COLERAINE & DISTRICT
FINANCIAL SERVICES LIMITED
ABN 77 102 030 017

2013 Annual Report

Coleraine & District
Community Bank® Branch

Contents

Chairman's Report
For year ended 30 June 2013

During the majority of the financial year, our funds under management see-sawed as new business was won and mature business was closed. During this period trading conditions were very tight, with historically low interest rates putting the squeeze on profit margins, with some categories of business bringing us constrained returns. Our Branch Manager Jeanette McDonnell and her staff worked very hard in this period to earn new business, but it was a frustrating period. This is reflected in the reduced profit for the year.

Another matter to report is that Bendigo and Adelaide Bank have recalibrated the share of profit on certain bank products. Bendigo and Adelaide Bank and the **Community Bank®** company should each receive 50% of the revenue earned, but under the changed economic environment, some companies were receiving considerably more than the 50% share on particular products. In April 2013, after a period of due notice, Bendigo and Adelaide Bank recalibrated the revenue share; also affecting our profit. Luckily April was about when the hard work of the Manager and staff started to pay off, with business levels rising. Bendigo and Adelaide Bank also acquired Southern Financial, bringing Coleraine & District **Community Bank®** Branch $1.1 million in deposits and $3.5 million in loans (these figures were not yet fully reflected in the 30 June position).

Seeking new business is a constant requirement of our enterprise, and we encourage all shareholders and community group supporters to keep our business strong by strengthening the customer base whenever possible. Our Board has endeavored to stay focused on strategy and on community engagement, constantly telling the **Community Bank®** story.

Our Branch Manager Jeanette McDonnell has led Branch staff in achieving growth for our business, and support for our community. Our Branch is a welcoming spot and our staff are valued by the community.

Highlights of the past year are

- Our 10th birthday dinner for shareholders and customers, held in April, was enjoyed by a great crowd, with John Tebbutt of **Community Bank®** Strategic Advisory Board, and Chairman of Winchelsea **Community Bank®** Branch, as guest speaker.

- Our strong representations to Bendigo Bank regarding the importance of agribusiness to our enterprise, has been rewarded, with Jo Hogg and Hugh McDonald being seconded into local Rural Bank roles.
- We have welcomed Simon Horne and farewelled John Ashford, in the Financial Planning role.
- We welcomed Hamish Robertson as a new Junior Observer, and we farewelled Kelsey McIntosh earlier in the year, and Bianca Spring at the close of the financial year.
- Tim Johnston has completed his first year as Treasurer, ably assisted with the book-keeping role, by Kristy Iredell. We transferred our accountancy management to Geoff Waters & Co. in Coleraine, and thank Jodie Missen in particular, for the smooth transition.
- We have now returned over $300,000 to the community to date, in sponsorships, donations and community grants, as well as delivering just over $100,000 in dividends to shareholders. This past year we have distributed community investments throughout the course of the year, maintaining a role in strengthening our community, even if profits have been diminished. A full list of returns to our community is found later in this report.
- Gill Fry from Wannon joined the Board, and has made a valuable contribution. Unfortunately for personal reasons she cannot continue, and we regretfully farewell Gill tonight.
- Simon Ferrier has also joined the Board. A long time Coleraine resident and advocate for our **Community Bank®** Branch, we are pleased to have finally gained Simon as a Director.
- Alexandra Kelso has been with us since October 2005, taking on a variety of roles in that time, most recently as Share Registry Manager. Alexandra steps down tonight, and we thank her for her years of service to this enterprise and the community. We will miss her succinct reasoning and the added diversity she has brought to the Board table.

Each and every Director makes a wonderful contribution to the work of your xompany – I thank all of them most sincerely.

C L Coulson

Coralie Coulson GAICD

Chairman CDFS

Manager's report

For year ending 30 June 2013

I am delighted to present my 3rd Annual Report as Branch Manager of Coleraine & District **Community Bank®** Branch.

Our future remains very positive as we continue to grow and develop our business. Due to your support, we have been able to diversify our portfolio, welcome more brand new customers and put $89,000 in sponsorships, donations and grants back into our community last financial year.

As always, we need your support to help us continue our work in the community. We ask that when you are talking with friends, neighbours and relatives please tell them about your **Community Bank®** branch and encourage them to check us out. We would be only too pleased to sit with them, explain our **Community Bank®** model and talk to them about what we can offer.

