

annual report

Coleambally Finance Group Limited

ABN 52 086 241 509

Western Riverina Community Financial Services Partnership

ABN 62 152 289 391

Coleambally Finance Group Limited
ABN 52 086 241 509

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the fourteenth ANNUAL GENERAL MEETING of COLEAMBALLY FINANCE GROUP LIMITED will be held at the Coleambally Community Club on Tuesday, 23 April 2013 at 7:00 pm.

AGENDA

- 1. Minutes of Annual General Meeting dated 24 November 2011**
- 2. Ordinary Business**

Chairman's Report

The Chairman, Mr A J Howe will present his report on the operations of the Company for the year ended 30 June 2012.

Adoption of Accounts

To receive and consider the financial statements and reports to the contributors comprising:

1. The Profit and Loss accounts for the year ended 30 June 2012 and Balance Sheet of the Company as at 30 June 2012.
2. The Directors' declaration and report by auditors for the financial year ended 30 June 2012.
3. The Directors' report for the financial year ended 30 June 2012.

Election of Directors

To elect five (5) Directors:

Mr A J Howe, Mr K R Boyle and Mr A J Hayes retire in accordance with the provisions of the constitution and being eligible, may offer to re-elect. Mr J W McFadyen appointed on 24 February 2012 and Mr R J Kerr appointed on 26 April 2012 seek election confirmation.

- 3. General Business**

To transact any business that may be lawfully brought forward.

By Order of the Board

Tony Howe
Chairman
26 March 2013

Notes:

1. Mr A J Howe, Mr K R Boyle and Mr A J Hayes will retire under Section 45 of the Constitution of Coleambally Finance Group Ltd and have indicated they will seek re-election.
2. Mr J W McFadyen and Mr R J Kerr having been appointed as Directors by the Board under Section 48 of the Constitution of Coleambally Finance Group Ltd are seeking confirmation of their appointment and are seeking confirmation from the members.
3. As per the company constitution any two members of the company shall be at liberty to nominate any other member to serve as an office-bearer or other Director.
4. Nomination and Consent to Act forms may be collected from the Coleambally Community Bank^o Branch, 1 Brolga Place, Coleambally or the Secretary.
5. Nomination and Consent to Act forms must be lodged with the Secretary by 5:00 pm, 9 April 2013.
6. A list of candidates' names in alphabetical order with the nominators' and seconders' names shall be posted in the registered office for at least seven days immediately preceding the Annual General Meeting.

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his/her stead. That person need not be a member of the company but should be a natural person over the age of 18 years. Proxy forms will be available once nominations close from the Coleambally Community Bank^o Branch, 1 Brolga Place, Coleambally or the Secretary and must be lodged at the registered office of the company not less than 48 hours before the timing of the meeting.

**Minutes of the Annual General Meeting
Held at Coleambally Community Club 24 November 2011**

Meeting Opened: Mr A Howe opened the meeting at 7.25 pm.
Attendance: Directors and members as per signatures in the official Attendance Book.
Apologies: Messrs A Hayes, K Coster, M Painting, T Butt, Mesd E Coster & M Painting.
Minutes of previous Meeting: The minutes of the Annual General Meeting of 2010 were tabled.

RESOLVED: That the minutes be accepted.

Business arising: Darlington Pt. Agency – Up to \$4M, mostly deposits and returning \$1800 monthly.
Solar installation completed – with a cheque.

Chairman's Report: Mr. Howe tabled the Chairman's Report.

RESOLVED: That the Chairman's Report be accepted.

Treasurer's Report: The Treasurer tabled the Financial Report and the Auditor's Report, and gave a verbal update to the end of October.

RESOLVED: That the Treasurer's Report be accepted.

Financial Statements: The Financial Report and Auditor's Report of the company in respect of the year ended 30 June 2011 and the Report of Directors in relation thereto were tabled.

RESOLVED: That the Financial Report and Auditor's Report and the Report of Directors be accepted.

Election of Directors: Two Directors will not be available for re-election.
Mr Brain and Mrs Pound were re-elected.
The Chair observed that there were vacancies for two Directors, and called on the meeting to seek possibilities.

Bendigo Bank: Mr Butt was unable to attend, but Mr Ralph Twaddell representing BABL summarised the Region's achievements, and thanked the staff of Coleambally Community Bank and the Directors of Coleambally Finance Group for their dedication.

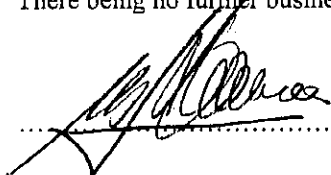
General Business The Chair made special mention of Mr John Payne, a founding Director of the Coleambally Community Bank for his dedication to a successful project close to his heart being the driver education program, sponsored by the Community Bank and since its commencement has benefited up to 100 local young drivers.

