Sue-Anne Corcoran
Director

Auditor’s independence declaration

To the Directors of Boorowa 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 have been:

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

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

Grant L Pearce
Chartered Accountant

35 Montague Street, Goulburn NSW

Date: 1 October 2013

Financial statements

Statement of comprehensive income for the year ended 30 June 2013

	Note	2013 $	2012 $
Revenue	2	1,071,328	1,010,497
Employee benefits expense	3	(360,980)	(337,253)
Depreciation and amortisation expense	3	(34,759)	(41,440)
Other expenses		(164,513)	(165,240)
Operating profit/(loss) before charitable donations & sponsorships		**511,076**	**466,564**
Charitable donations and sponsorships		(219,429)	(171,061)
Profit/(loss) before income tax expense		**291,647**	**295,503**
Income tax (expense) / benefit	4	(87,494)	(86,522)
Net Profit/(loss) for the year		**204,153**	**208,980**
Other comprehensive income		-	-
Total comprehensive income for the year		**204,153**	**208,980**
Earnings per share (cents per share)			
- basic for profit / (loss) for the year	21	52.71	53.96
- diluted for profit / (loss) for the year	21	52.71	53.96

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2013

	Note	2013 $	2012 $
Assets			
Current assets			
Cash and cash equivalents	6	775,328	603,520
Receivables	7	98,639	106,147
Total current assets		**873,967**	**709,667**
Non-current assets			
Property, plant and equipment	8	641,072	653,364
Deferred tax asset	4	14,684	12,185
Intangible assets	9	23,808	33,808
Total non-current assets		**679,564**	**699,358**
Total assets		**1,553,531**	**1,409,025**
Liabilities			
Current liabilities			
Payables	10	28,344	33,425
Current tax payable	11	16,522	18,529
Provisions	12	53,631	48,095
Total current liabilities		**98,497**	**100,048**
Non-current liabilities			
Deferred tax liabilities	4	18,132	18,132
Total current liabilities		**18,132**	**18,132**
Total liabilities		**116,630**	**118,181**
Net assets / (liabilities)		**1,436,901**	**1,290,844**
Equity			
Issued capital	13	387,310	387,310
Reserves		59,498	59,498
Retained earnings / (accumulated losses)	14	990,093	844,036
Total equity		**1,436,901**	**1,290,844**

The accompanying notes form part of these financial statements.

Statement of cash flows
for the year ended 30 June 2013

	Note	2013 $	2012 $
Cash flows from operating activities			
Cash receipts in the course of operations		1,049,600	1,002,353
Cash payments in the course of operations		(744,568)	(661,676)
Interest received		29,338	23,507
Income tax paid		(91,999)	(105,318)
Net cash flows from/(used in) operating activities	**15b**	**242,371**	**258,866**
Cash flows from investing activities			
Purchase of property, plant & equipment		(12,467)	(6,395)
Proceeds from sale of property		-	76,401
Net cash flows from/(used in) investing activities		**(12,467)**	**70,006**
Cash flows from financing activities			
Dividends paid		(58,097)	(46,477)
Net cash flows from/(used in) financing activities		**(58,097)**	**(46,477)**
Cash and cash equivalents at start of year		603,519	321,124
Cash and cash equivalents at end of year	**15a**	**775,327**	**603,519**

The accompanying notes form part of these financial statements.

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

	Note	2013 $	2012 $
Issued capital			
Balance at start of year		387,310	387,310
Issue of share capital		-	-
Share issue costs		-	-
Balance at end of year		**387,310**	**387,310**
Retained earnings/ (accumulated losses)			
Balance at start of year		844,036	681,533
Net Profit/(loss) for the year		204,153	208,979
Dividends paid	22	(58,097)	(46,477)
Balance at end of year		**990,093**	**844,036**
Asset revaluation reservce			
Balance at start of year		59,498	72,248
Increase (decrease) in reserves		-	(12,750)
Balance at end of year		**59,498**	**59,498**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2013

Note 1. Summary of significant accounting policies

(a) Basis of preparation

Boorowa Community Financial Services Limited ('the company') is domiciled in Australia. The financial statements for the year ending 30 June 2013 are presented in Australian dollars. The company was incorporated in Australia and the principal operations involve providing **Community Bank®** services.