Our point of difference came to the fore during the Telstra fire when there were no ATM's functioning in our area. Bendigo Bank arranged for a technician (the only one available) to leave Adelaide at 4.00am to travel to Coleraine. He arrived late morning and had the machine up and running that day so our residents and travellers were at least able to get cash. This was a wonderful response by Bendigo Bank, eager to assist our community.

We welcomed Justin Bryant from Hamilton and Emma Grigg from Casterton this year, who joined Janelle Tooley and Andrea McClure, our long serving and experienced staff members. Nicole Boxer will soon commence Maternity leave and we wish her all the best. We welcome Robyn McFee from Casterton who will be stepping in during Nicole's absence.

I thank all these members of our staff for their dedication and hard work over the past 12 months. I am indeed fortunate to have each and every one of them on my team.

On conclusion, I wish to thank Coralie Coulson and all the Board of Directors for their support and belief in our team. Your assistance and guidance is always appreciated.

Thank you to all our customers, shareholders and partners for your support and please keep remembering that 'when you understand the concept, why wouldn't you bank with us?"

Jeanette McDonnell
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2013

This year has marked two very significant milestones for our **Community Bank®** network, celebrating its 15th anniversary of operation while also reaching $100 million in community contributions. Both achievements could not have been accomplished without your ongoing support as shareholders and customers.

The **Community Bank®** network has grown considerably since it was first launched in 1998, in partnership with the people from the western Victorian farming towns of Rupanyup and Minyip. For these communities the **Community Bank®** model was seen as a way to restore branch banking services to the towns, after the last of the major banks closed its services. But in the years since, the **Community Bank®** model has become so much more.

The **Community Bank®** network has returned more than $20 million in contributions to local communities in this financial year alone. Our branches have been able to fund health services, sports programs, aged care facilities, education initiatives, community events and much more.

These contributions have come at a time of continued economic uncertainty, and shows the high level of support the **Community Bank®** model has in the communities in which it operates.

While our established branches grow their business at a healthy rate, demand for the model in other communities continues to be strong. There are currently another 40 **Community Bank®** sites in development, and 15 new branches are expected to open in the next 12 months.

At the end of the financial year 2012/13 the **Community Bank®** network had achieved the following:

- Returns to community – $102 million
- **Community Bank®** branches – 298
- **Community Bank®** branch staff – more than 1,460
- **Community Bank®** company Directors – 1,925
- Banking business – $24.46 billion
- Customers – 640,159
- Shareholders – 72,062
- Dividends paid to shareholders since inception – $30.88 million.

Almost 300 communities have now partnered with Bendigo and Adelaide Bank, to not only enhance banking services, but more importantly take the profits their banking business generates and reinvest it in local groups and projects that will ultimately strengthen their community. This $100 million goes 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 the 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), tertiary education scholarships and Community Enterprises that provide **Community Bank®** companies with further development options.

In Bendigo and Adelaide Bank, your **Community Bank®** company has a committed and strong partner and over the last financial year our company has continued its solid performance.

Bendigo and Adelaide Bank report (continued)

Bendigo and Adelaide Bank remains one of the few banks globally to be awarded an upgraded credit rating since the onset of the Global Financial Crisis. Our Bank continues to be rated at least “A-” by Standard & Poor’s, Moody’s and Fitch in recognition of its strong performance in the face of what continues to be a challenging economic environment.

While continued ratings affirmation is a welcome boost for the Bank and its partners, trading conditions are still difficult, with consumer confidence and demand for credit remaining low, and competition remaining very strong for retail deposits.

Not surprisingly, these factors continue to place pressure on the 50/50 margin share agreement between the Bank and our **Community Bank®** partners. As a result some **Community Bank®** companies are receiving much more than 50 per cent of revenue earned.

In April, the Bank took a further step to restore this balance, ensuring that the **Community Bank®** model produced a more appropriate balance of return for all stakeholders within this partnership model. The Bank will continue to review this remuneration model to ensure it is fair and equitable for all parties and is as resilient as possible to the fast changing economic environment.