Staff Bonuses.

Mr Twaddell thanked the Community Bank staff, its Board and especially its Chairman - they enjoy an enviable reputation in the community banking movement.

Meeting Close: There being no further business, the Chairman closed the meeting at 8.30 pm.

Signed as a true record

 (Chairman) 28/11/12 (Dated)

CHAIRMANS REPORT

As another year slips past I get the chance to present another report that enhances the prospects of future success of our business.

Without going into the figures of community contributions and interest payments, which I am pleased to announce that another 10% will be forthcoming again this year, as presented in the Treasurers and Managers Reports it is pleasing to see that our bank is still performing very well.

As we all know the formation of the merger between our Coleambally Community Bank and the Hillston & District Community Bank has at last taken place under the guidance of a new structure of the Western Riverina Community Financial Services Pty Ltd and after some teething problems is now operating smoothly.

The Board for the combined entity is made up of three representatives from Coleambally, Tony Howe (Chairman), Adrian Hayes (Treasurer), Rob Kerr (acting Secretary) and Chris Noack (Manager) and from Hillston, Graeme May (Deputy Chairman), John Fensom, Peter Storrier and Paul Lenon (Manager) as well as Peter English from Bendigo & Adelaide Bank and Regional Manager, Tim Butt.

With the formation of the WRCFS Pty Ltd it was decided that some training courses for both the Board and staff from both Coleambally & Hillston be undertaken and already there have been two courses conducted with the assistance of Bendigo & Adelaide Bank.

It is pleasing to report that the figures at Hillston are continuing to improve and the prospect of a bright future is on the horizon. They have opened an Agency at Lake Cargelligo and new Manager, Paul Lenon has really settled into the job and is out and about.

But back to Coleambally, an Agency has been established at Jerilderie and has already shown promising signs for the future along with the Darlington Point Agency; we have a good coverage of our products out there.

Thanks as always to our very competent and friendly staff, Manager - Chris Noack, Office Supervisor - Mary Thompson, Customer Relationship Manager - Kate Jones and Customer Service Officers - Hayley Chitts, Katie Paull and Jessica Walsh for their continued dedication to the cause.

To the Board of Directors, Adrian Hayes, Kevan Boyle, Sharon Sutherland, Kellie Pound and two newcomers John McFadyen and Rob Kerr, thank you for your ongoing interest and contribution to the successful running of the business.

Thanks must also be extended to former Treasurer, John Smith who had cause to announce his resignation during the year. Thanks John for your long term commitment. Also to Regional Manager, Tim Butt for his continued support and assistance. To the Bendigo & Adelaide Bank thank you for your support and particularly to John Nelson who put so much time and effort into setting up the merger.

Finally, a big thanks to you our contributors and customers for your ongoing support because without you we would not have a COMMUNITY BANK to be talking about.

It has been a privilege, thank you.

TONY HOWE

Managers Report 2012

The merger of Coleambally Finance Group Ltd and Hillston & Districts Financial Services Ltd took effect 1 October 2011, and saw the creation of Western Riverina Community Financial Services Pty Ltd (WRCFS). This company is responsible for the partnership that was created. The assets and liabilities of Coleambally & Hillston and the rights to operate the two branches and the agencies at Darlington Point & Lake Cargelligo were transferred to the new partnership. The staff remained employed by Coleambally Finance Group Ltd and Hillston & Districts Financial Services Ltd, respectively.

This partnership sees the assets, liabilities income and expenses of the combined entity split between the two partners with 60 per cent going to Coleambally and Hillston receiving 40 per cent. Payroll is the exception with each partner responsible for its own staff.

The 2011/12 financial year was a period of consolidation for the business, following the transfer of the previous Manager to Wagga in February 2011. Paul Lenon took up the position as Manager of Hillston & District **Community Bank**[®] Branch, 12 March 2012. Paul has found the support of the branch staff, directors, shareholders and customers very encouraging. Now that he has completed all his training and accreditation he is looking forward to focussing on business development and growth.