The financial statements are general purpose financial statements, that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authorative pronouncements of the Australian Accounting Standards Board (AASB) 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 AASB 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 as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

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

The financial statements require judgements, estimates and assumptions to be made that affect the application of accounting policies. Actual results may differ from these estimates.

The financial statements were authorised for issue by the Directors on 30 September 2013.

(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.

Note 1. Summary of significant accounting policies (continued)

(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
Buildings	2.50%
Plant & equipment	10-20%

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.

(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 taxation authority. 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 with the amount of GST included.

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

Note 1. Summary of significant accounting policies (continued)

(e) Goods and services tax (continued)

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(f) Employee benefits

The provision for employee benefits to wages, salaries and annual leave represents the amount which the company has a present obligation to pay resulting from employees' services provided up to the reporting date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

The company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

(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 changes for intangible assets are included under depreciation and amortisation expense per the Statement of Comprehensive Income.

(h) Cash

Cash on hand and in banks are stated at nominal value.

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

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

(j) Receivables and payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. 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.

(k) New accounting standards for application in future periods

Australian Accounting Standards that have been recently issued or amended but not yet effective have not been adopted in the preparation of these financial statements. These changes have been assessed by Directors and determined they will not have a material impact on the company's financial statements.

(l) Loans and borrowings

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

(m) Provisions

Provisions are recognised when the company has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

Note 1. Summary of significant accounting policies (continued)

(m) Provisions (continued)

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:

Estimation of useful lives of assets

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.

Income tax

The company is subject to income tax. Significant judgement is required in determining the provision for income tax.

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.

(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.

Note 1. Summary of significant accounting policies (continued)

(q) Financial instruments (continued)

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 costs is calculated as the amount which the financial asset or financial liability is measured at initial recognition less principal 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.

(ii) Financial liabilities

Non derivative financial liabilities are subsequently measured at amortised cost.

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 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 are experiencing significant financial difficulty or changes in economic conditions.

	2013 $	**2012 $**

Note 2. Revenue

	2013 $	**2012 $**
Revenue from continuing activities		
- services commissions	1,041,642	1,010,302
Other revenue		
- interest received	29,338	23,507
- other revenue	348	(23,313)
	29,686	**194**
	1,071,328	**1,010,497**

	2013 $	2012 $

Note 3. Expenses

	2013 $	2012 $
Employee benefits expense		
- wages and salaries	328,579	307,627
- superannuation costs	28,881	26,105
- other costs	3,520	3,521
	360,980	**337,253**
Depreciation of non-current assets:		
- plant and equipment	8,774	11,182
- buildings	15,986	20,258
Amortisation of non-current assets:		
- intangible assets	10,000	10,000
	34,759	**41,440**
Bad debts	12	331

Note 4. Income tax expense

The prima facie tax on profit/(loss) 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%	87,494	88,651
Add tax effect of:		
- Non-deductible expenses	-	7,367
- Prepayments and accruals	2,499	(3,604)
Current income tax expense	**89,993**	**92,413**
Origination and reversal of temporary differences	(2,499)	(5,891)
Income tax expense	**87,494**	**86,522**
Tax liability		
Current tax payable	16,522	18,529
Deferred tax assets		
Future income tax benefits arising from temporary differences relating to provision for employee benefits	14,684	12,185
Deferred income tax liability		
Deferred income tax liability is recongnised at reporting date as realisation of the liability as probable	18,132	18,132

	2013 $	2012 $

Note 5. Auditors' remuneration

	2013 $	2012 $
Remuneration of the Auditor for:		
- Audit or review of the financial report	3,900	3,900
- Taxation services	2,300	2,200
	6,200	**6,100**

Note 6. Cash and cash equivalents

	2013 $	2012 $
Cash at bank and on hand	**775,328**	**603,520**

Note 7. Receivables

	2013 $	2012 $
Trade debtors	91,432	99,054
Other assets	7,207	7,093
	98,639	**106,147**

Note 8. Property, plant and equipment

	2013 $	2012 $
Land		
Freehold land & buildings - at valuation	135,980	135,980
Freehold land & buildings - at cost	384,118	384,118
	520,098	**520,098**
Buildings		
At cost	153,993	141,526
Less accumulated depreciation	(68,856)	(52,870)
	85,137	**88,656**
Plant and equipment		
At cost	126,376	126,376
Less accumulated depreciation	(90,539)	(81,766)
	35,837	**44,610**
Total written down amount	**641,072**	**653,364**

