Donnybrook Capel Districts Community Financial Services Limited

ABN 23 103 003 416

ANNUAL REPORT 2013

Donnybrook & Capel **Community Bank®** branches

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Chairman's report

For year ending 30 June 2013

On behalf of the Donnybrook Capel **Community Bank®** company Board, I am again pleased to advise shareholders that both branches are performing well, Capel has seen a marked increase in business and residential lending. This is being achieved by having a full-time Manager Bernadette Brown in the branch and having put in place full banking hours Monday to Friday.

Donnybrook **Community Bank®** Branch is also performing well as Jaime Haines has taken up the Branch Manager's position. She has identified a need for Business and AgriBusiness Lending.

Donnybrook and Capel **Community Bank®** branches together have contributed over $50,000 into our communities over the last financial year, some of these include our ongoing commitment to St John of God South West Cancer and Coronary Care Unit, Capel RSL Memorial upgrade, Donnybrook Men's Shed, Donnybrook and Capel Shire's early rates payment incentive prize, Australian Coastal Radio Monitors and WA Country Health Service Donnybrook Palliative Care Ward. The combined 10-year total sponsorship is over $300,000 put back into our communities, and again paying a dividend to the shareholders in the last financial year.

This year Jaime and the team at Donnybrook **Community Bank®** Branch celebrated their 10-year Anniversary by holding a Charity Ball. The Ball was very well attended with everyone having a great night and funds raised going to Relay for Life.

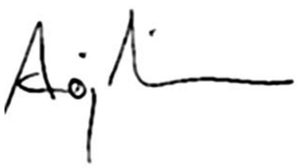
Bernadette and the team at Capel **Community Bank®** Branch worked very hard to win the 'You Like Campaign' which saw the Capel RSL win $5,000 Plus a $5,000 Bonus $10,000 in total this to upgrade the RSL Memorial.

Collectively the **Community Bank®** network across Australia has returned over $100 million to our communities, this achievement is made possible by the continued support of our customers, your support is greatly appreciated.

I would like to take this opportunity to thank our Managers Bernadette Brown and Jaime Haines and all the staff for the continued outstanding commitment and personalised service they provide to the customers.

Since the last Annual Report we have had some Board Member changes. Ken Caratti, Colin Hillier and Scott Summers have resigned for various reasons, but I welcome John Cross on to the Board also our Board Secretary has moved on with other heavy work commitments, but welcome Taryn Fussell to the position. I thank all retiring Board members and Secretary for their commitment while on the Board.

To all my committed Board members that have continued on this journey, to work through some quite challenging times, I give my thanks to them for the hard work that has been put in over the past 12 months, to achieve our ongoing commitment to our shareholders, customers and the community.



Angelo Logiudice
Board Chairman

Donnybrook Manager's report

For year ending 30 June 2013

The last 12 months saw a lot of changes in Donnybrook with new staff and management getting on board. This has seen a positive improvement within the branch and a friendly, knowledgeable new team heading into the future to take the branch from strength to strength.

With a slow start to the year we finished off strong with our customer numbers increasing again and more lending and deposits coming through the door.

With our Business amd Agribusiness Managers working closely it has helped us service local customers regularly and provide excellent service throughout the region.

Between Donnybrook and Capel districts we have given out over $50,000 this last year in sponsorships some of them included were:

- St John of God South West, Cancer & Coronary Care Unit
- Capel RSL memorial Upgrade
- Donnybrook Mens Shed
- Donnybrook Basketball Association
- Aust Coast Radio Monitors
- WA Country Health Services, Donnybrook Palliative Care Ward.

This brings our 10-year total to over $300,000 in sponsorships which we could not have done without the support from our customers in the local communities.

We celebrated our 10-year Anniversary this year by holding a charity ball to raise funds for Cancer, this went to the charity 'Relay for Life' which Bendigo and Adelaide Bank is heavily involved in. We managed to raise over $2,000 with over 100 people in the local town hall dancing the night away.

Without our shareholders, customers, Board of Directors and staff none of this would have been possible, we would like to thank you all for your help and ongoing support getting us this far and look forward to the success over the coming years for the Donnybrook **Community Bank®** Branch.

Jaime Haines
Branch Manager

Capel Manager's report

For year ending 30 June 2013

2012/13 has been a solid year for the Capel **Community Bank®** Branch. Our success can be contributed to our formidable team of dedicated and hardworking staff who deliver quality customer service on each and every occasion.