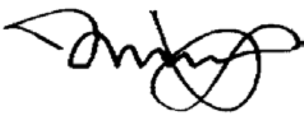
It continues to be Bendigo and Adelaide Bank’s vision to be Australia’s leading customer-connected bank. We believe our strength comes from our focus on the success of our customers, people, partners and communities. We take a 100-year view of our business; we listen and respect every customer’s choice, 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®** shareholders to support us as we work with your community to deliver on our goals and ensure our sustained and shared success.

As **Community Bank®** 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.

With the community’s support, there really is no limit to what can be achieved under the **Community Bank®** model, and I look forward to seeing what the next 15 years will bring.

I thank you for your important support of your local **Community Bank®** branch.



Robert Musgrove
Executive Community Engagement

Community Grants, Donations and Sponsorships
Year ended 30th June 2013

Community Grants:

• Solar panels for the Coleraine Hospital Redevelopment – 2nd instalment	$33,333
• Coleraine Tennis Club –synthetic surface	$10,000
	Total: $43,333

Schools:

• Coleraine Primary School	$2,022
• St Joseph's Fete Raffle	$300
• Coleraine Kindergarten	$5,000
• Merino Primary School	$1,300
• Year 6 Graduation Bursaries (3 schools)	$1,800
• Casterton Primary School	$520
	Total: $10,670

Sporting:

• Harrow – Balmoral Football/Netball Club	$5,000
• Coleraine Football/Netball Club	$3,000
• Coleraine Bowling Club	$360
• Coleraine Cricket Club	$400
• Coleraine Golf Club	$3,000
• Coleraine Racing Club	$1,850
• Merino Golf Club	$300
• Mocka's Boxing Club	$200
• Hamilton & District Darts Association	$300
• Hamilton Gymnastics Club	$100
• Balmoral Rodeo	$500
• Hamilton and District Cricket Associatio	$500
• Coleraine Swimming Pool	$300
• Balmoral and District Angling Club	$250
• Southern Grampians Equestrian Club	$250
	Total: $16,310

Community:

• Coleraine Apex Club	$510
• Coleraine & District Development Association (3 projects	$1,180
• Coleraine Lions Club	$1,500
• Coleraine Cemetery Trust	$1,000
• Coleraine P & A Society	$1,750
• Community Car Petrol (Hospital)	$1,000
• Men's Shed Rental	$5,200
• Promenade of Sacred Music	$1,100
• Merino Community Festival	$1,000
• Balmoral Chameleon Arts Project	$200
• Balmoral Show	$200
• Hamilton Community Garden	$200
• Balmoral Lions Club	$250
	Total: $15,090

Charitable:

• Homes for Haiti	$500
• Emergency Flood and Fire Relief (Qld, Tas and Vic)	$3,000
	Total: $3,500

GRAND TOTAL: $88,903

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

Directors

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

Name and position held	Qualifications	Experience and Other Directorships
Alexandra Louise Kelso Director Appointed: 18/10/2005		Farming operation; Office/business administration experience; community group and sporting club involvement over many years.
Coralie Louise Coulson Chairperson Appointed: 14/10/2002	Diploma: Orthoptics, Australian College of Ophthalmology. 1974 Graduate Australian Institute Company Directors 2010	Employed as an Orthoptist in private Ophthalmological practices & Adelaide Children's Hospital 1975-1981 Practice Manager, Coleraine Casterton Medical, 1997-2003 Councillor, Southern Grampians Shire Council 2004-2008 Other Directorships: Director, Glenelg Hopkins Catchment Management Authority 2009 - current. Director, Great South Coast Group (Regional Development body) 2012 - current
Elizabeth Mary Britten Director Appointed: 13/11/2008	BA,B Mus, Dip Ed (Melb Uni)	Teacher at St Catherine's School Toorak (2 years), Volunteer with OSB in PNG (2 years) Principal, The Hermitage in Geelong, Assistant to Head Master at GGS, Research Assistant for the Education Dept in Melb; Principal Shelford Grammar Caulfied until retirement in 1991.
Grant James Little Director Appointed: 23/11/2004	Graduate Diploma of Strategic Business (UB 2011)	15 years managing Nareen Station Pty Ltd; Chairman Coleraine Hospital Advisory Committee, local CFA Brigade Captain.
Gregory Hodgson Director Appointed: 22/06/2010		Self employed farmer most of my working life and various community groups involvement over many decades particularly CFA and Landcare.
John Thomas Kane Director / Company Secretary Appointed: 12/09/2002		25 year career in the Victorian Public Service in various senior management positions with the Departments of Agriculture, Health, Education, Conservation. Forests & Lands and Business & Employment. 1 year with the Shire of Southern Grampians. Extensive involvement with sporting and community groups over decades.
Quentin Arthur Baudinette Director Appointed: 12/09/2002		28 years as carpenter & joiner & Director of Coleraine Joinery & Building Supplies Pty Ltd.

