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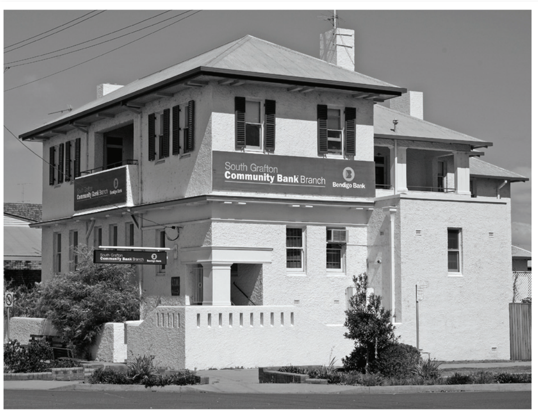

Chairman's report

For year ending 30 June 2013

In the 2013 financial year we further witnessed the impact on our **Community Bank®** branchs revenue of tighter margins in the banking industry. Significantly, in 2013 revenue was down 8.6% to $727,869 (2012: $796,426). However, expenses were down 12% with net profit after tax up 41% to $114,459 (2012: $81,225). Earnings per share were up 41% to 27.34¢ (2012: 19.40¢). Shareholder equity has increased 12% to $753,987 (2012: $673,025). We maintained a steady dividend at 8¢ per share and at the end of the financial year the cash or cash equivalent stood at $597,654 (2012: $492,538). Although trading conditions were more difficult in 2013, the financial results were pleasing.

Bendigo and Adelaide Bank remains one of the few banks globally to be awarded an upgraded credit rating since the onset of the Global Financial Crisis. It continues to be rated 'A-' by the 3 major international rating agencies in recognition of its strong performance in a challenging economic environment.

We did not conduct a **Community Bank®** Grants Program in 2013 but instead focused our available grant moneys by contributing $30,000 towards the purchase of a commuter bus for New School of Arts Neighbourhood House Inc which delivers important child care, after school and other community services in South Grafton. It was an honor to be able to assist such a worthwhile group in their time of desperate need.

Our **Community Bank®** branch is part of a national network of 300 **Community Bank®** branch's which originated in the western Victorian farming townships of Rupanyup and Minyip and which have collectively, over the last 15 years, returned over $100 million to support and strengthen local communities.

Our **Community Bank®** branch has played an important part in this remarkable achievement. We have returned in excess of $450,000 in community grants and dividends. During the year we installed a monitor in the branch to display information about community organisations which have benefited from our grants and sponsorship. I thank Callum Heath for his expert compilation of the presentation now on display.

There is a message I would like to relay to community groups. It is through the support of our customers we generate a profit which enables the grants and sponsorships returned to our community. There are many who contribute to this yield and some who seek only to enjoy the fruit. The board's focus is to encourage and support those who contribute when considering how the **Community Bank®** branch's grant money should be distributed.

Chairman's report (continued)

Mark Hunting has worked enthusiastically and tirelessly as our branch manager in the last financial year. His work beyond the branch includes chairing Clarence Ahead Inc which is a networking body for the Clarence Valley focused on improving the economic future of the valley.

During the course of the year the **Community Bank®** branch was routinely and regularly audited by representatives of Bendigo and Adelaide. I am pleased to report that on all occasions the performance of the branch has been found satisfactory. I congratulate Mark and all staff for such their excellent performance. I again record the Board's appreciation for the contribution made to the success of the branch by Mark, Jenny, Judy, Lou, Melissa and Vicki who can be relied upon for friendly, knowledgeable and efficient service.

I thank my fellow Board members for their contribution to the voluntary work of the Board over the past 12 months and I particularly wish to acknowledge the work of Laurie Marchant in his role as Company Secretary.

In conclusion I thank customers and shareholders for their continued support of the branch. It is because people and businesses do their banking with us that we are able to return benefits to our community which enables important community organisations like the New School of Arts to continue its valuable work.