It is pleasing to report that we have contributed over $53,000 this year in sponsorships back into our local communities. Major sponsorships for the Capel community included the Capel RSL funds will upgrade the memorial, enhance the grounds and improve access in time for the 100th anniversary of the landing of Gallipoli, and ACRM was in need of a new tower. ACRM is a volunteer organisation dedicated to providing a 24-hour emergency radio service.

Business is developing well with the support services of our Business Banking Manager, Financial Planner and Agri Business Manager that enables us to provide a diverse range of products and services to our customers. We are all proud to be part of a community focused **Community Bank®** branch, dedicated to building long term relationships with our customers, shareholders and the communities we serve.

I would like to take this opportunity to thank our Board of Directors who volunteer their time and knowledge to create a successful **Community Bank®** branch. Thank you to all who support the Capel **Community Bank®** Branch. We appreciate your business and look forward to a successful 2013/14 year ahead.

Bernadette Brown
Branch Manager

Directors' report

For the financial year ended 30 June 2013

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

Directors

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

Name and position held	Qualifications	Experience and other Directorships
Angelo Terzo Logiudice Chairman Board member since March 2007	Councillor Local Govt. Vice Chair Chamber of Commerce	Orchardist & Business Proprietor
Patricia Anne Worrell Director Board member since April 2010	Graduate Diploma (Teaching)	Primary School Teacher
Walter Bruce Hearman Company Secretary/Director Board member since November 2002.		Business Proprietor
Linda Hay Treasurer/Director Board member since January 2010	Bachelor of Business (Accounting Major)	Business Partner and Bookeeper
Cameron Skerman Director Board member since July 2011 Resigned September 2012	Bachelor of Science	Veterinarian
Kingsley John Smith Director Board member since February 2011	Chartered Accountant	Chartered Accountant
Jefferis Heath Director Board member since July 2011	Real Estate Licence	Real Estate Agent
Scott Summers Director Board member since July 2012 Resigned January 2013		Real Estate Agent
Kenneth Carrati Director Board member since July 2012 Resigned January 2013		Port Officer

Directors (continued)

John Cross Director Board member since October 2012		Ag Consultant
Colin Helliar Director Board member since July 2012 Resigned October 2012		Retiree

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 Bank®** 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 of the company for the financial year after income tax was $30,419 (2012 profit: $63,390), which is a 52% decrease as compared with the previous year.

The net assets of the company have increased to $175,533 (2012: $158,323).

Dividends

An unfranked dividend of 2 cents per share was provided for during the financial year ending 30 June 2013 (2012: 4 cents per share).

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 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.

For the year ended 30 June 2013, Linda Hay was paid $5,544 (2012: $5,742) for accounting and reporting advice to the company.

Remuneration report (continued)

Remuneration benefits and payments (continued)

These payments were made under normal commercial arrangements.

Donnybrook Capel District Community Financial Services Limited has accepted the Bendigo and 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 and Adelaide Bank Limited 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 $250 for the year ended 30 June 2013. The estimated benefit per Director is as follows:

	2013
Angelo Terzo Logiudice	-
Patricia Anne Worrell	-
Walter Bruce Hearman	-
Linda Hay	-
Cameron Skerman	-
Kingsley John Smith	-
Jefferis Heath	250
Scott Summers	-
Kenneth Carrati	-
John Cross	-
Colin Helliar	-
	250

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 #
Angelo Terzo Logiudice	11 (11)
Patricia Anne Worrell	11 (11)
Walter Bruce Hearman	10 (11)
Linda Hay	9 (11)
Cameron Skerman	0 (0)
Kingsley John Smith	8 (11)
Jefferis Heath	10 (11)
Scott Summers	3 (6)
Kenneth Carrati	4 (5)
John Cross	6 (8)
Colin Helliar	2 (3)

The first number is the meetings attended while in brackets is the number of meetings eligible to attend.
N/A - not a member of that Committee.

Likely developments

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

Environmental regulations

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

Proceedings on behalf of company

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

Company Secretary

Walter Hearman has been the company Secretary of Donnybrook Capel Districts Community Financial Services Limited since January 2010. He has been a Shire Councillor since 1984, including over 10 years as President, served on numerous community committees, is a life member of Apex, a Past District Governor of Lions Club International and a member of the Board since the inception of the company in 2003.

Directors' report (continued)

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 10 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 Donnybrook on 23 September 2013.

