

COLERAINE & DISTRICT  
FINANCIAL SERVICES LIMITED  
ABN 77 102 030 017

2012  
ANNUAL  
REPORT

Coleraine & District  
**Community Bank**<sup>®</sup> Branch

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## **Chairman's report**

### **For year ending 30 June 2012**

Fellow shareholders, what an exciting milestone, our 10<sup>th</sup> Annual Report and Annual General Meeting!

And what a truly magnificent year we have had, with nearly \$100,000 going back to our community via the Market Development Fund and distributed profit.

Banking has been a tough business as the ongoing pressures in the financial world keep our earnings margins very tight, and also, as some business matures, we need to constantly write new business to maintain our earnings.

Our Manager Jeanette McDonnell and all staff members, have worked solidly to offer excellent customer service, and have come up with innovative challenges and marketing strategies in this past year. Our staff are very loyal, and work together as a team to cover each other's absences and leave, and to stay abreast of new training requirements. Congratulations to all our staff, they are our public face and play such a key role in the success of this enterprise.

Our Coleraine & District **Community Bank**<sup>®</sup> Branch was awarded Bendigo Bank "Branch of the Year 2011" at the end of last year, for the South West Region! What an achievement – well done all. This year money has gone out the door to the community as fast as it has come in. Our Community Investments subcommittee always have a swag of requests from community organisations seeking our assistance, to enable our Coleraine and District communities the opportunity to enhance the liveability of this area.

We have now established a relationship with Bendigo Bank Community Enterprise Foundation<sup>™</sup>, and are running our first Community Grants Program, so that we can gradually change the focus of grants management, and also enable us in the future to support key larger projects that enable community building, not just sponsorships.

All this is only possible because of our customers. Without their support through their banking business, none of this is possible.

## Chairman's report 30 June 2012 cont'd

When the Steering Committee sought to attract Bendigo Bank to Coleraine 10 years ago, we were thrilled to be able to secure banking services for Coleraine and District, however the result has been so much more, with this revenue stream that was once a dream, and initially such a struggle to achieve, now a reality.

Each of our Directors has made their own contribution to the work of the Board, however a key player since inception has been Sandra Adams FAICD, who stepped up to the role of Treasurer, also undertaking bookkeeping tasks at no cost. Sandra retires from the Board at the AGM, and now the bookkeeping task will be an external paid role, oversighted by our Treasurer, Director Tim Johnston. Sandra's enormous contribution to both the governance of the company, and to the unpaid workload of weekly financial tasks, has been acknowledged by the Board, but I take the opportunity here of thanking her most sincerely, on behalf of all shareholders. Trish Munro had to retire as a Director during the year, for family and business reasons. Trish had taken on the role of Share Registry Manager, but as her business demands grew, she struggled with the time constraints ... thank you for the years you so willingly put in Trish, and we wish you every success in your business life.

I look forward to our 10<sup>th</sup> Birthday party next April, when we celebrate the opening of our doors a decade ago, and look forward to welcoming all shareholders and customers to the celebration planned for that milestone – do stay tuned!



**Coralie Coulson**  
Chairman

## **Manager's report**

### **For year ending 30 June 2012**

I am proud to present our community with my 2<sup>nd</sup> Annual Report as Branch Manager of Coleraine & District **Community Bank**® Branch of Bendigo and Adelaide Bank. I am indeed very fortunate to have the opportunity to work for and with such a close-knit and caring community.

Once again our **Community Bank**® branch has continued to receive your support by bringing us Banking Business. We need our existing customers to also help spread the word that banking with us benefits our district, our hardworking community groups and all of our businesses and citizens.

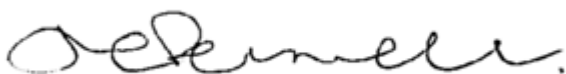
We enter our 10<sup>th</sup> year of operation with a total portfolio of \$58.9 million, 1,467 customers holding 2,593 accounts with our branch. We must rise to the challenge and keep growing our book so that we can continue to support local worthwhile projects and ideas which in turn will grow and develop our community.

I again need to heap praise on our dedicated and loyal staff – Donna Cook, Janelle Tooley, Michelle Ferey, Andrea McClure and Nicole Jenkinson. Nicole started with us in March this year and has proven to be a valuable and enthusiastic team member. I thank them all for their support and tireless efforts in their working roles and in their community.