Peter Robert James
Chairman

Manager's report

For year ending 30 June 2013

As our 13th full year of business draws to an end, we reflect on what has been a difficult year and acknowledge that it has been for all of the Clarence Valley. We, however, remain proud of our achievement and the continued strength and success of the South Grafton **Community Bank®** Branch.

Completing our ninth year of profit, we managed to maintain our loan book at just under $88 million, slightly behind budget. In what was within a falling interest rate market, together with a tougher local economic climate it is still regarded as a pleasing result. Our market share remains sound, and we continue to welcome and explore new business opportunities whenever they arise.

As at 30 June 2013, customer numbers remain steady at 2,500. Staff completed 33,597 cross counter transactions. An average of 646 per week.

We installed a new ATM machine to replace our older machine that had had its day. This new acquisition will ensure a more reliable service moving into the future servicing both Bendigo and Adelaide Bank and other bank customers. This last financial year saw just over 60,000 transactions, an average of 1,157 transactions per week.

We have retained our team of dedicated staff. Jenny, Judy, Vicki, Lu and Melissa who continue to provide a high standard of service in a happy, caring and friendly environment, the key hallmarks of Bendigo and Adelaide Bank's success….and what helps set us apart from our competition.

The continued dedication and support of the Directors, and the ongoing loyalty and support of shareholders and customers, is highly valued and a key to the ongoing success of this business.

The highlights of the past year include our continued involvement with many different sponsorships throughout the Clarence Valley. They include the Jacaranda Festival, the Clarence Valley Conservatorium, the South Grafton High School Breakfast program, the Clarence Valley Film Festival, Alumy Creek Trust, Clarence Valley BMX and many other sporting groups, clubs and associations. Our biggest highlight though is our commitment to purchase a bus for the New School of Arts for $30,000. They were in desperate trouble when their existing bus reached the end of its life expectancy earlier than they had expected. No bus would have meant they would have been unable to continue to provide after hours child care activities which would have been devastating for many families in the South Grafton community and its surrounds. We think it is a great fit for our **Community Bank®** branch and are thrilled to have been able to assist them.

Manager's report (continued)

It is because of this **Community Bank®** model and our customers who support and bank with us that we are able to continue to assist these organisations within the community.

More than 2,500 customers who do business with us have made this return of capital to the community possible.

We have clearly demonstrated that "our way of banking" benefits the whole community.

Mark Hunting
Manager

Treasurer's report

For year ending 30 June 2013

As the financial statements indicate, the Company's profit before income tax significantly increased by some 40% over last year's result to $114,000.

However, as the table below shows, this result is significantly lower than 2011 and 2010.

	2013	2012	2011	2010	2009
	$	$	$	$	$
Revenues	727,869	796,426	816,940	781,521	662,152
Employee Expenses	351,792	399,945	341,821	337,850	325,702
Depreciation/Amortisation	32,865	34,435	19,361	16,877	15,935
Other Expenses	164,453	188,828	156,938	154,152	156,063
Charitable Donations & Sponsorships	38,198	57,661	40,857	47,369	44,593
Profit After Tax	114,459	81,225	171,564	159,900	72,299

Two main indicators shareholders should be aware of:-

(i) The 'Restoring the Balance' policy of the franchisor is significantly reducing profit share so that income has decreased some $68,000 from last year.

(ii) Employee costs reduced by some $48,000 from last year. During the 2012 year, these costs were inflated because of the changeover of managers- with both the incumbent and successor jointly employed for several months.

It is therefore appropriate to say well done to customers and staff in achieving this satisfying result. The **Community Bank®** branch is operating in a low interest rate / low economic activity environment and trading is very competitive. Nevertheless, a fully franked 8% dividend has been declared for the 2013 year and significant community donations have been made.

Comments can also be made on the Statement of Financial Position (Balance Sheet) as at 30 June 2013. The net assets of the company are $754,000 with issued capital of $418,708. Of the assets, $699,000 comprises cash, receivables and liquid investments. As Treasurer (fully supported by the Board), it has been a priority to protect shareholders capital. Initially, as all shareholders are aware, establishing the **Community Bank®** branch involved considerable risk capital.

