



Collie & Districts Community Financial Services Limited

ABN 76 096 536 355

ANNUAL REPORT 2013

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Chairman's report

For year ending 30 June 2013

It is hard to believe that our **Community Bank**[®] branch has been fully operational for near on 12 years and when we all (the Board of Directors, the staff, the shareholders and customers) stand back and reflect on the achievements over that period of time, they really are quite remarkable. The branch started in October 2001 with very little working capital but in the full knowledge that there was a tough business plan to follow if the successes planned for were to come to fruition. The early years were hard but real determination and commitment by everyone involved has resulted in the branch now returning strong profits which are being shared by shareholders and the community alike. The Collie & Districts **Community Bank**[®] Branch is moving from strength to strength and I can assure you that it is the strong intention of the Board for this trend to continue well into the future; the Directors have, over recent years, set strong growth targets in its budget forecasts and by and large these have been delivered.

Your Board is pleased to announce that the profit for the year just ended amounted to \$804,122 which came about due to increased earnings and vigilant control of expenditures. The financial markets have been tough in recent times so within the very competitive market that your **Community Bank**[®] branch operates, the returns have been very pleasing indeed. Our banking business grew to a 'book value' of over \$153.6 million by year's end, a result which has placed your branch within the top performers in Western Australia. Equally shareholders were once again well catered for with a return (dividend) of 12.5 cents fully franked (\$53,783 total payment) and with a continuation of the strong growth of the business there is no reason why satisfactory dividends should not be achieved in the future.

It was reported in the 2012 Annual Report that the Board was about to open an agency in Darkan. I'm pleased to now report that this has occurred and has been well received by the Darkan community. The Board appreciates that take-up business has been relatively slow but as it is a strategic decision it will take time and patience and above all it offers the community of Darkan banking services on a level that they have not experienced before, or at least, for some considerable time. As awareness of the **Community Bank**[®] branch's name grows within that district, so will the growth of the business through the agency and hence the opportunity to retain more of the profit for community assets in the Darkan area. In the year under review the Board did contribute \$2,695 towards seven small projects in Darkan and through business growth we would like to see this number increase.

The emphasis of our **Community Bank**[®] branch has been, and still is, about serving and contributing to our local community in the best and most effective way possible. As the branch is now one of the leading contributors to community and sporting organisations locally, we are endeavouring to be "smarter" about the way in which branch profits are distributed. It is one thing to simply allocate cash contributions but it is much "smarter" to use those allocations as leverage towards additional funding from other sources such as State, Federal and Local Governments, agencies such as Lotterywest or even private or public companies. All funding applications are judged on their merits but of course we strongly favour those applicants who also happen to be customer account holders with our **Community Bank**[®] branch. The Board of Directors makes no apologies for this consideration as the funds only become available for distribution into the community in the first place through strong banking support from our customers. During the current year \$218,310 from Board funds and the Marketing Development Fund were expended on items for the benefit of the community and local business. A number of worthy causes have been assisted financially over the past year and the following list highlights just a few –

- A commitment to fund \$125,000 payable over five years towards the South West Coronary and Cancer Suite at the St John of God Hospital in Bunbury. The first \$25,000 payment was made this financial year;
- \$40,000 was contributed to the Collie Chamber of Commerce and Industry Inc to assist them with the purchase of their premises in Forrest Street Collie;
- \$60,000 over five years will be contributed to the Collie Cycle Club Inc to assist with the staging of the Collie to Donnybrook Cycle Classic for which the branch will receive naming rights. The first payment of \$12,000 has been made for this year's event;

Chairman's report (continued)

- The Collie Riding for Disabled Group Inc received \$10,300 towards the cost of a new horse float which will be used to transport horses to the many country events the Group travels to. The float will be painted in Bendigo Bank colours and with the branch's name emblazoned upon it we will gain much publicity from the contribution;
- \$7,000 was donated to our neighbouring community at Boyup Brook to cover the cost of purchasing a much needed 'AmbiCAD' property location device so vitally needed by their St John Ambulance service.

One of the projects your branch has proudly supported for the past couple of years is that of the 'Collie & Districts **Community Bank**[®] Branch Scholarship' scheme. Four local students have participated in the scheme since its inception and each has, or will have, received \$10,000 each for the first two years of their university studies. The branch will continue to participate in this scheme in future years as it strongly believes in both the educational benefits for our youth and their future meaningful participation within the wider society.