Angelo Logiudice
Chairman

Auditor's independence declaration

Richmond Sinnott & Delahunty
Chartered Accountants

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

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

23 September 2013

The Directors
Donnybrook Capel District Community Financial Services Limited
PO Box 501
CAPEL WA 6271

Dear Directors

To the Directors of Donnybrook Capel District Community Financial Services Limited

Auditor's Independence Declaration under section 307C of the Corporations Act 2001

I declare that to the best of my knowledge and belief, during the year ended 30 June 2013 there has been:

(i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) No contraventions of any applicable code of professional conduct in relation to the audit.

W Sinnott

Warren Sinnott
Partner
Richmond Sinnott & Delahunty

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

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

Financial statements

Statement of profit or loss and other comprehensive income for the year ended 30 June 2013

	Notes	2013 $	2012 $
Revenue	2	947,873	966,449
Employee benefits expense	3	(544,119)	(523,313)
Depreciation and amortisation expense	3	(32,126)	(31,486)
Finance costs	3	(21,604)	(21,827)
Bad and doubtful debts expense	3	(710)	(1,095)
Rental expense		(56,351)	(55,797)
Other expenses		(199,504)	(222,155)
Operating profit/(loss) before charitable donations & sponsorships		**93,459**	**110,776**
Charitable donations and sponsorships		(48,869)	(23,758)
Profit/(loss) before income tax expense		**44,590**	**87,018**
Tax expense / (benefit)	4	14,171	23,628
Profit/(loss) for the year		**30,419**	**63,390**
Other comprehensive income		-	-
Total comprehensive income		**30,419**	**63,390**
Profit/(loss) attributable to:			
Members of the company		-	-
Total		**30,419**	**63,390**

Earnings per share (cents per share)			
- basic for profit / (loss) for the year	22	4.61	9.60
- diluted for profit / (loss) for the year	22	4.61	9.60

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2013

	Notes	2013 $	2012 $
Assets			
Current assets			
Cash and cash equivalents	6	144,340	156,031
Trade and other receivables	7	90,115	92,100
Other assets	8	6,667	6,667
Total current assets		**241,122**	**254,798**
Non-current assets			
Property, plant and equipment	9	44,217	51,506
Deferred tax asset	4	146,393	160,564
Other assets	8	6,111	12,777
Intangible assets	10	60,000	13,690
Total non-current assets		**256,721**	**238,537**
Total assets		**497,843**	**493,335**
Liabilities			
Current liabilities			
Trade and other payables	11	35,547	42,792
Loans and borrowings	12	42,339	43,286
Provisions	13	39,386	26,851
Total current liabilities		**117,272**	**112,929**
Non current liabilities			
Loans and borrowings	12	205,038	222,083
Total non current liabilities		**205,038**	**222,083**
Total liabilities		**322,310**	**335,012**
Net assets / (liabilities)		**175,533**	**158,323**
Equity			
Issued capital	14	660,435	660,435
Retained earnings / (accumulated losses)	15	(484,902)	(502,112)
Total equity		**175,533**	**158,323**

The accompanying notes form part of these financial statements.

Financial statements (continued)

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

	Notes	Issued Capital $	Retained Earnings $	Total Equity $
Balance at 1 July 2011		**660,435**	**(539,085)**	**121,350**
Total comprehensive income for the year		-	63,390	63,390
Transactions with owners, in their capacity as owners				
Dividends paid or provided	23	-	(26,417)	(26,417)
Balance at 30 June 2012		**660,435**	**(502,112)**	**158,323**
Balance at 1 July 2012		**660,435**	**(502,112)**	**158,323**
Total comprehensive income for the year		-	30,419	30,419
Transactions with owners, in their capacity as owners				
Dividends paid or provided	23	-	(13,209)	(13,209)
Balance at 30 June 2013		**660,435**	**(484,902)**	**175,533**

The accompanying notes form part of these financial statements.