Treasurer's report (continued)

There can therefore be considerable satisfaction that this policy has been successful and that the company is now very well grounded.

The Board's objectives will continue to be growth of the **Community Bank®** branch customer base, making a significant contribution to the Clarence Valley community and further enhancement of shareholders' equity in the company.

Derek W Alden B. Econ (Syd) FCA
Treasurer

Director's report

For year ending 30 June 2013

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

Directors

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

Name and position held	Qualifications	Experience and Other Directorships
Peter Robert James Director since 11/08/2000 **Chairman**	B. Juris, LLB	Director - Naupe Holdings Pty Ltd, GSD Distributors Pty Ltd, Metale Holdings Pty Ltd Solicitor in private practice since 1978. Former councillor of Grafton City Council.
Laurence William Marchant Director since 11/08/2000 **Director**	Chartered Engineer Bachelor Economics Grad Dip. Econometrics Master Economics	Chief Engineer for Power Supply Authority - 22 years
Stephen Lance Ward Director since 11/08/2000 **Director**	Accounting Certificate	30 years as Small Business proprietor.
Derek William Alden Director since 11/08/2000 **Director**	B. Econ (Syd) F.C.A. JP	Many years Principal of Chartered Accountancy practice. Treasurer since commencement of Community Bank.
Mervyn Smidt Director since 15/09/2003 **Director**	Motor Engineer	Director - Smidt Holdings Pty Ltd Treasurer - South Grafton Neighbourhood Watch Salvation Army Church Council Member

Director's report (continued)

Name and position held	Qualifications	Experience and Other Directorships
Anthony Wade Director since 11/08/2000 **Director**	Chef Arborist	Self employed for majority of working life Former Councillor
Ian McGaw Director since 15/09/2003 **Director**	No tertiary qualifications	Wide experience. Over 40 years in planning, organising, displaying and reporting for agricultural exhibitions. Past Director - 22 years Caringa Enterprises Life Member Royal Agricultural Society of NSW
Brian Heath Director since 05/06/2008 **Director**	Bachelor of Science Diploma in Education	Principal of a Secondary School (6 years) Youth Director Grafton Rotary Club (4 years)
Karen Toms Director since 08/03/2012 **Director**	Certificate IV Business (Administration)	Councillor Clarence Valley Council Director- JKT & Sons Pty Ltd Member and Chair of numerous Clarence Valley Council and external organisations advisory committees.

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.

Operating Results

The profit/(loss) of the company for the financial year after providing for income tax was $114,459 (2012 profit/(loss): $81,225), which is a 41.% increase compared with the previous year.

The net assets of the company have increased to $753,987 (2012: $673,025).

The increase in profit and net assets have been achieved notwithstanding a period of low interest rates, low economic activity and a reduction in profit share from Bendigo and Adelaide Bank Limited.

	Year ended 30 June 2013	
Dividends	**Cents Per Share**	**$**
Dividends paid in the year:		
- Final dividend for the year ended 30 June 2012	8	33,497
Final dividends recommended:		
- Final dividend for the year ended 30 June 2013	8	33,497

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.

AC Small Maxwell & Co Chartered Accountants of which Derek Alden is a principal, received a fee of $16,791 (2012: $11,751) for providing accounting and share registry services to Clarence Valley Community Fiancial Services Limited throughout the year.

MJO Legal of which Peter James is a Partner received nil fees (2012: $1,630) for providing legal service to Clarence Valley Community Financial Services Limited throughout the year.

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.