The Bendigo Bank/**Community Bank**[®] branch relationship is one which is as strong today as it was when we first commenced our **Community Bank**[®] branch operations back in 2001. We thank our banking partners for their assistance and guidance as without them all that we have achieved to date would not have been possible. The **Community Bank**[®] model operates to our mutual benefit and I, and your Board of Directors, could now not contemplate our Collie community being without it.

I must say a special thank-you to all our customers who have supported us so well over the past year, and the years before that, as without your valuable support our/your **Community Bank**[®] branch would not be in the solid financial position it is today.

Special mention is made of the time and commitment provided by your Board of Directors who all work so diligently to ensure that your business, your branch, thrives and continues to produce the successes we have enjoyed thus far.

And in closing, on behalf of the Board of Directors, I wish to sincerely thank our Branch Manager Mr. Travis Ellison and all his wonderful staff for the time and effort they put into making our Collie & Districts **Community Bank**[®] Branch the "Bank of Choice". I believe our staff goes above and beyond their banking duties to ensure our branch promotes a happy and welcoming environment. Together we can all achieve great things which can only be good for the future well-being of our community.



Ian Miffing
Chairman

Manager's report

For year ending 30 June 2013

I am pleased to report to the Board, shareholders and customers on a strong years trading at the Collie & Districts **Community Bank**[®] Branch for the financial year ending June 2013.

The branch attained steady business growth over the last 12 months in excess of \$11.6 million, with our total banking portfolio growing above \$153.6 million at June 30. Although the branch was set a very tough budget for the last 12 months which was not quite achieved, our annual growth is still recognised as a very strong effort by the entire staff.

Our local **Community Bank**[®] branch continues to remain focused on delivering a balanced outcome for our customers, our community and our shareholders which remains evident by the growing level of community based grants and sponsorships over the last 12 months. The branch continues to strengthen its position in the community with sponsorships to a large variety of worthwhile community groups and organisations as mentioned in Chairman Ian Miffing's report.

Our staff took on a significant community event during July. The Love Your Sister campaign is an Australia-wide campaign to raise money for Breast Cancer Research. The staff thought they might do a simple walk – from the Collie & Districts **Community Bank**[®] Branch to the Bunbury Bendigo Bank Branch! Fundraising included a cake stall, raffle and sausage sizzles. The efforts by all the ladies at the branch was absolutely above and beyond and the total raised, \$12,491.75. This is testament to their hard work in gaining much needed funds for this worthy cause. Everyone who set out to walk achieved or bettered their personal goals, and although the collection of blisters was probably not appreciated by all, I know my staff enjoyed “slipper day” on the Monday! Thanks go the Board for their support and to everyone who either contributed or walked along side us.

One of the branches major events was the official opening of our Agency in Darkan at the West Arthur Community Resource Centre. The Agency was officially opened on the 17 October 2012 and has attracted a solid amount of business in its short history. The West Arthur CRC is well supported by our branch with regular visits by our staff to ensure the agency is used to its potential, to not only provide banking five days a week, but also the best possible outcomes for the Darkan community.

I wish to thank the following staff members for their significant contributions over the last 12 months: Sharon, Jody, Darcy, Michelle, Kristy, Narelle, Kira, Sue, Danelle and Tegan. In the last 12 months we saw the resignation of three of our staff members – Sue to Sports First next door, Tegan to Monadelphous and Danelle firstly to Bendigo Bank Perth Branch and now as a Retail Lending Assistant for the Northern Region.

We also welcomed two new staff members in Kira Bebbington as Customer Service Officer and Narelle Michalak as our Senior Customer Relationship Manager. On a personal note it was fantastic to gain the services of Narelle, given not only her extensive banking background, but the fact she (like all my staff) is a Collie resident. Narelle will provide fantastic support for me with her background in consumer lending and branch management skills, which are quickly being adapted and utilised to the **Community Bank**[®] model of banking.

As the staff of your **Community Bank**[®] branch, we believe that it is our responsibility to ensure that our community and customers understand that we are not merely “just another Bank”, and that we will continue to provide the quality, friendly and reliable service for which we are known.