The highlights of the financial year can be summarised as:-

Business Growth \$'000

	30/6/12		31/10/12	
	Actual	Budget	Actual	Budget
Coleambally	\$7,947	\$4,280	\$3,908	\$3,372
Hillston	<u>\$3,926</u>	<u>\$4,915</u>	<u>\$918</u>	<u>\$3,396</u>
WRCFS	\$11,873	\$9,195	\$4,826	\$6,768

Business Size \$ mill

	30/6/12		31/10/12		31/10/11	
	30/6/12	30/6/11	31/10/12	31/10/11	31/10/11	31/10/11
Coleambally	\$105.5	\$97.6	\$109.5	\$97.6	\$97.6	\$97.6
Hillston	<u>\$40.9</u>	<u>\$37.0</u>	<u>\$41.9</u>	<u>\$37.5</u>	<u>\$37.5</u>	<u>\$37.5</u>
WRCFS	\$146.4	\$134.6	\$151.4	\$135.1	\$135.1	\$135.1

Customer Numbers

	30/6/11	31/10/11	30/6/12	31/10/12
Coleambally	1390	1380	1417	1427
Hillston	982	1006	1020	1019

Products Per Customer

	30/6/11	31/10/11	30/6/12	31/10/12
Coleambally	2.138	2.167	2.170	2.170
Hillston	1.870	1.851	1.873	1.878

Average Loan Size	\$'000				
		30/6/11	31/10/11	30/6/12	31/10/12
Coleambally	\$69.2		\$67.8	\$71.3	\$71.5
Hillston	\$60.7		\$62.2	\$63.8	\$66.0

Average Deposit Size	\$'000				
		30/6/11	31/10/11	30/6/12	31/10/12
Coleambally	\$19.6		\$18.5	\$22.1	\$25.6
Hillston	\$10.7		\$10.8	\$13.0	\$12.9

It is difficult to make a direct comparison between the results of 2011 and 2012 but they are summarised below and I think they show the underlying strength in the performance of the branch.


	\$'000	2012	2011
Income		\$764	\$791
Expenditure		\$778	\$717
NPBT		(\$13)	\$73
Donations & Sponsorships	\$128		\$196

In addition to the agencies at Darlington Point and Lake Cargelligo, Coleambally branch took over the administration of the agency at Jerilderie from Cobram branch. We look forward to growing our business in this area. There is no reason why this agency should not be as successful as the other agencies that the group manages.

I say this every year and every year it becomes more important. I would like to thank my staff, Mary Thompson, Kate Jones, Jessica Walsh for their hard work and professionalism, without them these results would not be possible. I would also welcome Katie Miles and Hayley Chitts to the team. Both Katie and Hayley are fitting into the team very well. I would also like to thank Jessica Dunbar for her hard work and efforts over the years. She went on maternity leave in June and we wish her and her family all the best and hope she can come back and join the team sometime in the future. Together the staff are the face of the Community Bank® branch and their dedication ensures that Coleambally Community Bank® has and will continue to be a success.

I would again like to thank the Board of Directors, capably lead by Tony Howe, for their continued support of me and our company.

I say this every year too and it is more important than ever. I must again thank our customers for their support and patronage, because without customers supporting us we would not be able to support the community to the extent that we have.


Chris Noack
Manager

Coleambally Finance Group Limited
ABN 52 086 241 509
Directors' Report

Your Directors submit the financial report of the company for the financial year ended 30 June 2012.

Directors

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

AJ Howe Chairman Electrical appliance repairer Board member since 1999	SE Sutherland Director Farmer Board member since 2002
KR Boyle Director Post Master Board member since 1999	JC Smith Secretary Retired School Teacher Board member since 2005
CJ Noack Director Bank Manager Resigned 24 November 2011	RM Brain Director Farmer Board member since 1999
SE McCamley-White Director Farmer Resigned 24 November 2011	K Pound Director Accountant Board member since 2011
AJ Hayes Director Farm Manager Board member since 2005	RJ Kerr Director Farmer Appointed 26 April 2012
J McFadyen Director School principal Appointed 24 February 2012	

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.

Significant changes in the state of affairs

During the financial year Coleambally Finance Group Limited joined partnership with the Hillston Community Financial Services Limited under the jointly controlled entity Western Riverina Financial Services Ltd. The Coleambally Finance Group Limited interest in Western Riverina Financial Services Ltd is 60%, the interest is incorporated into the financial statements using the proportionate consolidation method.

Coleambally Finance Group Limited
ABN 52 086 241 509
Directors' Report

Operating results

The profit/ (loss) of the company for the financial year after provision for income tax was (\$27,728) (2011: \$47,306). The decline in income together with an increase in expenses is attributable to the restructuring of income and expenses within the partnership agreement.

Financial position

The net assets of the company have decreased by \$37,962 from June 30, 2011 to \$123,231 in 2012. The decrease is largely due to restructure of the company.

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 2012/2013 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

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.

Executive Remuneration

<u>Branch Manager</u>	<u>Primary Benefits Salary & Fees</u> \$	<u>Post Employment Superannuation</u> \$	<u>Total</u> \$
Christopher Noack			
2012	99,864	12,627	112,491
2011	87,415	11,647	99,062

Coleambally Finance Group Limited
ABN 52 086 241 509
Directors' Report

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 or a related body corporate.