It is Bendigo and Adelaide Bank and the staff's vision to be the leading customer connected bank. We believe our strength comes from our focus on the success of our customers, partners and communities. We listen and respect every customer's choice, needs and objectives. We partner for sustainable long-term outcomes and to be relevant, connected and valued. This vision is what drives each and every one of us and we invite our community to support us as we work to deliver our goals and ensure sustained and shared success.

In conclusion, I wish to thank Coralie Coulson and the Board of Directors whose support, belief and enthusiasm makes sure we are heading in the right direction.

Thank you to all our customers, shareholders and partners for the continuing support and remember "When you understand the concept, why wouldn't you bank with us"



**Jeanette McDonnell**  
**Branch Manager**

# Bendigo and Adelaide Bank report

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For year ending 30 June 2012

Thanks to your support as shareholders the **Community Bank**<sup>®</sup> network has achieved a significant milestone this year, contributing more than \$80 million to support the communities these unique companies operate within.

This figure was almost unimaginable when the **Community Bank**<sup>®</sup> model was first launched in 1998, in partnership with the people from the small Victorian wheat farming towns of Rupanyup and Minyip. For these communities the **Community Bank**<sup>®</sup> model was seen as a way to restore branch banking services to the towns, after the last of the major banks closed its services. However, in the years since the **Community Bank**<sup>®</sup> model has become so much more.

In the past financial year a further 20 **Community Bank**<sup>®</sup> branches have opened, this growth is in-line with our forecast and consistent with what we have seen in recent years. Demand for the model remains strong and there are currently another 32 **Community Bank**<sup>®</sup> sites in development, with many more conversations happening with communities Australia wide.

At the end of the financial year 2011/12 the **Community Bank**<sup>®</sup> network had achieved the following:

- Returns to community – \$80 million
- **Community Bank**<sup>®</sup> branches – 295
- **Community Bank**<sup>®</sup> branch staff – more than 1,400
- **Community Bank**<sup>®</sup> branch Directors – 1,905
- Volume footings – \$21.75 billion
- Customers – 500,000
- Shareholders – 71,197
- Dividends paid to shareholders – \$28.8 million

Almost 300 communities have now partnered with Bendigo and Adelaide Bank, so they can not only enhance banking services, but more importantly aggregate the profits their banking business generates and reinvest it in local groups and projects that will ultimately strengthen their community.

In the past 14 years we have witnessed the **Community Bank**<sup>®</sup> network's returns to communities grow exponentially each year, with \$470,000 returned within the first five years, \$8.15 million within the first eight and \$22.58 million by the end of the first decade of operation.

Today that figure is an astonishing \$80 million and with the continued growth and popularity of the **Community Bank**<sup>®</sup> model, returns should top \$100 million by the end of 2013. These dollars add up to new community facilities, improved services, more opportunities for community engagement activities and generally speaking, a more prosperous society.

The communities we partner with also have access to Bendigo and Adelaide Bank's extensive range of other community building solutions including Community Enterprise Foundation™ (philanthropic arm), Community Sector Banking (banking service for not-for-profit organisations), Generation Green™ (environment and sustainability initiative), Community Telco (telecommunications solution), sponsorships, scholarships and Community Enterprises that provide **Community Bank**<sup>®</sup> companies with further development options.

In Bendigo and Adelaide Bank, your **Community Bank**<sup>®</sup> company has a committed and strong partner and over the last financial year our company has also seen much success.

## Bendigo and Adelaide Bank report (continued)

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Last December, our Bank joined the ranks of Australia's A-rated banks following an upgrade announced by Standard & Poor's. Its decision to raise our long-term rating from BBB+ to A- means the Bank (and its **Community Bank**<sup>®</sup> partners) are now rated 'A' by all three of the world's leading credit rating agencies. This is a huge boost to the Bank and will allow us to access new funding opportunities. It will also enable our group to service supporters who were precluded from banking with us because we were not A rated.

The rating upgrade is a welcome boost for the Bank and its partners at a time when funding is expensive and likely to remain so, margins have been eroded across the industry, credit growth is sluggish at best and subsequently, the profitability of banks remains under pressure.

Not surprisingly, these factors continue to place pressure on our Bank's margin and as **Community Bank**<sup>®</sup> margin share is still in part based on fixed trails, this is continuing to reflect a skew in margin share between the Bank and its **Community Bank**<sup>®</sup> partners.