Finally, I wish to thank our loyal customers and shareholders for their continued support, the Board of the Collie & Districts **Community Bank**[®] Branch for their ongoing guidance and commitment, and the staff of your branch for the enthusiastic, hardworking and enjoyable environment they provide.



Travis Ellison
Branch Manager

Directors' report

For the financial year ended 30 June 2013

Your Directors present their report, together with the financial statements of the company for the financial year ended 30 June 2013.

Directors

The names of Directors in office at any time during or since the end of the year are:

Glyn Yates

Position: Deputy Chairman

Occupation: Business Owner / Manager

Background Information: Current Deputy Shire President, Past President of the Collie Chamber of Commerce, Past Chairperson Collie River Valley Marketing Group, Member of the Collie Senior High School Council.

Tertiary qualifications in Forestry. Lived in Collie for the past 24 years.

Interest in shares and options: 5,000 shares

Guiseppe (Joseph) John Italiano

Position: Non-Executive Director

Occupation: Company Manager

Background Information: Currently the WA Regional Manager for Rural Press Limited. Has worked for Collie Mail and associated companies for over 40 years. Past Secretary of Collie Rotary Club and currently Club Secretary.

Interest in shares and options: 3,301 shares

Neil Richard Martin

Position: Non-Executive Director/ Company Secretary

Occupation: Farmer

Background Information: Associate Diploma in Valuation, Certificate in Real Estate Management. Business proprietor and Rotarian for over 18 years. Past Collie Rotary Club president.

Interest in shares and options: 6,001

Ian Houghton Miffing

Position: Chairman

Occupation: Retired

Background Information: Former Chief Executive Officer of the Shire of Collie, Justice of the Peace, Collie Shire Councillor, Member of Board of Management Riverview Residence Collie and Board Secretary The Coal Miners Welfare Board of WA.

Interest in shares and options: 4,501 shares

Directors' report (continued)

Directors (continued)

John Alfred Piavanini

Position: Non-Executive Director

Occupation: Company Director / Business Owner

Background Information: Business proprietor selling new and used earthmover parts as well as rental and farming properties. Collie Shire Councillor, past Member of the Board of Collie Chamber of Commerce and Industry and a former Board Member of the Bunbury Wellington Economic Alliance.

Interest in shares and options: 13,001 shares

Kenneth William Smallwood

Position: Non-Executive Director

Occupation: Retired

Background Information: Ex-Chief Engineer UK Merchant Navy, emigrated to WA from Scotland in 1983. Worked in the Power Generation industry in WA, SE Asia and Singapore for over 24 years, in various positions in both operations and maintenance.

Tertiary qualifications in Electrical Engineering and Marine Power Engineering.

Interest in shares and options: 21,600 shares

Jeffery Riley

Position: Non-Executive Director (appointed 02/11/2012)

Occupation: Building Supervisor

Background Information: Jeff is a Building Supervisor for White Building Company and has been in the building industry for over 15 years.

Interest in shares and options: Nil shares

Ian Johnstone Shannon

Position: Non-Executive Director

Occupation: Self Employed

Background Information: Business proprietor of Collie Salvage and Hardware Store for the past 15 years.

Interest in shares and options: 2,500 shares

Paul Raymond Sweeney

Position: Non-Executive Director

Occupation: Self Employed Business Owner

Background Information: Business proprietor of Collie Electrical Services for the past 12 years.

Interest in shares and options: 1,500 shares

Colleen Maree DeAngelis

Position: Non-Executive Director

Occupation: Business Owner

Background Information: Business Owner of hairdressing Salon. Life member and Treasurer for the Collie Netball Association and Treasurer for the Collie Basketball Association. Has lived in Collie for 25 years.

Interest in shares and options: 100 shares

Directors' report (continued)

Company Secretary

Neil Richard Martin

Directors' meetings attended

During the financial year, 12 meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year were as follows:

Names of Directors	Directors' meetings	
	Number eligible to attend	Number attended
Glyn Yates	12	10
Joseph Italiano	12	11
Ian Shannon	12	10
Ian Miffing	12	11
Neil Martin	12	9
Kenneth Smallwood	12	9
Jeffery Riley	12	7
John Piavanini	12	10
Paul Sweeney	12	4
Colleen DeAngelis	12	10

Principal activity and review of operations

The principal activity and focus of the company's operations during the year was the operation of a Branch of Bendigo and Adelaide Bank Limited, pursuant to a franchise agreement.