Directors Meetings

The number of Directors meetings attended during the year were:

Director	Board Meetings #
CJ Noack	4 (12)
AJ Howe	9 (12)
KR Boyle	7 (12)
SE Sutherland	3 (12)
SE McCamley-White	3 (12)
AJ Hayes	8 (12)
JC Smith	5 (12)
RM Brain	9 (12)
K Pound	8 (12)
RJ Kerr (appointed 26 April 2012)	3 (5)
J McFadyen (appointed 24 February 2012)	3 (5)

The first number is the meetings attended while in brackets is the number of meetings eligible to attend.

Company secretary

John Smith has been the company secretary of Coleambally Finance Group since 15 December 2005. He was head science teacher at Coleambally for 23 years and is now retired.

Corporate governance

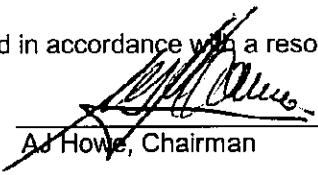
The company has implemented various corporate governance practices, which include:

- (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.

Auditor independence declaration

The auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 4 of this financial report.

Signed in accordance with a resolution of the Board of Directors at Coleambally on 15 February 2013.



AJ Howe, Chairman



**Richmond
Sinnott &
Delahunty**

Chartered Accountants

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Bendigo, Victoria
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The Directors
Coleambally Finance Group Limited
1 Brolga Place
Coleambally NSW 2707

To the Directors of Coleambally Finance Group 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 2012 there has been:

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

Richmond Sinnott & Delahunty

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W Sinnott

Warren Sinnott
Partner
Bendigo

Dated at Bendigo, 15 February 2013

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

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

Coleambally Finance Group Limited
ABN 52 086 241 509
Statement of Comprehensive Income
For the year ended 30 June 2012

	<u>Notes</u>	2012 \$	2011 \$
Revenue from continuing operations	2	764,454	791,031
Employee benefits expense	3	(336,337)	(292,353)
Depreciation and amortisation expense	3	(25,188)	(31,003)
Finance costs	3	(37,083)	(39,037)
Impairment of non-financial asset	9	(34,828)	-
Other expenses		<u>(216,048)</u>	<u>(159,108)</u>
Operating profit/(loss) before charitable donations & sponsorships		114,970	269,530
Charitable donations and sponsorship		<u>(128,294)</u>	<u>(196,120)</u>
Profit/ (loss) before income tax expense		(13,324)	73,410
Income tax expense	4	<u>14,404</u>	<u>26,104</u>
Profit/ (loss) after income tax expense		(27,728)	47,306
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>(27,728)</u></u>	<u><u>47,306</u></u>

The accompanying notes form part of these financial statements

Coleambally Finance Group Limited
ABN 52 086 241 509
Statement of Financial Position
As at 30 June 2012

	<u>Notes</u>	2012	2011
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents	6	526,224	535,774
Current tax receivable	4	13,563	511
Receivables	7	66,787	72,772
Other assets	8	37,858	9,385
Total Current Assets		<u>644,432</u>	<u>618,442</u>
Non-Current Assets			
Property, plant and equipment	9	180,714	274,298
Investments	10	19,118	46,491
Intangible assets	11	29,416	35,002
Other assets: assets held in trust	15	180,126	-
Total Non-Current Assets		<u>409,374</u>	<u>355,791</u>
Total Assets		<u>1,053,806</u>	<u>974,233</u>
Liabilities			
Current Liabilities			
Payables	12	119,244	40,307
Loans and borrowings	13	375,186	330,766
Provisions	14	76,490	55,565
Total Current Liabilities		<u>570,920</u>	<u>426,638</u>
Non-Current Liabilities			
Loans and borrowings	13	25,865	52,612
Restricted funds - pledges	13	333,790	333,790
Total Non-Current Liabilities		<u>359,655</u>	<u>386,402</u>
Total Liabilities		<u>930,575</u>	<u>813,040</u>
Net Assets		<u>123,231</u>	<u>161,193</u>
Equity			
Retained earnings	16	133,465	161,193
Asset revaluation reserve	16	(10,234)	-
Total Equity		<u>123,231</u>	<u>161,193</u>

The accompanying notes form part of these financial statements

Coleambally Finance Group Limited
ABN 52 086 241 509
Statement of Cash Flows
For the year ended 30 June 2012