We've been working with the **Community Bank**<sup>®</sup> network to take action to reduce this imbalance (which is in favour of the **Community Bank**<sup>®</sup> partners) and see the share of revenue on core banking products closely aligned to the key principal of 50/50 revenue share. Recent market developments are challenging this goal, but the Bank and its partners remain committed to addressing this.

It's Bendigo and Adelaide Bank's vision to be Australia's leading customer-connected bank. We believe our strength comes from our focus on the success of our customers, people, partners and communities. We take a 100-year view of our business; we listen and respect every customer's choice, needs and objectives. We partner for sustainable long-term outcomes and aim to be relevant, connected and valued.

This is what drives each and every one of our people and we invite you as **Community Bank**<sup>®</sup> shareholders to support us as we work with our partners to deliver on our goals and ensure our sustained and shared success.

As **Community Bank**<sup>®</sup> shareholders you are part of something special, a unique banking movement which has evolved into a whole new way of thinking about banking and the role it plays in modern society.

We thank you all for the part you play in driving this success.



**Russell Jenkins**  
**Executive Customer and Community**

**Community Grants, Donations and Sponsorships**  
**Year ended 30 June 2012**

**Community Grants:**

- Solar panels for the Coleraine Hospital Redevelopment- 1<sup>st</sup> instalment \$34,000

**Schools:**

- Coleraine Primary School \$813
  - St Joseph's Primary School \$2,800
  - Coleraine Kindergarten \$2,500
  - Year 6 Children's Valedictory Vouchers \$1,900
  - GRaSS – Science Olympiad (local schools) \$300
- Total: \$8,313

**Sporting:**

- Balmoral-Harrow Football/Netball Club \$5,000
  - Coleraine Football/Netball Club \$8,800
  - Coleraine Bowling Club \$860
  - Coleraine Cricket Club \$400
  - Coleraine Golf Club \$3,300
  - Coleraine Pony Club \$500
  - Merino Golf Club \$300
  - Hamilton & District Darts Association \$300
  - Hamilton Gymnastic Club \$500
  - Tahara Cricket Club \$1,000
  - Balmoral Rodeo \$500
  - Hamilton Junior Football League Carnival \$500
- Total: \$21,960

**Community/Organisations:**

- Coleraine Apex Club \$150
  - Balmoral Lions Club \$650
  - Coleraine & District Development Association \$1,130
  - Coleraine Lions Club \$130
  - Coleraine P & A Society \$1,750
  - Coleraine Swimming Pool Committee \$300
  - Community Car Petrol (WDHS) \$1,000
  - Men's Shed Rental \$5,200
  - Promenade of Sacred Music \$1,000
  - RMIT Nursing Awards \$100
  - Soil Health Group \$1,000
  - Australian Pedal Car Grand Prix \$5,000
  - Merino Community Festival \$1,000
  - Harrow Bush Nursing Centre \$500
  - Merino Progress Association \$600
  - Green Light Driving Education course \$2,200
- Total: \$21,710

**Charitable:**

- OxFam Walkers \$200
  - Bursary for Student Study \$300
  - SW Wild Life shelter \$755
  - James Chapman Fund \$1,000
  - Donald Jones – Boxing Championships \$2,508
  - Karate Championships -Casterton Competitor \$1,000
- Total: \$5,763

**Grand Total for 2011/12: \$91,746**



### 3. Director information

#### Meetings of Directors

During the financial year, 11 meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year were as follows:

		Eligible	Attended
Coralie Louise Coulson	Community Worker/Company Director	11	10
Sandra Margaret Adams	Clerical Assistant & FICD	11	11
Quentin Arthur Baudinette	Business Owner	11	10
Elizabeth Mary Britten	Retired School Teacher	11	10
Gregory Simon Hodgson	Farmer	11	9
Timothy James Johnston	Farmer	11	9
John Thomas Kane	Farmer	11	7
Alexandra Louise Kelso	Farmer/Administration	11	8
Valerie Joyce Lawson	Retail	11	11
Grant James Little	Farmer Manager	11	8
Patricia Ann Munro	Farmer/Business Owner (resigned 23/9/12)		1

**Coleraine District Financial Services Limited**  
**ABN 77 102 030 017**  
**Directors' Report**

Your Directors submit their 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:

Alexandra Louise Kelso  
Director  
Farmer / Administration

Coralie Louise Coulson  
Director  
Community Worker / Company Director

Elizabeth Mary Britten  
Director  
Retired School Teacher

Grant James Little  
Director  
Farm Manager

Gregory Hodgson  
Director  
Grazier

John Thomas Kane  
Director / Company Secretary  
Farmer

Patricia Ann Munro  
Director  
Retail Proprietor  
(resigned 23 September 2011)

Quentin Arthur Baudinette  
Director  
Cabinet Maker

Tim Johnston  
Director  
Farmer

Valerie Joyce Lawson  
Director  
Retail Operations Manager

Sandra Margaret Adams  
Director / Treasurer  
Clerical Assistant & Fellow of the AICD

Gill Fry  
Director  
Consultant  
(*appointed 26 June 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.

**Operating results**

Operations have performed in line with expectations. The profit of the company for the financial year after provision for income tax was \$41,111 (2011: \$74,634).

**Financial position**

The net assets of the company have increased by \$12,019 from June 30, 2011 to \$384,883 in 2012. The increase is largely due to improved operating performance of the company.

**Dividends**

An unfranked dividend of \$32,863 was paid on the 20 March 2012.

**Coleraine District Financial Services Limited**  
**ABN 77 102 030 017**  
**Directors' Report**

**Significant changes in the state of affairs**

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

**Events after the reporting period**

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

**Future developments**

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

**Environmental issues**

The company is not subject to any significant environmental regulation.

**Proceedings on behalf of company**

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

**Remuneration Report**

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

**Indemnifying officers or auditor**

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

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

**Coleraine District Financial Services Limited**  
**ABN 77 102 030 017**  
**Directors' Report**

**Directors meetings**

The number of Directors meetings attended during the year were:

<b>Director</b>	<b>Board Meetings #</b>
Alexandra Louise Kelso	8 (11)
Coralie Louise Coulson	10 (11)
Elizabeth Mary Britten	10 (11)
Grant James Little	8 (11)
Gregory Hodgson	9 (11)
John Thomas Kane	7 (11)
Patricia Ann Munro	1 (11)
Quentin Arthur Baudinette	10 (11)
Tim Johnston	9 (11)
Valerie Joyce Lawson	11 (11)
Sandra Margaret Adams	10 (11)
Gill Fry	0 (0)

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

Coleraine & District Financial Services Limited has accepted the Community Bank Directors Privileges package. The package is available to all directors who can elect to avail themselves to the benefits based on their personal banking with the Coleraine branch. There is no requirement to own BEN shares and there is no qualification period to qualify to utilize the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank shareholders.

**Company secretary**

John Kane has been the company secretary of Coleraine & District Financial Services Limited since 24 November 2009.

**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.

**Coleraine District Financial Services Limited**  
**ABN 77 102 030 017**  
**Directors' Report**

**Non audit services**

The Directors are satisfied that the provision of non audit services during the year is compatible with the general standard of independence for auditors imposed by the audit Corporations Act 2001.

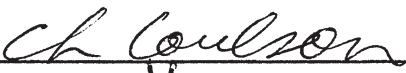

The directors are satisfied that the services disclosed in Note 5 did not compromise the external auditor's independence for the following reasons:

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

**Auditor independence declaration**

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

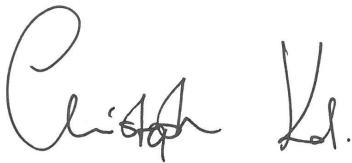
Signed in accordance with a resolution of the Board of Directors at Coleraine on 10 September 2012.

  
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**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF COLERAINE & DISTRICT FINANCIAL SERVICES LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2012 there have been:

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



**C.J. KOL**  
**PARTNER**  
**COFFEY HUNT**

Dated at Warrnambool: 10<sup>th</sup> September 2012

**Coleraine District Financial Services Limited**  
**ABN 77 102 030 017**  
**Statement of Comprehensive Income**  
**for the year ended 30 June 2012**