Director's report (continued)

Directors Meetings

The number of Directors meetings attended during the year were:

Director:	Board Meetings #	Audit Committee Meetings #
Peter Robert James	11	N/A
Stephen Lance Ward	12	0 (0)
Laurence William Marchant	12	0 (0)
Derek William Alden	9	0 (0)
Mervyn Smidt	11	N/A
Ian McGaw	11	N/A
Anthony Wade	12	N/A
Brian Heath	9	N/A
Karen Toms	8	N/A

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

Laurence Marchant has been the company secretary of Clarence Valley Community Financial Services Limited since 2000. Mr Marchant is qualified as a Chartered Engineer, he holds a Bachelor of Economics, Graduate Diploma in Econometrics and Master of Economics. He is also a member of the Institution of Mechanical Engineers.

Auditor Indepence Declaration

A copy of the auditor’s independence declaration as required under section 307C of the Corporations Act 2001 is set at page 14 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 Grafton, New South Wales on 26 September 2013.

Peter Robert James
Chairman

Auditor's independence declaration

The directors received the following declaration from the auditor of the Company:

Richmond Sinnott & Delahunty
Chartered Accountants

Level 2, 10-16 Forest Street
Bendigo, Victoria
PO Box 30, Bendigo, VIC 3552

Telephone: (03) 5445 4200
Fax: (03) 5444 4344
Email: rsd@rsdadvisors.com.au
www.rsdadvisors.com.au

Auditor's Independence Declaration under section 307C of the Corporations Act 2001 to the Directors of Clarence Valley 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

W Sinnott
Richmond Sinnott & Delahunty

Warren Sinnott
Partner
Bendigo
Dated at Bendigo, 26 September 2013

Financial statements

Comprehensive Income statement

For year ending 30 June 2013

	Notes	2013	2012
		$	$
Revenue	2	727,869	796,426
Employee benefits expense	3	(351,792)	(399,945)
Depreciation and amortisation expense	3	(32,865)	(34,435)
Finance costs	3	(12,228)	(11,939)
Bad and doubtful debts expense	3	(117)	(218)
Other expenses		(152,108)	(176,671)
Operating profit/(loss) before charitable donations & sponsorships		**178,759**	**173,218**
Charitable donations & sponsorships		(38,198)	(57,661)
Profit/(loss) before income tax expense		**140,561**	**115,557**
Tax expense/(benefit)	4	26,102	34,332
Profit/(loss) for the year		**114,459**	**81,225**
Other comprehensive income		-	-
Total comprehensive income		**114,459**	**81,225**
Profit/(loss) attributable to:			
Members of the company		**114,459**	**81,225**
Total		**114,459**	**81,225**
Earnings per share (cents per share)			
- basic for profit/(loss) for the year	22	27.34	19.40
- diluted for profit/(loss) for the year	22	27.34	19.40

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	597,654	492,538
Trade and other receivables	7	61,320	67,380
Investments	11	40,469	40,470
Total current assets		**699,443**	**600,388**
Non-current assets			
Property, plant and equipment	8	82,887	102,837
Deferred tax asset	4	6,281	25,722
Intangible assets	9	25,508	36,642
Total non-current assets		**114,676**	**165,201**
Total assets		**814,119**	**765,589**
Liabilities			
Current Liabilities			
Trade and other payables	10	21,562	32,129
Provisions	12	26,102	52,417
Total current liabilities		**47,664**	**84,546**
Non Current Liabilities			
Provisions	12	12,468	8,018
Total Non Current Liabilities		**12,468**	**8,018**
Total Liabilities		**60,132**	**92,564**
Net Assets / (Liabilities)		**753,987**	**673,025**

The accompanying notes form part of these financial statements

Financial statement (continued)

	Note	2013 $	2012 $
Equity			
Issued capital	13	418,708	418,708
Retained earnings	14	235,279	154,317
Dividend equalisation reserve	15	100,000	100,000
Total equity		**753,987**	**673,025**

The accompanying notes form part of these financial statements

Statement of changes in equity

For year ending 30 June 2013

	Note	Issued Capital	Retained Earnings / Dividend Reserve	Total Equity
		$	$	$
Balance at 1 July 2011		418,708	206,589	625,297
Total comprehensive income for the year		-	81,225	81,225
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	22	-	(33,497)	(33,497)
Balance at 30 June 2012		**418,708**	**254,317**	**673,025**
Balance at 1 July 2012		418,708	254,317	673,025
Total comprehensive income for the year		-	114,459	114,459
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	22	-	(33,497)	(33.497)
Balance at 30 June 2013		**418,708**	**335,279**	**753,987**