Operating results

The profit of the company after providing for income tax amounted to \$104,122.

Dividends paid or recommended

The company paid dividends of \$53,070 in December, 2012. The company has proposed dividends of \$Nil at 30 June, 2013.

Financial position

The net assets of the company have increased from \$813,698 as at 30 June 2012 to \$864,750 as at 30 June 2013, which is an improvement on prior year due to the improved operating performance of the company.

The Directors believe the company is in a stable financial position.

Significant changes in 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 these financial statements.

Directors' report (continued)

After balance date events

No matters or circumstances have arisen since the end of the financial year that 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 financial years.

Future developments

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Options

No options over issued shares or interests in the company were granted to Directors or Executives during or since the end of the financial year and there were no options outstanding at the date of this report.

The Directors and Executive do not own any options over issued shares or interests in the company at the date of this report.

Indemnifying Officers or Auditor

Indemnities have been given, during and since the end of the financial year, for any persons who are or have been a Director or an Officer, but not an Auditor, of the company. The insurance contract prohibits disclosure of any details of the cover.

Environmental issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth, State or Territory.

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.

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.

The company has not appointed a separate audit committee due to the size and nature of operations. The normal functions and responsibilities of an audit committee have been assumed by the Board.

Non-audit services

The Board is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for Auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external Auditor's independence for the following reasons:

Directors' report (continued)

Non-audit services (continued)

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the Auditor; and
- the nature of the services provided do 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.

The following fees for non-audit services were paid/payable to the external Auditors during the year ended 30 June 2013:

Taxation services:	\$6,050
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Auditor's Independence Declaration

The lead Auditor's independence declaration under s 307C of the Corporations Act 2001 for the year ended 30 June 2013 is included within the financial statements.

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



Ian Miffing
Director

Dated 2 October 2013

Auditor's independence declaration



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www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Collie & Districts Community Financial Services Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners.

RSM BIRD CAMERON PARTNERS

D J Wall

D J WALL
Partner

Perth, WA
Dated 2 OCTOBER 2013

Liability limited by a
scheme approved under
Professional Standards
Legislation

Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 36 965 185 336

RSM Bird Cameron Partners is a member of the RSM network. Each member
of the RSM network is an independent accounting and advisory firm which
practises in its own right. The RSM network is not itself a separate legal entity
in any jurisdiction.



Financial statements

Statement of comprehensive income for the year ended 30 June 2013

	Note	2013 \$	2012 \$
Revenue	2	1,719,330	1,520,979
Employee benefits expense		(546,211)	(542,260)
Depreciation and amortisation expense		(32,005)	(28,171)
Finance costs		(2,483)	(4,063)
Other expenses	3	(989,806)	(264,792)
Profit before income tax		148,825	681,693
Income tax expense	4	(44,703)	(186,456)
Profit for the year		104,122	495,237
Other comprehensive income		-	-
Total comprehensive income for the year attributable to members		104,122	495,237

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of financial position as at 30 June 2013

	Note	2013 \$	2012 \$
Current assets			
Cash and cash equivalents	6	112,746	350,615
Trade and other receivables	7	150,203	149,900
Other current assets	8	4,091	4,547
Current tax asset	22	114,140	-
Total current assets		381,180	505,062
Non-current assets			
Property, plant and equipment	9	592,545	595,940
Intangible assets	10	32,500	42,500
Deferred tax asset	22	15,174	14,122
Total non-current assets		640,219	652,562
Total assets		1,021,399	1,157,624
Current liabilities			
Trade and other payables	11	85,208	80,207
Short-term financial liabilities	12	27,708	6,384
Short-term provisions	13	28,193	31,426
Current tax liability	22	-	184,910
Total current liabilities		141,109	302,927
Non-current liabilities			
Long-term financial liabilities	12	-	27,598
Long-term provisions	13	15,540	13,401
Total non-current liabilities		15,540	40,999
Total liabilities		156,649	343,926
Net assets		864,750	813,698
Equity			
Issued capital	14	430,259	430,259
Retained earnings/(accumulated losses)		434,491	383,439
Total equity		864,750	813,698

The accompanying notes form part of these financial statements.