Note 8. Property, plant and equipment (continued)

	2013 $	2012 $
Movements in carrying amounts		
Buildings		
Carrying amount at beginning of year	88,656	108,914
Additions	12,467	-
Disposals	-	-
Depreciation expense	(15,986)	(20,258)
Carrying amount at end of year	**85,137**	**88,656**
Plant and equipment		
Carrying amount at beginning of year	44,611	49,397
Additions	-	6,396
Disposals	-	-
Depreciation expense	(8,774)	(11,182)
Carrying amount at end of year	**35,837**	**44,611**

Note 9. Intangible assets

	2013 $	2012 $
Franchise fee		
At cost	50,000	50,000
Less accumulated amortisation	(26,192)	(16,192)
	23,808	**33,808**

Note 10. Payables

	2013 $	2012 $
Trade creditors	10,840	10,335
Other creditors and accruals	17,505	23,090
	28,344	**33,425**

Note 11. Current tax liabilities

	2013 $	2012 $
Current tax payable	16,522	18,529
	16,522	**18,529**

	2013 $	2012 $

Note 12. Provisions

	2013 $	2012 $
Employee benefits	**53,631**	**48,095**
Movement in employee benefits		
Opening balance	48,095	45,538
Additional provisions recognised	5,754	4,448
Amounts utilised during the year	(218)	(1,891)
Closing balance	**53,631**	**48,095**

Note 13. Share capital

	2013 $	2012 $
387,310 Ordinary Shares fully paid of $1 each	387,310	387,310
	387,310	**387,310**

Note 14. Retained earnings / (accumulated losses)

	2013 $	2012 $
Balance at the beginning of the financial year	844,036	681,533
Profit/(loss) after income tax	204,153	208,980
Dividends	(58,097)	(46,477)
Retained profits	**990,093**	**844,036**

Note 15. Statement of cash flows

	2013 $	2012 $
(a) Cash and cash equivalents		
Cash assets	775,327	603,519
	775,327	**603,519**
(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities		
Profit / (loss) after income tax	204,153	208,980
Non cash items		
- Depreciation	24,759	31,440
- Amortisation	10,000	10,000
- (Profit)/loss on sale of property, plant & equipment	-	24,556

Notes to the financial statements (continued)

	2013 $	2012 $
Note 15. Statement of cash flows (continued)		
Changes in assets and liabilities		
- (Increase) decrease in receivables	7,622	(8,861)
- (Increase) decrease in prepayments	(114)	(397)
- Increase (decrease) in future income tax benefit	(2,499)	6,859
- Increase (decrease) in payables	505	838
- Increase (decrease) in provisions	(2,055)	(14,548)
Net cashflows from/(used in) operating activities	**242,371**	**258,866**

Note 16. Director and related party disclosures

The names of Directors who have held office during the financial year are:

Sue-Anne Corcoran

Sonia Workman

Michelle Fahey

Neil Gorham

Graham Simmonds

Tim McGrath

No Director or related entity has entered into a material contract with the company. No Director's fees have been paid as the positions are held on a voluntary basis.

Directors' shareholdings	2013	2012
Sue-Anne Corcoran	5,000	5,000
Sonia Workman	1,000	1,000
Michelle Fahey	500	500
Neil Gorham	500	500
Graham Simmonds	1,000	1,000
Tim McGrath	500	500

The holdings of Michelle Fahey, Sonia Workman and Graham Simmonds are held jointly with their spouses. There was no movement in Directors shareholdings during the year. Each share held has a paid up value of $1 and is fully paid.

Notes to the financial statements (continued)

Note 17. Events after the reporting period

Since balance date, the world financial markets have shown volatility that may have an impact on investment earnings in the 2013/2014 financial year. The company continues to maintain a conservative investment strategy to manage the exposure to market volatility.

There have been no other 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 Boorowa, NSW. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2011: 100%).

Note 20. Corporate information

Boorowa Community Financial Services Limited is a company limited by shares incorporated in Australia.