	<u>Notes</u>	<b>2012</b> <b>\$</b>	<b>2011</b> <b>\$</b>
Revenue	2	534,826	521,424
Other income	2	9,724	3,447
Employee benefits expense	3	(240,354)	(227,962)
Depreciation and amortisation expense	3	(22,929)	(28,810)
Other expenses		<u>(185,095)</u>	<u>(160,459)</u>
<b>Operating profit/(loss) before charitable donations &amp; sponsorships</b>		96,172	107,640
Charitable donations and sponsorship		<u>(43,883)</u>	<u>(1,020)</u>
<b>Profit/(loss) before income tax expense</b>		52,289	106,620
Income tax expense	4	<u>(11,178)</u>	<u>(31,986)</u>
<b>Profit/(loss) after income tax expense</b>		41,111	74,634
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u><u>41,111</u></u>	<u><u>74,634</u></u>
<b>Earnings per share (cents per share)</b>			
- basic for profit / (loss) for the year	21	8.76	15.90
- diluted for profit / (loss) for the year	21	8.76	15.90

The accompanying notes form part of these financial statements

**Coleraine District Financial Services Limited**  
**ABN 77 102 030 017**  
**Statement of Financial Position**  
**As at 30 June 2012**

	<u>Notes</u>	2012 \$	2011 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	245,781	222,822
Receivables	7	63,718	50,687
<b>Total Current Assets</b>		309,499	273,509
<b>Non-Current Assets</b>			
Property, plant and equipment	8	89,986	99,133
Deferred tax assets	4	15,616	26,794
Intangible assets	9	9,376	23,158
<b>Total Non-Current Assets</b>		114,978	149,085
<b>Total Assets</b>		424,477	422,594
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables	10	29,592	35,091
Provisions	11	13,773	14,639
<b>Total Current Liabilities</b>		43,365	49,730
<b>Total Liabilities</b>		43,365	49,730
<b>Net Assets</b>		381,112	372,864
<b>Equity</b>			
Share capital	12	469,472	469,472
Accumulated losses	13	(88,360)	(96,608)
<b>Total Equity</b>		381,112	372,864

The accompanying notes form part of these financial statements



**Coleraine District Financial Services Limited**  
**ABN 77 102 030 017**  
**Statement of Cash Flows**  
**For the year ended 30 June 2012**

	<u>Notes</u>	<b>2012</b> <b>\$</b>	<b>2011</b> <b>\$</b>
<b>Cash Flows From Operating Activities</b>			
Cash receipts in the course of operations		588,309	521,467
Cash payments in the course of operations		(542,211)	(375,846)
Interest received		9,724	3,447
<b>Net cash flows from/(used in) operating activities</b>	14b	<b>55,822</b>	<b>149,068</b>
<b>Cash Flows From Investing Activities</b>			
Payment for intangible assets		-	-
Proceeds / (payments) for property, plant and equipment		-	(3,695)
<b>Net cash flows from/(used in) investing activities</b>		<b>-</b>	<b>(3,695)</b>
<b>Cash Flows From Financing Activities</b>			
Dividends paid		(32,863)	(23,474)
<b>Net cash flows from/(used in) financing activities</b>		<b>(32,863)</b>	<b>(23,474)</b>
<b>Net increase/(decrease) in cash held</b>		22,959	121,899
Cash and cash equivalents at start of year		222,822	100,923
<b>Cash and cash equivalents at end of year</b>	14a	<b>245,781</b>	<b>222,822</b>

The accompanying notes form part of these financial statements

**Coleraine District Financial Services Limited**  
**ABN 77 102 030 017**  
**Statement of Changes in Equity**  
**for the year ended 30 June 2012**

	<u>Notes</u>	<b>2012</b>	<b>2011</b>
		<b>\$</b>	<b>\$</b>
<b>ISSUED CAPITAL</b>			
Balance at start of year		<u>469,472</u>	<u>469,472</u>
<b>Balance at end of year</b>		<u><u>469,472</u></u>	<u><u>469,472</u></u>
<b>RETAINED EARNINGS / (ACCUMULATED LOSSES)</b>			
Balance at start of year		(96,608)	(147,768)
Profit/(loss) after income tax expense		41,111	74,634
Transfers to and from reserves		<u>(32,863)</u>	<u>(23,474)</u>
<b>Balance at end of year</b>		<u><u>(88,360)</u></u>	<u><u>(96,608)</u></u>
<b>COMMUNITY PROJECTS RESERVE</b>			
Balance at start of year		-	-
Transfers to and from reserves		32,863	23,474
Dividends paid	20	<u>(32,863)</u>	<u>(23,474)</u>
<b>Balance at end of year</b>		<u><u>-</u></u>	<u><u>-</u></u>

The accompanying notes form part of these financial statements

**Coleraine District Financial Services Limited**  
**ABN 77 102 030 017**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2012**

**1. Summary of significant accounting policies**

**(a) Basis of preparation**

Coleraine & District Financial Services 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.