Financial statements (continued)

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

	Share Capital \$	Retained earnings (accumulated losses) \$	Total \$
Balance at 1 July 2011	430,259	(58,016)	372,243
Total comprehensive income for the year	-	495,237	495,237
Subtotal	430,259	437,221	867,480
Dividends paid or provided for	-	(53,782)	(53,782)
Balance at 30 June 2012	430,259	383,439	813,698
Balance at 1 July 2012	430,259	383,439	813,698
Total comprehensive income for the year	-	104,122	104,122
Subtotal	430,259	487,561	917,820
Dividends paid or provided for	-	(53,070)	(53,070)
Balance at 30 June 2013	430,259	434,491	864,750

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of cash flows for the year ended 30 June 2013

	Note	2013 \$	2012 \$
Cash flows from operating activities			
Receipts from customers		1,674,088	1,465,789
Payments to suppliers and employees		(1,538,231)	(722,069)
Interest received		21,279	4,895
Rent received		23,963	-
Finance costs		(2,482)	(4,063)
Income tax paid		(344,805)	1,676
Net cash provided by operating activities	15	(166,188)	746,228
Cash flows from investing activities			
Purchase of property, plant and equipment		(18,611)	(559,421)
Net cash provided by/(used in) investing activities		(18,611)	(559,421)
Cash flows from financing activities			
Repayment of borrowings		-	(56,196)
Dividends paid		(53,070)	(53,782)
Net cash used in financing activities		(53,070)	(109,978)
Net increase/(decrease) in cash held		(237,869)	76,829
Cash and cash equivalents at beginning of financial year		350,615	273,786
Cash and cash equivalents at end of financial year	6	112,746	350,615

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2013

Note 1. Statement of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the company as an individual entity. The company is a public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board (AASB) has concluded would result in a financial report 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. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue on 2 October 2013 by the Directors of the company.

(a) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

(a) Income tax (continued)

Current tax assets and liabilities are offset where a legally enforceable right of set off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at cost or fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

(b) Property, plant and equipment (continued)

Depreciation (continued)

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Plant and equipment	20%
Buildings	2%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(d) Financial instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

(d) Financial instruments (continued)

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value 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.

Classification and subsequent measurement

i. Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii. 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 using the effective interest rate method.

iii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

v. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the statement of comprehensive income unless they are designated as hedges.

The company does not hold any derivative instruments.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

(d) Financial instruments (continued)

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Financial Guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the company gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The company has not issued any financial guarantees.

(e) Impairment of assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Intangibles

Franchise fee

The franchise fee paid by the company pursuant to a Franchise Agreement with Bendigo and Adelaide Bank Limited is being amortised over the initial five (5) years period of the agreement, being the period of expected economic benefits of the franchise fee.

(g) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. 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, plus related on-costs. 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.

(h) Provisions

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

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(j) Revenue and other income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(l) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Comparative figures

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

(n) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial report 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.

Key estimates — Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of intangibles for the year ended 30 June 2013. Should the projected turnover figures be materially outside of budgeted figures incorporated in value-in-use calculations, an impairment loss would be recognised up to the maximum carrying value of intangibles at 30 June 2013 amounting to \$32,500.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

(o) New accounting standards for application in future periods

At the date of this financial report the following standards, which may impact the company in the period of initial application, have been issued but are not yet effective:

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
AASB 9	AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and 2012-6 Amendments to Australian Accounting Standards arising from AASB 9	This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2015 and completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch.	1 January 2015	The entity will adopt this standard from 1 July 2015 but there is no expected impact on the entity.
AASB 119	AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)	This revised standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments make changes to the accounting for defined benefit plans and the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. The later will require annual leave that is not expected to be wholly settled within 12 months to be discounted allowing for expected salary levels in the future period when the leave is expected to be taken.	1 January 2013	The adoption of the revised standard from 1 July 2013 is not expected to have a material impact on the entity.

The company has decided against early adoption of these standards.