Tim Johnston Treasurer Appointed: 26/05/2009	B.Ru.Sc. (Hons)	Principal Waradgery Past Co & Manager Kowarna Partnership. Other directorships: Gambeth Nominees & Hambledon Investments (family companies). Community involment incl. CFA & Pony Club
Valerie Joyce Lawson Director Appointed: 28/04/2009	Diploma of Management	40 years experience in fashion, footwear, jewellery and carpet businesses. Many years associated with various community groups.
Simon Ferrier Director Appointed: 26/02/2013	Advanced Diploma in Applied Science (Farm Management)	Training co-ordinator at RIST; Lecturer/Project Officer at Murrumbidgee College of Agriculture; Consultant World Food Program (Cambodia & Thailand); Teacher PNG; Mechanic Crown Lands & Survey;
Gill Fry Director Appointed: 24/07/2012	B.Ag.Sc(hons), Dip Bus Mgt.	Principal Consultant of Network SW Consulting. Twenty years experience in project management, community engagement, strategic planning and communications in sustainable agriculture and natural resource management. Artistic graphic designer and photographer. Executive Officer Soil Health Group. Facilitation and negotiation experience.

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

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

Principal activities

The principal activities of the company during the course of the financial year were in providing community banking services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

There has been no significant changes in the nature of these activities during the year.

Review of operations

The profit/(loss) of the company for the financial year after provision for income tax was $58 (2012 profit: $41,111), which is a decrease as compared with the previous year.

The net assets of the company have decreased to $348,307 (2012: $381,112). The decrease is largely due to ordinary trading conditions.

Dividends	**Year Ended 30 June 2013**	
	Cents Per Share	**$**
Dividends paid in the year (final dividend):	7.00	32,863

Significant changes in the state of affairs

No significant changes in the company's state of affairs occurred during the financial year.

Events subsequent to reporting date

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

Remuneration report

Remuneration policy

There has been a remuneration policy developed as executive directors receive a nominal amount for their services All other positions are held on a voluntary basis and those directors do not receive remuneration.

Remuneration benefits and payments

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

The Coleraine & District Financial Services Limited has accepted the Bendigo & Adelaide Bank Limited's Community Bank® Directors Privileges package. The package is available to all directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo & Adelaide Bank Ltd 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 Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be $0 for the year ended 30 June 2013.

Indemnifying officers or auditor

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

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

Directors meetings

The number of directors meetings held during the year were 11. Attendances by each director during the year were as follows:

Director	**Board Meetings #**
Alexandra Louise Kelso	8 (11)
Coralie Louise Coulson	8 (11)
Elizabeth Mary Britten	8 (11)
Grant James Little	10 (11)
Gregory Hodgson	8 (11)
John Thomas Kane	10 (11)
Quentin Arthur Baudinette	9 (11)
Tim Johnston	11 (11)
Valerie Joyce Lawson	10 (11)
Simon Ferrier	5 (5)
Gill Fry	9 (11)

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

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation. However, the board believes that the company has adequate systems in place for the management of its environment requirements and is not aware of any breach of these environmental requirements as they apply to the company.

Proceedings on behalf of company

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

Company secretary

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

Auditor independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 5 of this financial report. No officer of the company is or has been a partner of the auditor of the company.

Signed in accordance with a resolution of the Board of directors at Coleraine on 10 September 2013.