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 10 September 2012.

**(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.

**Coleraine District Financial Services Limited**

**ABN 77 102 030 017**

**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:

<i>Class of Asset</i>	<i>Depreciation Rate</i>
Leasehold Improvements	2.5-50%
Furniture & Fittings	20%

*Impairment*

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

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

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

*Revaluations*

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

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

**(d) Impairment of assets**

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

**Coleraine District Financial Services Limited**  
**ABN 77 102 030 017**  
**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 and long service 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.

**Coleraine District Financial Services Limited**

**ABN 77 102 030 017**

**Notes to the Financial Statements**

**for the year ended 30 June 2012**

**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 economic entity 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**

Where required by Accounting Standards comparative figures have been adjusted to conform with 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.

**Coleraine District Financial Services Limited**  
**ABN 77 102 030 017**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2012**

**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.

**Coleraine District Financial Services Limited**

**ABN 77 102 030 017**

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

<b>2. Revenue</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Revenue from continuing activities		
- services commissions	116,049	124,245
- other revenue	418,777	397,179
	<u>534,826</u>	<u>521,424</u>
Other revenue		
- interest received	9,724	3,447
- other revenue	-	-
	<u>9,724</u>	<u>3,447</u>
	<u>544,550</u>	<u>524,871</u>
<b>3. Expenses</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Employee benefits expense		
- wages and salaries	220,216	203,061
- superannuation costs	18,419	16,576
- employee entitlements	1,069.00	7,711
- other costs	650	614
	<u>240,354</u>	<u>227,962</u>
Depreciation of non-current assets:		
- plant and equipment	1,191	615
- property improvements	7,956	14,413
Amortisation of non-current assets:		
- intangible assets	13,782	13,782
	<u>22,929</u>	<u>28,810</u>
Bad debts	3,591	118
<b>4. Income tax expense</b>		
The prima facie tax on profit/(loss) before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit/(loss) before income tax at 30%	15,687	31,986
Add tax effect of:		
-Other deductible expenses	(4,509)	-
<i>Current income tax expense / (benefit)</i>	<u>11,178</u>	<u>31,986</u>
Income tax expense / (benefit)	<u>11,178</u>	<u>31,986</u>
<b>Deferred tax assets</b>		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	<u>15,616</u>	<u>26,794</u>



**Coleraine District Financial Services Limited**

**ABN 77 102 030 017**

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

<b>5. Auditors' remuneration</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Remuneration of the auditor for:		
- Audit or review of the financial report of the Company	2,350	2,250
	<u>2,350</u>	<u>2,250</u>
 <b>6. Cash and cash equivalents</b>		
Cash and cash equivalents	245,781	222,822
	<u>245,781</u>	<u>222,822</u>
 <b>7. Receivables</b>		
Other receivable	8,341	-
Prepayments	4,135	4,008
Trade debtors	51,242	46,679
	<u>63,718</u>	<u>50,687</u>
 <b>8. Property, plant and equipment</b>		
<i>Leasehold Improvements</i>		
At cost	130,005	130,005
Less accumulated depreciation	(44,036)	(36,080)
	<u>85,969</u>	<u>93,925</u>
 <i>Furniture &amp; Fittings</i>		
At cost	9,172	9,172
Less accumulated depreciation	(5,155)	(3,964)
	<u>4,017</u>	<u>5,208</u>
 Total written down amount	<u>89,986</u>	<u>99,133</u>
 <b>Movements in carrying amounts</b>		
<i>Leasehold Improvements</i>		
Carrying amount at beginning of year	93,925	108,338
Additions	-	-
Disposals	-	-
Depreciation expense	(7,956)	(14,413)
Carrying amount at end of year	<u>85,969</u>	<u>93,925</u>
 <i>Furniture &amp; Fittings</i>		
Carrying amount at beginning of year	5,208	2,127
Additions	-	3,696
Disposals	-	-
Depreciation expense	(1,191)	(615)
Carrying amount at end of year	<u>4,017</u>	<u>5,208</u>