The accompanying notes form part of these financial statements

Statement of cash flows

For year ending 30 June 2013

	Notes	2013 $	2012 $
Cash Flows From Operating Activities			
Receipts from clients		766,850	852,678
Payments to suppliers and employees		(643,742)	(695,767)
Dividend revenue received		2,193	1,731
Income tax paid		(6,661)	(105,150)
Interest received		21,754	27,415
Net cash flows from/(used in) operating activities	**15b**	**140,394**	**80,907**
Cash Flows From Investing Activities			
Purchase of property, plant & equipment		(1,781)	(109,340)
Payments for investments		-	(5,500)
Net cash flows from/(used in) investing activities		**(1,781)**	**(114,840)**
Cash Flows From Financing Activities			
Dividends paid		(33,497)	(33,497)
Net cash flows from/(used in) financing activities		**(33,497)**	**(33,497)**
Net increase/(decrease) in cash held		**105,116**	**(67,430)**
Cash and cash equivalents at start of year		492,538	559,968
Cash and cash equivalents at end of year	**15a**	**597,654**	**492,538**

The accompanying notes form part of these financial statements

Notes to financial statements

For year ending 30 June 2013

The financial statements and notes represent those of Clarence Valley Community Financial Services Limited.

Clarence Valley 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 20 September 2013.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

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

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS).

Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

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

(b) 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.

Note 1. Summary of significant accounting policies (continued)

(b) Income Tax (contined)

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

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

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

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

(c) Property, plant and equipment

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

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

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

Class of Asset	***Depreciation Rate***
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.

Note 1. Summary of significant accounting policies (continued)

(c) Property, plant and equipment (contined)

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 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.

Note 1. Summary of significant accounting policies (continued)

(e) Goods and services tax (contined)

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

(f) Employee benefits

Provision is made for the company's liability for employee benefits arising from the services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to the employee benefits.

(g) Intangibles

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

(h) Cash

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

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

Note 1. Summary of significant accounting policies (continued)

(i) Revenue

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

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

(j) Receivables and payables

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

(k) New accounting standards and interpretations not yet adopted

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

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

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

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

Note 1. Summary of significant accounting policies (continued)

(k) New accounting standards and interpretations not yet adopted (continued)

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

(ii) AASB 13 Fair Value Measurement (2011)

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

(iii) AASB 119 Employee Benefits (2011)

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

(l) Loans and Borrowings

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

(m) Provisions

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

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period. A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

Note 1. Summary of significant accounting policies (continued)

(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 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.

Note 1. Summary of significant accounting policies (continued)

(p) Critical accounting estimates and judgements (continued)

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.

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.

Note 1. Summary of significant accounting policies (continued)

(q) Financial instruments (continued)

(i) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

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

(ii) Financial liabilities

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

Impairment

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

Derecognition of financial instruments

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

Note 2. Revenue and other income

	2013 $	2012 $
Revenue		
- services commissions	703,922	767,281
- other revenue	-	-
	703,922	**767,281**
Other revenue:		
- interest received	21,754	27,415
- other revenue	2,193	1,730
	23,947	**29,145**
	727,869	**796,426**

Note 3. Expenses

	2013 $	2012 $
Employee benefits expense		
- wages and salaries	326,136	300,371
- superannuation costs	30,202	56,281
- other costs	17,320	29,494
- Movement in Accrued Leave	(21,866)	13,799
	351,792	**399,945**
Depreciation of non-current assets:		
- plant and equipment	21,731	23,301
Amortisation of non-current assets:		
- intangible assets	11,134	11,134
	32,865	**34,435**

	2013 $	2012 $

Note 3. Expenses (continued)