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 2. Revenue		
Franchise margin income	1,674,088	1,506,955
Interest revenue	21,279	4,895
Other revenue	23,963	9,129
	1,719,330	1,520,979

Note 3. Expenses

Advertising and marketing	40,489	24,238
ATM leasing and running costs	16,059	17,685
Bad debts	1,149	314
Community sponsorship and donations	700,000	51,857
Freight	15,112	12,573
Insurance	18,714	17,852
IT leasing and running costs	24,152	25,915
Occupancy running costs	15,024	16,427
Printing and stationery	18,551	16,188
Rental and operating lease	(2,025)	12,730
Security	1,516	4,554
Other operating expenses	141,065	64,459
	989,806	264,792
Remuneration of the Auditors of the company		
Audit services	8,000	7,537
Other services	6,050	7,050
	14,050	14,587

Note 4. Income tax expense

a. The components of tax expense comprise:

Current tax	45,755	201,342
Deferred tax (Note 22)	(1,052)	3,222
Over provision in respect of prior years	-	(18,108)
	44,703	186,456

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 4. Income tax expense (continued)		
b. The prima facie tax on profit before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit before income tax at 30% (2012: 30%)	44,648	204,508
Add:		
Tax effect of:		
• non-deductible depreciation and amortisation	-	-
• other non-allowable items	158	22,026
Less:		
Tax effect of:		
• overprovision for income tax in prior years	-	(18,108)
• other allowable items	(103)	(21,970)
Income tax attributable to the company	44,703	186,456

Note 5. Key management personnel compensation

a. Names and positions

Name	Position
Glyn Yates	Deputy Chairman
Ian Shannon	Non-Executive Director
Neil Martin	Non-Executive Director / Secretary
Joseph Italiano	Non-Executive Director
Ian Miffing	Chairman
John Piavanini	Non-Executive Director
Kenneth Smallwood	Non-Executive Director
Jeffery Riley	Non-Executive Director
Paul Sweeney	Non-Executive Director
Colleen DeAngelis	Non-Executive Director

b. Remuneration of key management positions

No Director of the company receives remuneration for services as a company Director.

Notes to the financial statements (continued)

Note 5. Key management personnel compensation (continued)

c. Shareholdings

Number of ordinary shares held by key management personnel.

2013 Directors	Ordinary shares			
	Balance at beginning of period	Purchased during the period	Other changes	Balance at end of period
Neil Martin	6,001	-	-	6,001
Joseph Italiano	3,301	-	-	3,301
Ian Miffing	4,501	-	-	4,501
John Piavanini	13,001	-	-	13,001
Ian Shannon	2,500	-	-	2,500
Kenneth Smallwood	21,600	-	-	21,600
Jeffery Riley	-	-	-	-
Glyn Yates	5,000	-	-	5,000
Paul Sweeney	1,500	-	-	1,500
Colleen DeAngelis	100	-	-	100
	57,704	-	-	57,704

2013	2012
\$	\$

Note 6. Cash and cash equivalents

Cash at bank and in hand	112,746	350,615
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Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	112,746	350,615
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Notes to the financial statements (continued)

	2013 \$	2012 \$
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Note 7. Trade and other receivables

Trade debtors	150,203	149,900
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a. Provision for impairment of receivables

Current trade and term receivables are non-interest bearing loans and generally on 30-day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is an objective evidence that an individual trade or term receivable is impaired. These amounts will be included in the other expenses item of the statement of comprehensive statement.

There is no provision for impairment of receivables.

Note 8. Other assets

Current

Prepayments	4,091	4,547
	4,091	4,547

Note 9. Property, plant and equipment

Cost	821,325	802,714
Accumulated depreciation	(228,780)	(206,774)
Total property, plant & equipment	592,545	595,940

Movement in carrying amount

Balance at the beginning of the year	595,940	51,710
Additions	18,611	559,421
Disposals	-	-
Depreciation expense	(22,006)	(15,191)
Carrying amount at the end of the year	592,545	595,940

Note 10. Intangible assets

Franchise fee

Cost	50,000	50,000
Accumulated amortisation	(17,500)	(7,500)
	32,500	42,500

Notes to the financial statements (continued)

	2013 \$	2012 \$
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Note 10. Intangible assets (continued)

Pursuant to a five year franchise agreement with Bendigo and Adelaide Bank Limited, the company operates a branch of Bendigo and Adelaide Bank Limited, providing a core range of banking products and services.