Director ______________________________

Coleraine & District Financial Services Limited
ABN 77 102 030 017
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2013

	Notes	2013 $	2012 $
Revenue	2	506,410	544,550
Employee benefits expense	3	(257,807)	(240,354)
Depreciation and amortisation expense	3	(16,244)	(22,929)
Finance costs	3	-	-
Bad and doubtful debts expense	3	(589)	(3,591)
Rental expense		-	-
Other expenses		(176,523)	(181,504)
Operating profit/(loss) before charitable donations & sponsorships		55,247	96,172
Charitable donations and sponsorships		(50,247)	(43,883)
Profit/(loss) before income tax expense		5,000	52,289
Tax (expense) / benefit	4	(4,942)	(11,178)
Profit/(loss) for the year		58	41,111
Other comprehensive income		-	-
Total comprehensive income		58	41,111
Profit/(loss) attributable to:			
Members of the company		-	-
Total		58	41,111
Earnings per share (cents per share)			
- basic for profit / (loss) for the year	21	0.01	8.76
- diluted for profit / (loss) for the year	21	0.01	8.76

The accompanying notes form part of these financial statements

Coleraine & District Financial Services Limited
ABN 77 102 030 017
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2013

	Notes	2013 $	2012 $
Assets			
Current Assets			
Cash and cash equivalents	6	169,304	245,781
Trade and other receivables	7	45,004	51,242
Other assets	8	13,417	12,476
Total Current Assets		227,725	309,499
Non-Current Assets			
Property, plant and equipment	9	86,162	89,986
Deferred tax asset	4	10,674	15,616
Intangible assets	10	67,277	9,376
Total Non-Current Assets		164,113	114,978
Total Assets		391,838	424,477
Liabilities			
Current Liabilities			
Trade and other payables	11	25,647	29,592
Provisions	12	17,223	13,773
Total Current Liabilities		42,870	43,365
Non Current Liabilities			
Provisions	12	661	-
Total Non Current Liabilities		661	-
Total Liabilities		43,531	43,365
Net Assets / (Liabilities)		348,307	381,112
Equity			
Issued capital	13	469,472	469,472
Retained earnings / (accumulated losses)	14	(121,165)	(88,360)
Total Equity		348,307	381,112

The accompanying notes form part of these financial statements

Coleraine & District Financial Services Limited
ABN 77 102 030 017
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2013

		Issued Capital $	Accumulated Losses $	Total Equity $
Balance at 1 July 2011		469,472	(96,608)	372,864
Total comprehensive income for the year		-	41,111	41,111
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	22	-	(32,863)	(32,863)
Balance at 30 June 2012		469,472	(88,360)	381,112
Balance at 1 July 2012		**469,472**	**(88,360)**	**381,112**
Total comprehensive income for the year		**-**	**58**	**58**
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	22	-	**(32,863)**	**(32,863)**
Balance at 30 June 2013		**469,472**	**(121,165)**	**348,307**

The accompanying notes form part of these financial statements

Coleraine & District Financial Services Limited
ABN 77 102 030 017
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2013

	Notes	2013 $	2012 $
Cash Flows From Operating Activities			
Receipts from clients		504,169	588,309
Payments to suppliers and employees		(485,000)	(542,211)
Dividend revenue received		-	-
Interest paid		-	-
Interest received		7,538	9,724
Net cash flows from/(used in) operating activities	15b	26,707	55,822
Cash Flows From Investing Activities			
Purchase of franchise fees		(70,321)	-
Net cash flows from/(used in) investing activities		(70,321)	-
Cash Flows From Financing Activities			
Dividends paid		(32,863)	(32,863)
Net cash flows from/(used in) financing activities		(32,863)	(32,863)
Net increase/(decrease) in cash held		(76,477)	22,959
Cash and cash equivalents at start of year		245,781	222,822
Cash and cash equivalents at end of year	15a	169,304	245,781

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Coleraine & District Financial Services Limited
ABN 77 102 030 017
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2013

The financial statements and notes represent those of Coleraine & District Financial Services Limited.

Coleraine & District Financial Services Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 10 September 2013.

1. Summary of significant accounting policies

(a) Basis of preparation

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

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

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

(b) Income tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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.

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1. Summary of significant accounting policies (continued)

(c) Property, plant and equipment

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

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

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

Class of Asset	*Depreciation Rate*
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.

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 Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable.