	2013 $	2012 $
Operating lease expense	12,228	11,939
Bad debts	117	218

Note 4. Income Tax Expense

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

	2013 $	2012 $
Prima facie tax on profit/(loss) before income tax at 30% (2012: 30%)	42,168	34,655
Add tax effect of:		
- Adjustments in respect of current income tax of previous year	(9,018)	(3,978)
- Non-deductible expenses	(6,163)	3,655
- Less Franking Credits	(885)	-
Current income tax expense	**26,102**	**34,332**
Income tax attributable to the entity	**26,102**	**34,332**
The applicable weighted average effective tax rate is	18.6%	29.7%
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.	6,281	25,722

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

	2013	2012
	$	$

Note 5. Auditors' Remuneration

Remuneration of the auditor for:		
- Audit or review of the financial report	**4,150**	**3,900**

Note 6. Cash and Cash Equivalents

Cash at bank and on hand	61,727	116,060
Short term deposits	535,927	376,478
	597,654	**492,538**

Note 7. Receivables

Current		
Commission receivable	61,320	67,380

Credit risk

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

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

Note 7. Trade and other receivables (continued)

2013	Gross Amount	Past Due and impaired	< 30 days	31-60 days	> 60 days	Not Past Due
Trade receivables						
Other receivables	61,320					61,320
Total	61,320					61,320
2012						
Trade receivables						
Commission receivable	67,380					67,380
Total	67,380					67,380

Note 8. Property, Plant and Equipment

	2013 $	2012 $
Furniture & Fittings / Leasehold Improvements		
At cost	143,233	141,452
Less accumulated depreciation	(60,346)	(38,615)
	82,887	**102,837**
Total written down amount	**82,887**	**102,837**
Movements in carrying amounts		
Furniture & Fittings/Leasehold improvements		
Balance at the beginning of the reporting period	102,837	16,797
Additions	1,781	109,341
Disposals	-	-
Depreciation expense	(21,731)	(23,301)
Balance at the end of the reporting period	**82,887**	**102,837**

Note 9. Intangible Assets

	2013 $	2012 $
Franchise Fee		
At cost	50,000	50,000
Less accumulated amortisation	(26,720)	(16,700)
	23,280	**33,300**
Preliminary expenses		
At cost	43,685	43,685
Less accumulated amortisation	(41,457)	(40,343)
	2,228	**3,342**
	25,508	**36,642**
Movements in carrying amounts		
Franchise Fee		
Balance at the beginning of the reporting period	33,300	50,000
Additions	-	-
Disposals	-	-
Amortisation expense	(10,020)	(16,700)
Balance at the end of the reporting period	**23,280**	**33,300**
Preliminary Expenses		
Balance at the beginning of the reporting period	3,342	43,685
Additions	-	-
Disposals	-	-
Amortisation expense	(1,114)	(40,343)
Balance at the end of the reporting period	**2,228**	**3,342**

	2013 $	2012 $

Note 10. Trades and other Payables

	2013 $	2012 $
Unsecured liabilities:		
Sundry creditors	9,366	10,960
Other creditors and accruals	12,196	21,169
	21,562	**32,129**

Note 11. Investments

	2013 $	2012 $
Listed shares at cost	40,469	40,470
	40,469	**40,470**

Quoted market value at balance date of investments listed on a prescribed stock exchange was $41,836 (2012: $35,481). Listed shares are readily saleable with no fixed term. There would be no material capital gain tax payable if these assets were sold at reporting date.