The registered office & principle place of business is: 32 Marsden Street, Boorowa NSW

	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	**204,153**	**208,980**
Weighted average number of ordinary shares for basic and diluted earnings per share	**387,310**	**387,310**

	2013 $	2012 $

Note 22. Dividends paid or provided for on ordinary shares

	2013 $	2012 $
(a) Dividends proposed and recognised as a liability		
Franked dividends - nil cents per share (2012: nil cents)	-	-
(b) Dividends paid during the year		
Current year interim		
Franked dividends - 15 cents per share (2012: 12 cents per share)	58,097	46,477
(d) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
- Franking account balance as at the end of the financial year	454,817	362,821
- Franking credits that will arise from the payment of income tax payable as at the end of the financial year	16,522	18,529
	471,339	**381,350**

The tax rate at which dividends have been franked is 30% (2012: 30%).
Dividends proposed will be franked at a rate of 30% (2012: 30%).

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 are as follows:

	Note	2013 $	2012 $
Financial assets			
Cash & cash equivalents	6	775,328	603,520
Receivables	7	98,639	106,147
Total financial assets		**873,967**	**709,667**
Financial liabilities			
Payables	10	28,344	33,425
Income Tax	11	16,522	18,529
Total financial liabilities		**44,867**	**51,954**

Note 23. Financial risk management (continued)

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.

The maximum exposure to credit risk at reporting date to recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position and notes to the financial statements.

The company's maximum exposure to credit risk at reporting date was:

	Carrying amount	
	2013 $	**2012 $**
Cash and cash equivalents	775,328	603,520
Receivables	98,639	106,147
	873,967	**709,667**

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.

(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.

Note 23. Financial risk management (continued)

(b) Liquidity risk (continued)

Financial liability and financial asset maturity analysis

30 June 2013	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial liabilities due for payment				
Payables	28,344	28,344	–	–
Income tax	16,522	16,522	–	–
Total expected outflows	**44,867**	**44,867**	**–**	**–**
Financial assets - cashflow realisable				
Cash & cash equivalents	775,328	775,328	–	–
Receivables	98,639	98,639	–	–
Total anticipated inflows	**873,967**	**873,967**	**–**	**–**
Net (outflow)/inflow financial instruments	**918,833**	**918,833**	**–**	**–**

30 June 2012	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial liabilities due for payment				
Payables	33,425	33,425	–	–
Income tax	18,529	18,529	–	–
Total expected outflows	**51,954**	**51,954**	**–**	**–**
Financial assets - cashflow realisable				
Cash & cash equivalents	603,520	603,520	–	–
Receivables	106,147	106,147	–	–
Total anticipated inflows	**709,667**	**709,667**	**–**	**–**
Net (outflow)/inflow financial instruments	**761,621**	**761,621**	**–**	**–**

Financial assets pledged as collateral

There are no material amounts of collateral held as security as at June 30 2013 and June 30 2012.

Note 23. Financial risk management (continued)

(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 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.

Sensitivity analysis

At the reporting date the interest rate profile of the company's interest bearing financial instruments was:

	Carrying amount	
	2013 $	**2012 $**
Fixed rate instruments		
Financial assets	740,957	492,115
Financial liabilities	-	-
	740,957	**492,115**
Floating rate instruments		
Financial assets	34,370	111,406
Financial liabilities	-	-
	34,370	**111,406**

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. For the analysis performed on the same basis as at 30 June 2011 there was also no impact. As at both dates this assumes all other variables remain constant.

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Note 23. Financial risk management (continued)

(d) Price risk (continued)

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.

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%.

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 Comprehensive Income.

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

Directors' declaration

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

1 the financial statements and notes of the company 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.

Sue-Anne Corcoran
Director

Signed at Boorowa on 30 September 2013.

Independent audit report

Boorowa Community Financial Services Limited

ABN 76 093 519 094

Independent Audit Report

Report on the financial report

We have audited the accompanying financial report of Boorowa Community Financial Services Limited, which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and 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.

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 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.

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 entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the Directors of Boorowa Community Financial Services Ltd., would be in the same terms if given to the Directors as at the time of this Auditor's report.

Independent audit report (continued)

Opinion

In our opinion:

(a) the financial report of Boorowa Community Financial Services Ltd. is in accordance with the Corporations Act 2001, including:

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

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

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

Grant L Pearce,

Laterals GLP Chartered Accountants

35 Montague Street, Goulburn

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(BMPAR13121) (09/13)

Bendigo Bank