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

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

(f) Employee benefits

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

(g) Intangibles

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

(h) Cash

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

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

(i) Revenue

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

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

1. Summary of significant accounting policies (continued)

(j) Receivables and payables

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

(k) New accounting standards and interpretations not yet adopted

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

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

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

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

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

(ii) AASB 13 Fair Value Measurement (2011)

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

(iii) AASB 119 Employee Benefits (2011)

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

1. Summary of significant accounting policies (continued)

(l) Loans and borrowings

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

(m) Provisions

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

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

(n) Share capital

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(o) Comparative figures

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

(p) Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company. Estimates and judgements are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and judgements that have a significant risk of causing material adjustments to the carrying values of assets and liabilities are as follows:

Estimation of useful lives of assets

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

Income tax

The company is subject to income tax. Significant judgement is required in determining the deferred tax asset or the provision for income tax liability. Deferred tax assets are recognised only when it is considered sufficient future profits will be generated. The assumptions made regarding future profits is based on the company's assessment of future cash flows.

Impairment

The company assesses impairment at the end of each reporting period by calculating conditions and

1. Summary of significant accounting policies (continued)

(p) Critical accounting estimates and judgements (continued)

events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

(q) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to the profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost.

Fair value represents the amount for which an asset would be exchanged or a liability settled, between knowledgeable willing parties. Where available quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are applied to determine the fair value.
Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less repayments and any reduction for impairment and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

(i) Loans and receivables
Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

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

Impairment

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

Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the

1. Summary of significant accounting policies (continued)

(q) Financial instruments (continued)

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

	2013	2012
2. Revenue and other income	**$**	**$**
Revenue		
- services commissions	113,487	116,049
- other revenue	384,720	418,777
	498,207	534,826
Other revenue		
- interest received	8,203	9,724
- other revenue	-	-
	8,203	9,724
Total Revenue	506,410	544,550
3. Expenses		
Employee benefits expense		
- wages and salaries	233,338	220,216
- superannuation costs	19,733	18,419
- employee entitlements	4,111	1,069
- other costs	625	650
	257,807	240,354
Depreciation of non-current assets:		
- plant and equipment	1,158	1,191
- property improvements	2,666	7,956
Amortisation of non-current assets:		
- intangible assets	12,420	13,782
	16,244	22,929
Finance Costs:		
- Interest paid	-	-
Bad debts	589	3,591
4. Tax Expense		
a. The components of tax expense/(income) comprise		
- current tax expense/(income)	-	-

4. Tax Expense (continued)	2013 $	2012 $
- deferred tax expense/(income) relating to the origination and reversal of temporary differences	-	-
- adjustments for under/(over)-provision of current income tax of previous years	-	-

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

	2013 $	2012 $
Prima facie tax on profit/(loss) before income tax at 30% (2012: 30%)	1,500	15,687
Add tax effect of:		
- Adjustment for overprovision of tax in previous year	-	-
- Utilisation of previously unrecognised carried forward tax losses	-	-
- Non-deductible expenses	3,442	(4,509)
Current income tax expense	4,942	11,178
Income tax attributable to the entity	4,942	11,178
The applicable weighted average effective tax rate is	-	-
Deferred tax asset		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	10,674	15,616

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

5. Auditors' remuneration

Remuneration of the auditor for:

	2013 $	2012 $
- Audit or review of the financial report	2,525	2,350
- Taxation services	-	-
- Share registry services	-	-
	2,525	2,350

6. Cash and cash equivalents

	2013 $	2012 $
Cash at bank and on hand	169,304	245,781

7. Trade and other receivables

	2013 $	2012 $
Current		
Trade debtors	45,004	51,242

7. Trade and other receivables (continued)

Credit risk

The company has no significant concentration of credit risk with respect to any single counterparty or company of counterparties other than those receivables specifically provided for and mentioned within Note 7. The main sources of credit risk to the company are considered to relate to the classes of assets described as trade and other receivables and "loans" (see Note 11).

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

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be high credit quality.

			Past Due but Not Impaired			
2013	**Gross Amount**	**Past Due and impaired**	**< 30 days**	**31-60 days**	**> 60 days**	**Not Past Due**
Trade receivables	45,004	-	-	-	-	45,004
Total	45,004	-	-	-	-	45,004
2012						
Trade receivables	51,242	-	-	-	-	51,242
Total	51,242	-	-	-	-	51,242

8. Other assets	**2013 $**	**2012 $**
Prepayments	4,250	4,135
Other assets	9,167	8,341
	13,417	12,476

9. Property, plant and equipment

Leasehold improvements		
At cost	130,005	130,005
Less accumulated depreciation	(46,702)	(44,036)
	83,303	85,969
Furniture & Fittings		
At cost	9,172	9,172
Less accumulated depreciation	(6,313)	(5,155)
	2,859	4,017
Total written down amount	86,162	89,986