Note 12. Provisions

	2013 $	2012 $
Employee benefits	**38,570**	**60,435**
Movement in employee benefits		
Opening balance	60,435	46,637
Additional provisions recognised	25,087	23,106
Amounts utilised during the year	(46,952)	(9,308)
Closing balance	**38,570**	**60,435**

Note 12. Provisions (continued)

	2013 $	2012 $
Current		
Annual leave	19,190	31,540
Long-service leave	6,912	20,877
	26,102	**52,417**
Non Current		
Long-service leave	12,468	8,018
Total provisions	**38,570**	**60,435**

Provision for employee benefits

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

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

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

Note 13. Share capital

	2013 $	2012 $
418,708 Ordinary Shares fully paid of $1 each	**418,708**	**418,708**
Less: Equity raising costs	-	-
	418,708	**418,708**

Note 13. Share captial (continued)

	2013 $	2012 $
Movement in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	418,708	418,708
Shares issued during the year	-	-
At the end of the reporting period	**418,708**	**418,708**

Captial management

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.

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

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

(i) the Distribution Limit is the greater of:

(a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and

(b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

Note 13. Share captial (continued)

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

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

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

Note 14. Retained earnings

	2013 $	2012 $
Balance at the beginning of the financial year	154,317	106,589
Profit/(loss) after income tax	114,459	81,225
Dividends proposed or paid	(33,497)	(33,497)
Balance at the end of the reporting period	**235,279**	**154,317**

Note 15. Dividend equalisation reserve

The Directors have previously indicated to members the Board's intention to explore opportunities in the Lower Clarence Valley with a view to opening a branch of the **Community Bank®**.

The costs of establishing a branch would, in the early years, significantly affect the profits of the Company. In order to maintain an appropriate rate of dividend payments the Company has established a Dividend Equalisation Reserve.

The ability to utilise the reserve is dependent upon there being sufficient future profits to declare dividends.

Note 15. Dividend equalisation reserve (continued)

	2013 $	2012 $
Balance at start of year	**100,000**	**100,000**
Transfer from current year profits	-	-
Balance at end of year	**100,000**	**100,000**

Note 16. Statement of Cash Flows

	2013 $	2012 $
(a) Cash and cash equivalents balances 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	597,654	492,538
less Bank overdraft	-	-
As per the statement of cash flow	**597,654**	**492,538**
(b) Reconciliation of profit/(loss) after tax to *net cash provided from/(used in) operating activities*		
Profit/(loss) after income tax	114,459	81,225
Non cash items		
- Depreciation	21,731	23,301
- Amortisation	11,134	11,134
- Correction of incorrect treatment of GST on Intangible Assets	-	5,557
Changes in assets and liabilities		
- (Increase) decrease in receivables	6,061	2,137
- (Increase) decrease in deferred tax asset	(6,281)	-
- Increase (decrease) in payables	(10,566)	14,573
- Increase (decrease) in provisions	(21,866)	13,798
- Increase (decrease) in income tax payable	25,722	(70,818)
Net cashflows from/(used in) operating activities	**140,394**	**80,907**

Note 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 personal and related parties

Other then detailed below no key management personel or related party has entered into any contracts with the company. No direct fees have been paid as the positions are held on a volantary basis.

AC Small Maxwell & Co Chartered Accountants of which Derek Alden is a principal, received a fee of $16,791 (2012: $11,751) for providing accounting and share registry services to Clarence Valley Community Fiancial Services Limited throughout the year.

MJO Legal of which Peter James is a Partner received nil fees (2012: $1,630) for providing legal service to Clarence Valley Community Financial Services Limited throughout the year.

(d) Key management personnel shareholdings

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

Note 17. Related party transactions (continued)

Directors shareholdings	**2013**	**2012**
Peter Robert James	1,001	1,001
Laurence William Marchant	4,001	4,001
Stephen Lance Ward	6,001	6,001
Derek William Alden	1	1
Mervyn Smidt	11,000	11,000
Anthony Wade	1,501	1,501
Ian McGaw	5,000	5,000
Brian Heath	-	-
Karen Toms	-	-

A C Small Maxwell & Co of which Derek W Alden is Principal owns 1,000 shares. 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.