	<u>Notes</u>	2012 \$	2011 \$
Cash Flows From Operating Activities			
Cash receipts in the course of operations		198,651	836,362
Cash payments in the course of operations		(111,414)	(700,143)
Income tax paid		-	(35,029)
Interest paid		-	(39,037)
Interest received		4,252	13,733
Net cash flows from operating activities	17b	<u>91,489</u>	<u>75,886</u>
Cash Flows From Investing Activities			
Payment for investments		-	(2,268)
Payments for property, plant & equipment		-	(57,378)
Net cash transferred to WRDFS		9,424	-
Net cash received from WRDFS (60%)		(165,519)	-
Net cash flows used in investing activities		<u>(156,095)</u>	<u>(59,646)</u>
Cash Flows From Financing Activities			
Repayment of borrowings		(3,687)	(18,755)
Net cash flows used in financing activities		<u>(3,687)</u>	<u>(18,755)</u>
Net increase/(decrease) in cash held		(68,293)	(2,515)
Cash and cash equivalents at start of year		230,136	232,651
Cash and cash equivalents at end of year	17a	<u>161,843</u>	<u>230,136</u>

The accompanying notes form part of these financial statements

Coleambally Finance Group Limited
ABN 52 086 241 509
Statement of Changes in Equity
For the year ended 30 June 2012

	<u>Notes</u>	2012 \$	2011 \$
PLEDGES			
Balance at start of year		333,790	333,790
Additional pledges		<u>-</u>	<u>-</u>
Balance at end of year		<u><u>333,790</u></u>	<u><u>333,790</u></u>
RETAINED EARNINGS			
Balance at start of year		161,193	113,887
Profit/(loss) after income tax expense		<u>(27,728)</u>	<u>47,306</u>
Balance at end of year		<u><u>133,465</u></u>	<u><u>161,193</u></u>

The accompanying notes form part of these financial statements

Coleambally Finance Group Limited
ABN 52 086 241 509
Notes to the Financial Statements
for the year ended 30 June 2012

1. Basis of preparation of the Financial Report

(a) Basis of preparation

Coleambally Finance Group Limited ('the company') is domiciled in Australia. The financial statements for the year ending 30 June 2012 are presented in Australian dollars. The company was incorporated in Australia and the principal operations involve providing community banking services.

On 1 October 2011, Coleambally Finance Group Limited joined partnership with Hillston & District Financial Services Ltd under the jointly controlled partnership Western Riverina Community Financial Services Partnership (WRCFS). The Coleambally Community Finance Group Limited interest in Western Riverina Community Financial Services Partnership is 60%, the interest is incorporated into the financial statements using the proportionate consolidated method.

The financial statements are general purpose financial statements, that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative 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, where 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 15 February 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.

Coleambally Finance Group Limited
ABN 52 086 241 509
Notes to the Financial Statements
for the year ended 30 June 2012

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:

<u>Class of Asset</u>	<u>Depreciation Rate</u>
Furniture & Equipment	10 - 30%
Plant & Equipment	10%
Buildings	2.5%
Motor Vehicle	22.5 - 30%

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.

Coleambally Finance Group Limited
ABN 52 086 241 509
Notes to the Financial Statements
for the year ended 30 June 2012

1. Summary of significant accounting policies (continued)

(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.

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 charges 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.

Coleambally Finance Group Limited
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Notes to the Financial Statements
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1. Summary of significant accounting policies (continued)

(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.

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

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

1. Summary of significant accounting policies (continued)

(p) Critical accounting estimates and judgements (continued)

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.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost. Where available quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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 debtors are experiencing significant financial difficulty or changes in economic conditions.

Coleambally Finance Group Limited
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Notes to the Financial Statements
for the year ended 30 June 2012

	2012	2011
	\$	\$
2. Revenue		
Revenue from continuing activities		
- services commissions	398,612	412,284
- other revenue	349,652	359,814
	<u>748,264</u>	<u>772,098</u>
Other revenue		
- interest received	12,510	13,733
- other revenue	3,680	5,200
	<u>16,190</u>	<u>18,933</u>
	<u>764,454</u>	<u>791,031</u>
3. Expenses		
Employee benefits expense		
- wages and salaries	304,646	260,802
- superannuation costs	31,691	31,551
	<u>336,337</u>	<u>292,353</u>
Depreciation of non-current assets:		
- plant and equipment	10,896	8,243
- buildings	1,034	4,137
- motor vehicles	7,673	13,038
Amortisation of non-current assets:		
- intangibles	5,585	5,585
	<u>25,188</u>	<u>31,003</u>
Finance cost:		
- Interest paid	37,083	39,037
Bad debts	-	-
4. Income tax expense		
The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 30%	(3,997)	22,023
Add tax effect of:		
- Non-deductible expenses	18,401	4,081
<i>Current income tax expense</i>	<u>14,404</u>	<u>26,104</u>
Income tax expense	<u>14,404</u>	<u>26,104</u>
Tax liabilities		
Current tax payable/(receivable)	<u>(13,563)</u>	<u>(511)</u>

Coleambally Finance Group Limited
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Notes to the Financial Statements
for the year ended 30 June 2012