	2013	2012
9. Property, plant and equipment (continued)	**$**	**$**
Movements in carrying amounts		
Leashold improvements		
Balance at the beginning of the reporting period	85,969	93,925
Additions	-	-
Disposals	-	-
Depreciation expense	(2,666)	(7,956)
Balance at the end of the reporting period	83,303	85,969
Furniture & Fittings		
Balance at the beginning of the reporting period	4,017	5,208
Additions	-	-
Disposals	-	-
Depreciation expense	(1,158)	(1,191)
Balance at the end of the reporting period	2,859	4,017

10. Intangible assets

	2013	2012
Franchise Fee		
At cost	139,230	68,909
Less accumulated amortisation	(71,953)	(59,533)
	67,277	9,376
Total Intangible assets	67,277	9,376
Movements in carrying amounts		
Franchise Fee		
Balance at the beginning of the reporting period	9,376	23,158
Additions	70,321	-
Disposals	-	-
Amortisation expense	(12,420)	(13,782)
Balance at the end of the reporting period	67,277	9,376

11. Trade and other payables	**2013** **$**	**2012** **$**
Current		
Unsecured liabilities:		
Trade creditors	6,673	9,139
Other creditors and accruals	18,974	20,453
	25,647	29,592

12. Provisions

Employee benefits	17,884	13,773
Movement in employee benefits		
Opening balance	13,773	14,639
Additional provisions recognised	16,919	19,126
Amounts utilised during the year	(12,808)	(19,992)
Closing balance	17,884	13,773
Current		
Annual Leave	8,125	5,386
Long-service leave	9,098	-
	17,223	5,386
Non-current		
Long-service leave	661	8,387
	661	8,387
Total provisions	17,884	13,773

Provision for employee benefits

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

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

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

13. Share capital

	2013 $	2012 $
469,472 Ordinary Shares fully paid of $1 each	469,472	469,472
	469,472	469,472

Movements in share capital

Fully paid ordinary shares:		
At the beginning of the reporting period	469,472	469,472
Shares issued during the year	-	-
At the end of the reporting period	469,472	469,472

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands.
The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

Capital management

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

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

(i) the Distribution Limit is the greater of:
  (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
  (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and
(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

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

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

14. Retained earnings / (accumulated losses)

	2013 $	2012 $
Balance at the beginning of the reporting period	(88,360)	(96,608)
Profit/(loss) after income tax	58	41,111
Dividends paid/proposed	(32,863)	(32,863)
Balance at the end of the reporting period	(121,165)	(88,360)

15. Statement of cash flows	**2013** **$**	**2012** **$**
***(a)** Cash and cash equivalents balances as shown in the statement of financial position can be reconciled to that shown in the statement of cash flows as follows*		
As per the statement of financial position	169,304	245,781
less Bank overdraft	-	-
As per the statement of cash flow	169,304	245,781
***(b)** Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities*		
Profit / (loss) after income tax	58	41,111
Non cash items		
- Depreciation	3,824	9,147
- Amortisation	12,420	13,782
Changes in assets and liabilities		
- (Increase) decrease in receivables	5,412	(12,904)
- (Increase) decrease in prepayments	(115)	(127)
- (Increase) decrease in deferred tax asset	4,942	11,178
- Increase (decrease) in payables	(3,945)	(5,499)
- Increase (decrease) in provisions	4,111	(866)
Net cash flows from/(used in) operating activities	26,707	55,822

(c) Credit standby arrangement and loan facilities

The company has a bank overdraft and commercial bill facility amounting to $0 (2012: $0). This may be terminated at any time at the option of the bank. At 30 June 2013, $0 of this facility was used (2012: $0). Variable interest rates apply to these overdraft and bill facilities.

16. Related party transactions

The company's main related parties are as follows:

(a) Key management personnel
Any person(s) having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any director (whether executive or otherwise) of that company is considered key management personnel.

(b) Other related parties
Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(c) Transactions with key management personnel and related parties
Other than detailed below, no key management personnel or related party has entered into any contracts with the company. No director fees have been paid as the positions are held on a voluntary basis.

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

(e) Other key management transactions
There has been no other transactions involving equity instruments other than those described above.