Note 11. Trade and other payables

Trade creditors and accruals	35,112	29,534
GST payable	49,515	47,827
Dividend payable	581	2,846
	85,208	80,207

Note 12. Financial liabilities

Current

Chattel mortgage	26,597	5,692
Mortgage loan	1,111	692
	27,708	6,384

Non current

Chattel mortgage	-	27,598
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Security:

The bank overdraft and mortgage loan are secured by a floating charge over the company's assets.

Note 13. Provisions

Current

Provision for Annual Leave	28,193	31,426
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Non current

Provision for long service leave	15,540	13,401
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Number of employees at year end	8	9
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Note 14. Equity

430,259 (2012: 430,259) fully paid ordinary shares	430,259	430,259
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Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 15. Cash flow information		
a. Reconciliation of cash flow from operations with profit after tax:		
Profit after tax	104,123	495,237
Depreciation and amortisation	32,005	28,171
Movement in assets and liabilities		
Receivables	(303)	(50,295)
Other assets	456	31,385
Payables	(6,541)	67,082
Deferred tax asset	(1,052)	3,222
Provisions	9,865	(13,484)
Financial Liabilities	(5,691)	
Current tax liability	(299,050)	184,910
Net cash provided by operating Activities	(166,188)	746,228

b. Credit Standby Arrangement and Loan Facilities

The company does not operate a bank overdraft facility.

Note 16. Related party transactions

The related parties have not entered into a transaction with the company during the financial years ended 30 June 2012 and 30 June 2013.

Note 17. Dividends

Distributions paid

Final dividend (fully franked) of 12.34 cents per share	53,070	53,782
	53,070	53,782
b. Balance of franking account at year end adjusted for franking credits arising from:	143,763	143,763
- payment of provision for income tax	367,923	-
- Prior Year Adjustment	(11,524)	-
- Less Dividend Imputations	(22,744)	-
	477,418	143,763

Notes to the financial statements (continued)

Note 18. Financial risk management

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans, bills and leases.

The Directors' overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

a. Financial risk management policies

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for company operations.

The company does not have any derivative instruments at 30 June 2013.

b. Financial risk exposures and management

The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

i. Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt.

ii. Liquidity risk

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

iii. Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

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

The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

Credit risk is managed reviewed regularly by the Board of Directors. It arises from exposures to customers as well as through deposits with financial institutions.

The Board of Directors monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and
- customers that do not meet the company's strict credit policies may only purchase in cash or using recognised credit cards.

The trade receivables balances at 30 June 2012 and 30 June 2013 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

c. Financial instrument composition and maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the statement of financial position.

Notes to the financial statements (continued)

Note 18. Financial risk management (continued)

c. Financial instrument composition and maturity analysis (continued)

	Variable		Fixed		Non interest bearing	Total
	Weighted average effective interest rate	Floating interest rate	Within 1 year	Within 1 to 5 years		
2013						
Financial assets						
Cash and cash equivalents	0.95%	112,746	-	-	-	112,746
Loans and receivables		-	-	-	150,203	150,203
Total financial assets		112,746	-	-	150,203	262,949
Financial liability						
Bank loan secured		1,111	26,597	-	-	27,708
Trade and other payables		-	-	-	85,208	85,208
Total financial liabilities		1,111	26,597	-	85,208	112,916

	Variable		Fixed		Non interest bearing	Total
	Weighted average effective interest rate	Floating interest rate	Within 1 year	Within 1 to 5 years		
2012						
Financial assets						
Cash and cash equivalents	0.95%	350,615	-	-	-	350,615
Loans and receivables		-	-	-	149,900	149,900
Total financial assets		350,615	-	-	149,900	500,515
Financial liability						
Bank loan secured		692	5,692	27,598	-	33,982
Trade and other payables		-	-	-	80,207	80,207
Total financial liabilities		692	6,692	26,598	80,207	114,189

Notes to the financial statements (continued)

	2013 \$	2012 \$
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Note 18. Financial risk management (continued)

c. Financial instrument composition and maturity analysis (continued)

Trade and sundry payables are expected to be paid as followed:

Less than 6 months	85,208	80,207
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d. Net fair values

The net fair values of investments have been valued at the quoted market bid price at reporting date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the company intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

Fair values are materially in line with carrying values.