5. Auditors' remuneration	2012	2011
	\$	\$
Amounts received or due and receivable by Richmond, Sinnott & Delahunty for:		
- Audit or review of the financial report of the company	<u>3,480</u>	<u>2,900</u>
6. Cash and cash equivalents		
Cash at bank and on hand	327,362	535,774
Cash at bank and on hand 60% interest in WRCFS	<u>198,862</u>	<u>-</u>
	<u>526,224</u>	<u>535,774</u>
7. Receivables		
Trade debtors	-	72,772
Trade debtors - 60% interest in WRCFS	<u>66,787</u>	<u>-</u>
	<u>66,787</u>	<u>72,772</u>
8. Other assets		
Sundry debtors	28,856	9,385
Sundry debtors - 60% interest in WRCFS	1,589	-
Rental bond - 60% interest in WRCFS	528	-
Prepayments - 60% interest in WRCFS	<u>6,885</u>	<u>-</u>
	<u>37,858</u>	<u>9,385</u>
9. Property, plant and equipment		
<i>Land - 1 Brolga Place</i>		
At cost	-	40,000
At valuation in 2012	<u>24,000</u>	<u>-</u>
	<u>24,000</u>	<u>40,000</u>
<i>Buildings</i>		
At cost	-	165,487
Less accumulated depreciation	-	(19,620)
At valuation in 2012	<u>66,000</u>	<u>-</u>
	<u>66,000</u>	<u>145,867</u>
<i>Property improvements</i>		
At cost	28,189	-
Less accumulated depreciation	<u>(2,818)</u>	<u>-</u>
	<u>25,371</u>	<u>-</u>
<i>Plant and equipment</i>		
At cost	131,088	127,103
Less accumulated depreciation	<u>(80,428)</u>	<u>(74,366)</u>
	<u>50,660</u>	<u>52,737</u>
<i>Motor Vehicles</i>		
At cost	51,750	86,251
Less accumulated depreciation	<u>(37,067)</u>	<u>(50,557)</u>
	<u>14,683</u>	<u>35,694</u>
Total written down amount	<u>180,714</u>	<u>274,298</u>

Coleambally Finance Group Limited
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Notes to the Financial Statements
for the year ended 30 June 2012

9. Property, plant and equipment (continued)	2012	2011
	\$	\$
Movements in carrying amounts		
<i>Land - 1 Brolga Place</i>		
Carrying amount at beginning of year	40,000	40,000
Contributions to WRCFS	(40,000)	-
Interest in WRCFS (60%)	24,000	-
Carrying amount at end of year	<u>24,000</u>	<u>40,000</u>
<i>Buildings</i>		
Carrying amount at beginning of year	145,867	150,004
Depreciation expense	(1,039)	-
Revaluation decrement	(34,828)	-
Contributions to WRCFS	(110,000)	(4,137)
Addition Interest in WRCFS (60%)	66,000	-
Carrying amount at end of year	<u>66,000</u>	<u>145,867</u>
<i>Property improvements</i>		
Carrying amount at beginning of year	-	-
Addition Interest in WRCFS (60%)	28,189	-
Depreciation expense WRCFS	(2,818)	-
Carrying amount at end of year	<u>25,371</u>	<u>-</u>
<i>Plant and equipment</i>		
Carrying amount at beginning of year	49,961	-
Additions	-	57,378
Depreciation expense	(2,419)	(7,417)
Contributions to WRCFS	(47,542)	-
Addition Interest in WRCFS (60%)	131,089	-
Depreciation expense WRCFS	(80,429)	-
Carrying amount at end of year	<u>50,660</u>	<u>49,961</u>
<i>Motor Vehicles</i>		
Carrying amount at beginning of year	35,694	48,732
Depreciation expense	(2,383)	(13,038)
Contributions to WRCFS	(33,311)	-
Addition interest in WRCFS (60%)	51,750	-
Depreciation expense WRCFS	(37,067)	-
Carrying amount at end of year	<u>14,683</u>	<u>35,694</u>

The company's land and buildings were revalued by the Directors prior to the transfer of assets to the partnership of Western Riverina Community Financial Services (WRCFS). The revaluation resulted in a decrement to the building value of \$34,833 which was based on open market value. The revaluation decrement was expensed in the statement of comprehensive income.