**Coleraine District Financial Services Limited**

**ABN 77 102 030 017**

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

<b>9. Intangible assets</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<i>Franchise Fee</i>		
At cost	68,909	68,909
Less accumulated amortisation	<u>(59,533)</u>	<u>(45,751)</u>
	<u>9,376</u>	<u>23,158</u>
<b>10. Payables</b>		
Trade creditors	9,139	7,084
Superannuation payable	-	5,512
Other creditors and accruals	<u>20,453</u>	<u>22,495</u>
	<u>29,592</u>	<u>35,091</u>
<b>11. Provisions</b>		
Employee benefits	<u>13,773</u>	<u>14,639</u>
<b>Movement in employee benefits</b>		
Opening balance	14,639	6,928
Additional provisions recognised	19,126	19,356
Amounts utilised during the year	<u>(19,992)</u>	<u>(11,645)</u>
Closing balance	<u>13,773</u>	<u>14,639</u>
<b>12. Share capital</b>		
469,472 Ordinary Shares fully paid of \$1 each	<u>469,472</u>	<u>469,472</u>
	<u>469,472</u>	<u>469,472</u>
The company has authorised share capital amounting to 469,472 ordinary shares.		
<b>13. Retained earnings / (accumulated losses)</b>		
Balance at the beginning of the financial year	(96,608)	(147,768)
Profit/(loss) after income tax	41,111	74,634
Dividends	<u>(32,863)</u>	<u>(23,474)</u>
Balance at the end of the financial year	<u>(88,360)</u>	<u>(96,608)</u>

**Coleraine District Financial Services Limited**

**ABN 77 102 030 017**

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

**14. Statement of cash flows**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Cash and cash equivalents</b>		
Cash assets	<u>245,781</u>	<u>222,822</u>
<b>(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities</b>		
Profit / (loss) after income tax	41,111	74,634
Non cash items		
- Depreciation	9,147	15,028
- Amortisation	13,782	13,782
Changes in assets and liabilities		
- (Increase) decrease in receivables	(12,904)	43
- (Increase) decrease in prepayments	(127)	606
- (Increase) decrease in deferred tax assets	11,178	31,986
- Increase (decrease) in payables	(5,499)	5,278
- Increase (decrease) in provisions	(866)	7,711
Net cashflows from/(used in) operating activities	<u>55,822</u>	<u>149,068</u>

**15. Director and related party disclosures**

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

Alexandra Louise Kelso  
 Coralie Louise Coulson  
 Elizabeth Mary Britten  
 Grant James Little  
 Gregory Hodgson  
 John Thomas Kane  
 Patricia Ann Munro  
 Quentin Arthur Baudinette  
 Tim Johnston  
 Valerie Joyce Lawson  
 Sandra Margaret Adams  
 Gill Fry

No director or related entity has entered into a material contract with the Company. Director's fees have been paid to Sandra, John, Coralie, Elizabeth, Trish and Alexandra, all other positions are held on a voluntary basis.

Coleraine & District Financial Services Limited has accepted the Community Bank Directors Privileges package. The package is available to all directors who can elect to avail themselves to the benefits based on their personal banking with the Coleraine branch. There is no requirement to own BEN shares and there is no qualification period to qualify to utilize the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank shareholders.

**Coleraine District Financial Services Limited**

**ABN 77 102 030 017**

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

**15. Director and related party disclosures (continued)**

**Directors shareholdings**

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

**16. 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.

**17. Contingent liabilities and assets**

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

**18. 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 Coleraine, Victoria. The company has a franchise agreement in place with Bendigo & Adelaide Bank Limited who account for 100% of the revenue (2011: 100%).

**19. Corporate information**

Coleraine & District Financial Services Limited is a company limited by shares incorporated in Australia.

The registered office is: 59 Whyte Street  
Coleraine VIC 3315

The principal place of business is: 59 Whyte Street  
Coleraine VIC 3315

Coleraine District Financial Services Limited

ABN 77 102 030 017

Notes to the Financial Statements

for the year ended 30 June 2012

	2012	2011
<b>20. Dividends paid or provided for on ordinary shares</b>	<b>\$</b>	<b>\$</b>
Dividends paid or proposed by the Company during the year.	32,863	23,474

**21. Earnings per share**

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

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

Profit after income tax benefit	<u>41,111</u>	<u>74,634</u>
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>469,472</u>	<u>469,472</u>

**Coleraine District Financial Services Limited**  
**ABN 77 102 030 017**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2012**

**22. 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 \$
<b>Financial Assets</b>			
Cash & cash equivalents	6	245,781	222,822
Receivables	7	63,718	50,687
<b>Total Financial Assets</b>		<u>309,499</u>	<u>273,509</u>
<b>Financial Liabilities</b>			
Payables	10	29,592	35,091
<b>Total Financial Liabilities</b>		<u>29,592</u>	<u>35,091</u>

**Financial Risk Management Policies**

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

**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:

	<u>Carrying Amount</u>	
	2012 \$	2011 \$
Cash and cash equivalents	245,781	222,822
Receivables	63,718	50,687
	<u>309,499</u>	<u>273,509</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.