17. Events after the reporting period

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

18. Contingent liabilities and assets

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

19. Operating segments

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

20. Company details

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

21. Earnings per share

Basic earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year.

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

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

	2013 $	2012 $
Profit/(loss) after income tax expense	58	41,111
Weighted average number of ordinary shares for basic and diluted earnings per share	469,472	469,472

22. Dividends paid or provided for on ordinary shares

A dividend of 7 cents per share was declared on 25 September 2012.

23. Expenditure commitment

Coleraine & District Financial Services Limited made a financial commitment to donate $33,333.34 per annum for a three year period. The final donation of $33,333.34 will be paid during 2013-14.

24. Financial risk management

The company's financial instruments consist mainly of deposits with banks, account receivables and payables, bank overdraft and loans. The totals for each category of financial instruments measured in accordance with AASB 139 as detailed in the accounting policies are as follows:

	Note	2013 $	2012 $
Financial Assets			
Cash & cash equivalents	6	169,304	245,781
Trade and other receivables	7	45,004	51,242
Total Financial Assets		214,308	297,023
Financial Liabilities			
Trade and other payables	11	25,647	29,592
Total Financial Liabilities		25,647	29,592

Financial Risk Management Policies

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

Specific Financial Risk Exposure and Management

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

(a) Credit Risk

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

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

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

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

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

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

(a) Credit Risk (continued)

	2013	2012
	$	$
Cash and cash equivalents:		
A rated	169,304	245,781

(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:

30 June 2013	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial Liabilities due					
Trade and other payables	11	25,647	25,647	-	-
Total expected outflows		25,647	25,647	-	-
Financial Assets - realisable					
Cash & cash equivalents	6	169,304	169,304	-	-
Trade and other receivables	7	45,004	45,004	-	-
Total anticipated inflows		214,308	214,308	-	-
Net (Outflow)/Inflow on financial instruments		188,661	188,661	-	-

30 June 2012	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial Liabilities due					
Trade and other payables	11	29,592	29,592	-	-
Total expected outflows		29,592	29,592	-	-
Financial Assets - realisable					
Cash & cash equivalents	6	245,781	245,781	-	-
Trade and other receivables	7	51,242	51,242	-	-
Total anticipated inflows		297,023	297,023	-	-
Net (Outflow)/Inflow on financial instruments		267,431	267,431	-	-

(c) Market risk

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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company reviews the exposure to interest rate risk as part of the regular board meetings.

The weighted average interest rates of the company's interest bearing financial assets are as follows:

Financial Assets	2013 $	2012 $
Cash and Cash Equivalents (net of bank overdrafts)	4.8%	4.0%
Loans Recievable	-%	-%

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

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

Year ended 30 June 2013	Profit $	Equity $
+/- 1% in interest rates (interest income)	1,693	1,693
	1,693	1,693
Year ended 30 June 2012		
+/- 1% in interest rates (interest income)	2,458	2,458
	2,458	2,458

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
ABN 77 102 030 017
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2013

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 3 to 27 are in accordance with the Corporations Act 2001 and:

(i) comply with Australian Accounting Standards, which as stated in accounting policy Note 1(a) to the financial statements constitutes compliance with International Financial Reporting Standards (IFRS); and

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

2 In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This resolution is made in accordance with a resolution of the Board of Directors.

C L Coulson

Director

Signed at Coleraine on 10 September 2013.

Auditor's Independence Declaration

As lead auditor for the review of Coleraine & District Financial Services Ltd for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Coleraine & District Financial Services Ltd.

Coffey Hunt.

COFFEY HUNT
CHARTERED ACCOUNTANTS

Christoph Kol.

C.J. KOL
PARTNER

Dated at Warrnambool: 10 September 2013.

Coffey Hunt
CHARTERED ACCOUNTANTS

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 2013, 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.

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*.

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Coffey Hunt

CHARTERED ACCOUNTANTS

Auditor's opinion

In our opinion, the financial report of Coleraine & District Financial Services Limited is in accordance with the *Corporations Act 2001*, including:

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

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

Coffey Hunt.

COFFEY HUNT
CHARTERED ACCOUNTANTS

Christoph Kol.

C.J. KOL
PARTNER

Dated at Warrnambool: 10 September 2013

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