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Notes to the Financial Statements
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	2012	2011
	\$	\$
10. Investments		
Listed shares at cost	-	46,491
Listed shares at market value - 60% interest in WRCFS	19,118	-
	<u>19,118</u>	<u>46,491</u>
Movements in carrying amounts		
<i>Listed shares at cost</i>		
Opening Balance	46,491	44,223
Additions	-	2,268
Contributions to WRCFS	(46,491)	-
	<u>-</u>	<u>46,491</u>
<i>Listed shares at market value</i>		
Opening Balance	-	-
Additions interest in WRCFS (60%)	19,118	-
	<u>19,118</u>	<u>-</u>
11. Intangible assets		
<i>Franchise Fee and Establishment Costs</i>		
At cost	141,700	141,700
Less accumulated amortisation	(112,284)	(106,698)
	<u>29,416</u>	<u>35,002</u>
12. Payables		
Trade creditors	-	11,306
Trade creditors - 60% interest in WRCFS	31,075	-
GST payable	26,014	9,424
GST payable - 60% interest in WRCFS	(13,193)	-
Other creditors and accruals	-	19,577
Other creditors and accruals - 60% interest in WRCFS	75,348	-
	<u>119,244</u>	<u>40,307</u>
13. Loans and borrowings		
Current		
Chattel mortgage	-	11,207
Less: Unexpired charges	-	(827)
	<u>-</u>	<u>10,380</u>
Chattel mortgage - 60% interest in WRCFS	2,394	-
Less: Unexpired charges	(56)	-
	<u>2,338</u>	<u>-</u>
Bank overdraft	-	305,638
Bank loan	-	14,748
Bank overdraft - 60% interest in WRCFS	364,381	-
Bank loan - 60% interest in WRCFS	8,467	-
	<u>375,186</u>	<u>330,766</u>

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Notes to the Financial Statements
for the year ended 30 June 2012

	2012	2011
	\$	\$
13. Loans and borrowings (continued)		
<i>Non Current</i>		
Chattel mortgage	-	3,991
Less: Unexpired charges	-	(93)
	<u>-</u>	<u>3,898</u>
Bank loan	-	48,714
Bank loan - 60% interest in WRCFS	25,865	-
	<u>25,865</u>	<u>3,898</u>
Restricted funds - pledges	<u>333,790</u>	<u>333,790</u>
14. Provisions		
Employee benefits	76,490	55,565
	<u>76,490</u>	<u>55,565</u>
Movement in employee benefits		
Opening balance	55,565	53,986
Additional provisions recognised	38,752	20,062
Amounts utilised during the year	(17,827)	(18,483)
Closing balance	<u>76,490</u>	<u>55,565</u>
15. Other assets: assets held in trust		
Net assets held in trust of WRCFS	180,126	-
	<u>180,126</u>	<u>-</u>
<p>This balance represents the net amount of assets and liabilities transferred to Western Riverina Community Financial Services Partnership on 1 October 2011. Refer to note 1 for further details regarding transfer.</p>		
16. Equity		
<i>Retained earnings/ accumulated losses</i>		
Balance at the beginning of the financial year	161,193	113,887
Net profit/(loss) from ordinary activities after income tax	(27,728)	47,306
Balance at the end of the financial year	<u>133,465</u>	<u>161,193</u>
<i>Asset revaluation reserve</i>		
Balance at the beginning of the financial year	-	-
Decrement of listed shares held WRCFS 60%	(10,234)	-
Balance at the end of the financial year	<u>(10,234)</u>	<u>-</u>
Total Equity	<u>123,231</u>	<u>161,193</u>

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Notes to the Financial Statements
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	2012	2011
	\$	\$
17. Statement of cash flows		
<i>(a) Cash and cash equivalents</i>		
Cash assets	526,224	535,774
Bank overdraft	<u>(364,381)</u>	<u>(305,638)</u>
	<u>161,843</u>	<u>230,136</u>
<i>(b) Reconciliation of profit after tax to net cash from operating activities</i>		
Profit after income tax	(27,728)	47,306
Non cash items		
- Depreciation	19,603	25,418
- Amortisation	5,585	5,585
- Impairment of non financial asset	34,828	-
Changes in assets and liabilities		
- (Increase) decrease in receivables and other assets	(22,487)	(7,544)
- Increase (decrease) in payables	73,815	3,625
- Increase (decrease) in provisions	20,925	10,421
- Increase (decrease) in income tax payable	<u>(13,052)</u>	<u>(8,925)</u>
Net cashflows from operating activities	<u>91,489</u>	<u>75,886</u>

18. Director and Related Party Disclosures

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

CJ Noack
AJ Howe
KR Boyle
SE Sutherland
SE McCamley-White
AJ Hayes
JC Smith
RM Brain
K Pound
RJ Kerr (appointed 26 April 2012)
J McFadyen (appointed 24 February 2012)

Apart from the following, no related party transaction occurred during the year:

Executive Remuneration

<u>Branch Manager</u>	Primary <u>Benefits</u> Salary & Fees \$	Post <u>Employment</u> Superannuation \$	<u>Total</u> \$
Christopher Noack			
2012	99,864	12,627	112,491
2011	87,415	11,647	99,062

Coleambally Finance Group Limited
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Notes to the Financial Statements
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19. 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 2012/2013 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.