e. Sensitivity analysis

i. Interest rate risk

The company has performed a sensitivity analysis relating to its exposure to interest rate risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

ii. Interest rate sensitivity analysis

At the reporting date 30 June 2013, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Carrying amount \$	- 2 %		+ 2%	
		Profit \$	Equity \$	Profit \$	Equity \$
2013					
Financial assets					
Cash and cash equivalents	112,746	(2,225)	(2,225)	2,225	2,225
Financial liability					
Bank loan secured	27,708	554	554	(554)	(554)

Notes to the financial statements (continued)

2013
\$ **2012**
\$

Note 18. Financial risk management (continued)

e. Sensitivity analysis (continued)

ii. Interest rate sensitivity analysis (continued)

2012	Carrying amount \$	- 2 %		+ 2%	
		Profit \$	Equity \$	Profit \$	Equity \$
Financial assets					
Cash and cash equivalents	350,615	(7,012)	(7,012)	7,012	7,012
Financial liability					
Bank loan secured	33,982	680	680	(680)	(680)

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged. The company has no exposure to fluctuations in foreign currency.

Note 19. Operating segments

Types of products and services by segment

The company operates in the financial services sector as a branch of Bendigo and Adelaide Bank Limited in Western Australia.

Major customers

The company operates under the terms of a franchise agreement with Bendigo and Adelaide Bank Limited, which accounts for all of the franchise margin income.

Note 20. Events after the statement of financial position date

No matters or circumstances have arisen since the end of the financial year that 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 subsequent financial years.

Note 21. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets at the reporting date.

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 22. Tax		
a. Liability		
Current		
Income tax	-	(184,910)
b. Assets		
Current	114,140	-
Deferred tax assets comprise:		
Provisions	15,174	14,122
	15,174	14,122
c. Reconciliations		
i. Gross movements		
The overall movement in the deferred tax account is as follows:		
Opening balance	14,122	17,344
Credit to statement of comprehensive income	1,052	(3,222)
Closing balance	15,174	14,122
ii. Deferred Tax Assets		
The movement in deferred tax assets for each temporary difference during the year is as follows:		
Provisions		
Opening balance	14,122	17,344
Credit to the statement of comprehensive income		
income	1,052	(3,222)
Closing balance	15,174	14,122

Note 23. Economic dependency – Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**[®] branches at Collie, Western Australia.

The branches operate as a franchise of Bendigo Bank, using the name “Bendigo Bank” and the logo and system of operations of Bendigo Bank. The company manages the **Community Bank**[®] branches on behalf of the Bendigo Bank, however all transactions with customers conducted through the **Community Bank**[®] branches are effectively conducted between the customers and Bendigo Bank.

All deposits are made with Bendigo Bank, and all personal and investment products are products of Bendigo Bank, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo Bank, must be approved by Bendigo Bank. All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank.

Notes to the financial statements (continued)

Note 23. Economic dependency – Bendigo and Adelaide Bank Limited (continued)

Bendigo Bank provides significant assistance in establishing and maintaining the **Community Bank**[®] branch franchise operations. It also continues to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

- Advice and assistance in relation to the design, layout and fit out of the **Community Bank**[®] branches;
- Training for the Branch Manager and other employees in banking management systems and interface protocol;
- Methods and procedures for the sale of products and provision of services;
- Security and cash logistic controls;
- Calculation of company revenue and payment of many operating and administrative expenses;
- The formulation and implementation of advertising and promotional programs; and
- Sales techniques and proper customer relations.

Note 24. Company details

The registered office and principal place of business of the company is:

70 Forrest Street
Collie WA 6225

Directors' declaration

The Directors of the company declare that:

1. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 and:
 - a. comply with Australian Accounting Standards; and
 - b. give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the company;
2. the financial statements and notes thereto comply with International Financial Reporting Standards, as disclosed in Note 1; and
3. 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; and

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



Ian Miffing
Director

Dated 2 October 2013

Independent audit report



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COLLIE & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Collie & Districts Community Financial Services Limited ("the company"), which comprises the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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 about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

is jointly limited by a
scheme approved under
Professional Standards
Legislation

Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 36 965 165 935

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Independent audit report (continued)



Independence

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

Opinion

In our opinion:

- (a) the financial report of Collie & Districts Community Financial Services Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

D J Wall

D J WALL
Partner

Perth, WA

Dated: 3 OCTOBER 2013



Collie & Districts **Community Bank**[®] Branch
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Limited
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