Note 18. Events after the reporting period

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

Note 19. Contingent Liabilities and Assets

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

Note 20. Segment Reporting

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

Note 21. Corporate Information

The registered office of the company is:

50 Victoria St.
Grafton NSW 2460

The principal place of business is:

62 Skinner St.
South Grafton NSW 2460

Note 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:

	2013 $	2012 $
Profit/(loss) after income tax expense	**114,459**	**81,225**
Weighted average number of ordinary shares for basic and diluted earnings per share	**418,708**	**418,708**

Note 23. Dividends paid or provided for on ordinary shares

	2013 $	2012 $
Franked dividends - 8 cents per share (2012: Franked 8 cents per share)	**33,497**	**33,497**

Note 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		
Financial Assets			
Cash & cash equivalents	6	597,654	492,538
Trade and other receivables	7	61,320	67,380
Total Financial Assets		**658,974**	**559,918**
Financial Liabilities			
Trade and other payables	10	21,562	32,129
Total Financial Liabilities		**21,562**	**32,129**

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.

Note 24. Financial risk management (continued)

(a) Credit Risk

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

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

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

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

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

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

	2013 $	2012 $
Cash and cash equivalents		
A rated	597,654	492,538

Note 24. Financial risk management (continued)

(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.

Financial liability and financial asset maturity analysis:

		Total	Within 1 year	1 to 5 years	Over 5 years
30 June 2013	**Note**	**$**	**$**	**$**	**$**
Finanicial Liabilities due					
Trade and other payables	10	21,562	21,562	-	-
Total expected outflows		**21,562**	**21,562**	**-**	**-**
Financial Assets - realisable					
Cash & cash equivalents	6	597,654	597,654	-	-
Trade and other receivables	7	61,320	61,320	-	-
Total anticipated inflows		**658,974**	**658,974**	**-**	**-**
Net (Outflow)/Inflow on financial instruments		**637,412**	**637,412**	**-**	**-**

Note 24. Financial risk management (continued)

30 June 2012	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Finanicial Liabilities due					
Trade and other payables	10	32,129	32,129	-	-
Total expected outflows		**32,129**	**32,129**	**-**	**-**
Financial Assets - cashflow realisable					
Cash & cash equivalents	6	492,538	492,538		
Trade and other receivables	7	67,380	67,380		
Total anticipated inflows		**559,918**	**559,918**	**-**	**-**
Net (Outflow)/Inflow on financial instruments		**527,789**	**527,789**	**-**	**-**

(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:

	2013 $	2012 $
Cash and cash equivalents (net of bank overdrafts)	**4.08%**	**4.86%**

Note 24. Financial risk management (continued)

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.

	Profit	Equity
Year ended 30 June 2013	**$**	**$**
+/- 1% in interest rates (interest income)	5,977	5,977
	5,977	**5,977**
Year ended 30 June 2012		
+/- 1% in interest rates (interest income)	4,925	4,925
	4,925	**4,925**

The company has no exposure to fluctuations in foreign currency.

(d) 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.

Director's declaration

In accordance with a resolution of the directors of Clarence Valley Community Financial Services Limited, the directors of the company declare that:

(a) the financial statements and notes of the company as set out on pages 6 to 27 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;

(b) 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 Robert James
Chairman

Signed at Grafton on 26 September 2013

Independent audit report

Richmond Sinnott & Delahunty
Chartered Accountants

Level 2, 10-16 Forest Street
Bendigo, Victoria
PO Box 30, Bendigo, VIC 3552

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Email: rsd@rsdadvisors.com.au
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INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF CLARENCE VALLEY
COMMUNITY FINANCIAL SERVICES LIMITED

Report on the Financial Report

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

Director's Responsibility for the Financial Report

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

Audit 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.

Level2, 10-16 Forest Street, Bendigo 3550. PO Box 30 Bendigo 3552. Ph: 03 5443 1177. Fax: 03 5444 4344 Email: rsd@rsadvisors.com.au
ABN 60 616 244 309

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

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

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

Auditor's Opinion

In our opinion:

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

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

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

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

Richmond Sinnott & Delahunty

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W. J. SINNOTT
Partner

Date at Bendigo, 26 September 2013