20. Contingent liabilities and assets

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

21. 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 Coleambally, New South Wales.

22. Corporate Information

Coleambally Finance Group Ltd is a company limited by guarantee incorporated in Australia.

The registered office and principal place of business is:

1 Brolga Place
Coleambally NSW 2707

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Notes to the Financial Statements
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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	2012 \$	2011 \$
Financial Assets			
Cash & cash equivalents	6	526,224	535,774
Receivables	7	66,787	72,772
Total Financial Assets		<u>593,011</u>	<u>608,546</u>
Financial Liabilities			
Payables	12	119,244	40,307
Loans & Borrowings	13	401,051	383,378
Total Financial Liabilities		<u>520,295</u>	<u>423,685</u>

Financial Risk Management Policies

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

Specific Financial Risk Exposure and Management

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

(a) Credit Risk

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

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	
	2012 \$	2011 \$
Cash and cash equivalents	526,224	535,774
Receivables	66,787	72,772
	<u>593,011</u>	<u>608,546</u>

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 (2011: 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.

Coleambally Finance Group Limited
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Notes to the Financial Statements
For the year ended 30 June 2012

(b) Liquidity risk

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

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

In addition the company has established an overdraft facility of \$700,000 with Bendigo & Adelaide Bank Limited.

Financial liability and financial asset maturity analysis

	Total	Within	1 to	Over
30 June 2012	\$	1 year	5 years	5 years
		\$	\$	\$
Financial Liabilities due for payment				
Payables	(119,244)	(119,244)	-	-
Loans and borrowings	(401,051) *	(366,718)	(34,333)	-
Total expected outflows	<u>(520,295)</u>	<u>(485,962)</u>	<u>(34,333)</u>	<u>-</u>
Financial Assets - cashflow realisable				
Cash & cash equivalents	526,224	526,224	-	-
Receivables	66,787	66,787	-	-
Total anticipated inflows	<u>593,011</u>	<u>593,011</u>	<u>-</u>	<u>-</u>
Net (Outflow)/Inflow on financial instruments	<u>72,716</u>	<u>107,049</u>	<u>(34,333)</u>	<u>-</u>
30 June 2011	\$	\$	\$	\$
Financial Liabilities due for payment				
Payables	(40,307)	(40,307)	-	-
Loans and borrowings	(383,378) *	(274,478)	(63,662)	(45,238)
Total expected outflows	<u>(423,685)</u>	<u>(314,785)</u>	<u>(63,662)</u>	<u>(45,238)</u>
Financial Assets - cashflow realisable				
Cash & cash equivalents	535,774	535,774	-	-
Receivables	72,772	72,772	-	-
Total anticipated inflows	<u>608,546</u>	<u>608,546</u>	<u>-</u>	<u>-</u>
Net (Outflow)/Inflow on financial instruments	<u>184,861</u>	<u>293,761</u>	<u>(63,662)</u>	<u>(45,238)</u>

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

Financial assets pledged as collateral

There are no material amounts of collateral held as security as at June 30 2012 and June 30 2011.

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(c) Market risk

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

Interest rate risk is 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:

	<u>Carrying Amount</u>	
	<u>2012</u>	<u>2011</u>
	\$	\$
Fixed rate instruments		
Financial assets	198,742	208,412
Financial liabilities	<u>(227,840)</u>	<u>(77,740)</u>
	<u>(29,098)</u>	<u>130,672</u>
Floating rate instruments		
Financial assets	-	-
Financial liabilities	<u>(173,210)</u>	<u>(305,638)</u>
	<u>(173,210)</u>	<u>(305,638)</u>

It should be noted that included in cash assets is an amount of \$327,483 (2011: \$327,362) which is not interest bearing.

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.

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.

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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 2012 can be seen in the Statement of Comprehensive Income.

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

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Directors' Declaration

In accordance with a resolution of the directors of Coleambally Finance Group Limited, the directors of the company declare that:

- 1 the financial statements and notes of the company as set out on pages 5 to 24 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 2012 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.



AJ Howe, Chairman

Signed at Coleambally on 15 February 2013.



***INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF COLEAMBALLY FINANCE GROUP LIMITED***

Report on the Financial Report

We have audited the accompanying financial report of Coleambally Finance Group Limited, which comprises the statement of financial position as at 30 June 2012, the statement of 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.

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(a), the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion

In our opinion:

- (a) the financial report of Coleambally Finance Group 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 2012 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 the International Financial Reporting Standards as disclosed in Note 1(a).

Richmond Sinnott + Delahunty
RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W. J. Sinnott

W. J. SINNOTT
Partner

Dated at Bendigo, 15 February 2013

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Partnership

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