**Coleraine District Financial Services Limited**  
**ABN 77 102 030 017**  
**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.

Financial liability and financial asset maturity analysis

	<b>Total</b>	<b>Within</b>	<b>1 to</b>	<b>Over</b>
	<b>\$</b>	<b>1 year</b>	<b>5 years</b>	<b>5 years</b>
<b>30 June 2012</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Liabilities due for payment</b>				
Payables	(29,592)	(29,592)	-	-
<b>Total expected outflows</b>	<u>(29,592)</u>	<u>(29,592)</u>	<u>-</u>	<u>-</u>
<b>Financial Assets - cashflow realisable</b>				
Cash & cash equivalents	245,781	245,781	-	-
Receivables	63,718	63,718	-	-
<b>Total anticipated inflows</b>	<u>309,499</u>	<u>309,499</u>	<u>-</u>	<u>-</u>
<b>Net (Outflow)/Inflow on financial instruments</b>	<u>279,907</u>	<u>279,907</u>	<u>-</u>	<u>-</u>
	<b>Total</b>	<b>Within</b>	<b>1 to</b>	<b>Over</b>
	<b>\$</b>	<b>1 year</b>	<b>5 years</b>	<b>5 years</b>
<b>30 June 2011</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Liabilities due for payment</b>				
Payables	35,091	35,091	-	-
<b>Total expected outflows</b>	<u>35,091</u>	<u>35,091</u>	<u>-</u>	<u>-</u>
<b>Financial Assets - cashflow realisable</b>				
Cash & cash equivalents	222,822	222,822	-	-
Receivables	50,687	50,687	-	-
<b>Total anticipated inflows</b>	<u>273,509</u>	<u>273,509</u>	<u>-</u>	<u>-</u>
<b>Net (Outflow)/Inflow on financial instruments</b>	<u>308,600</u>	<u>308,600</u>	<u>-</u>	<u>-</u>

Financial assets pledged as collateral

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

**Coleraine District Financial Services Limited**  
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**Notes to the Financial Statements**  
**For the year ended 30 June 2012**

**(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>	
	2012	2011
	\$	\$
<b>Fixed rate instruments</b>		
Financial assets	-	-
Financial liabilities	-	-
	-	-
<b>Floating rate instruments</b>		
Financial assets	245,781	222,822
Financial liabilities	-	-
	245,781	222,822

*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.



**Coleraine District Financial Services Limited**  
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**Notes to the Financial Statements**  
**For the year ended 30 June 2012**

**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%.


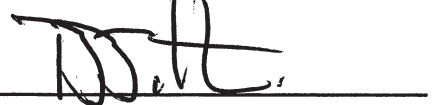
The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid 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.

**Coleraine District Financial Services Limited**  
**ABN 77 102 030 017**  
**Directors' Declaration**

In accordance with a resolution of the directors of Coleraine & District Financial Services Limited, the directors of the company declare that:

- 1 the financial statements and notes of the company as set out on pages 6 to 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.

  
\_\_\_\_\_  
  
\_\_\_\_\_

Signed at Coleraine on the 10 September 2012.

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF  
COLERAINE & DISTRICT FINANCIAL SERVICES LIMITED**

**Report on the financial report**

We have audited the accompanying financial report of Coleraine & District Financial Services Limited, which comprises the balance sheet as at 30 June 2012, and the comprehensive income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

*Directors' responsibility for the financial report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

*Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing 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 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 and fair presentation 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 opinions.

*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 Coleraine & District 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 2012 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a).

*Coffey Hunt.*

**COFFEY HUNT**  
**CHARTERED ACCOUNTANTS**

*Christopher K.*

**C.J. KOL**  
**PARTNER**

Dated at Warrnambool: 10 September 2012