Statement of cash flows
for the year ended 30 June 2013

	Notes	2013 $	2012 $
Cash flows from operating activities			
Receipts from clients		1,049,960	941,158
Payments to suppliers and employees		(952,256)	(836,379)
Interest paid		(21,604)	(21,827)
Interest received		1,349	2,485
Net cash flows from/(used in) operating activities	**16b**	**77,449**	**85,437**
Cash flows from investing activities			
Purchase of property, plant & equipment		(11,148)	(4,706)
Purchase of intangible assets		(60,000)	-
Net cash flows from/(used in) investing activities		**(71,148)**	**(4,706)**
Cash flows from financing activities			
Dividends paid		-	(26,417)
Repayment of borrowings		(17,992)	(15,425)
Net cash flows from/(used in) financing activities		**17,992**	**(41,842)**
Net increase/(decrease) in cash held		**(11,691)**	**38,889**
Cash and cash equivalents at start of year		156,031	117,142
Cash and cash equivalents at end of year	**16a**	**144,340**	**156,031**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2013

The financial statements and notes represent those of Donnybrook Capel District Community Financial Services Limited.

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

The financial statements were authorised for issue by the Directors on 23 September 2013.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

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

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

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

(b) Income tax

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

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

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

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

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

(c) Property, plant and equipment

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

Note 1. Summary of significant accounting policies (continued)

(c) Property, plant and equipment (continued)

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

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

Class of asset	Depreciation rate
Plant & equipment	20% - 33%

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.

(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.

Note 1. Summary of significant accounting policies (continued)

(f) Employee benefits

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

(g) Intangibles

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

(h) Cash

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

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

(i) Revenue

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

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

(j) Receivables and payables

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

(k) New accounting standards and interpretations not yet adopted

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

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

Note 1. Summary of significant accounting policies (continued)

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

(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.

(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.

Note 1. Summary of significant accounting policies (continued)

(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 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

<u>Initial recognition and measurement</u>

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.

<u>Classification and subsequent measurement</u>

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

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

Note 1. Summary of significant accounting policies (continued)

(q) Financial instruments (continued)

Classification and subsequent measurement (continued)

(i) Loans and receivables

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

(ii) Financial liabilities

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

Impairment

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

Derecognition of financial instruments

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

Note 2. Revenue and other income

	2013 $	2012 $
Revenue		
- franchise margin income	587,889	582,793
- services commissions	173,407	201,221
- other revenue	185,224	179,950
	946,520	**963,964**
Other revenue		
- interest received	1,353	2,485
	1,353	**2,485**
Total revenue	**947,873**	**966,449**

Note 3. Expenses

	2013 $	2012 $
Employee benefits expense		
- wages and salaries	455,119	446,090
- superannuation costs	44,084	42,839
- other costs	44,916	34,384
	544,119	**523,313**
Depreciation of non-current assets:		
- plant and equipment	18,436	17,686
Amortisation of non-current assets:		
- intangible assets	13,690	13,800
	32,126	**31,486**
Finance costs:		
- Interest paid	21,604	21,827
Bad debts	710	1,095

Note 4. Tax expense

	2013 $	2012 $
b. The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit/(loss) before income tax at 30% (2012: 30%)	13,377	26,106
Add tax effect of:		
- Non-deductible / (other deductible) expenses	1,088	(2,367)
- (over)/under provision of income tax in prior year	(294)	(111)
Current income tax expense	**14,171**	**23,628**
Income tax attributable to the entity	**14,171**	**23,628**
The applicable weighted average effective tax rate is	30 (27%)	30
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.	**146,393**	**160,564**

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

	2013 $	2012 $

Note 5. Auditors' remuneration

Remuneration of the Auditor for:

- Audit or review of the financial report	4,150	3,900
	4,150	**3,900**

Note 6. Cash and cash equivalents

Cash at bank and on hand	**144,340**	**156,031**

Note 7. Trade and other receivables

Current

Trade debtors	86,318	88,303
Other assets	3,797	3,797
	90,115	**92,100**

Credit risk

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

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

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

	Gross amount	Past due and impaired	Past due but not impaired			Not past due
			< 30 days	31-60 days	> 60 days	
2013						
Trade receivables	86,318	-	-	-	-	86,318
Other receivables	3,797	-	-	-	-	3,797
Total	**90,115**	**-**	**-**	**-**	**-**	**90,115**

Note 7. Trade and other receivables (continued)

Credit risk (continued)

	Gross amount	Past due and impaired	Past due but not impaired			Not past due
			< 30 days	31-60 days	> 60 days	
2012						
Trade receivables	88,303	-	-	-	-	88,303
Other receivables	3,797	-	-	-	-	3,797
Total	**92,100**	**-**	**-**	**-**	**-**	**92,100**

	2013 $	2012 $

Note 8. Other assets

Current		
Donnybrook Football Club loan	6,667	6,667
Non current		
Donnybrook Football Club loan	6,111	12,777
	12,778	**19,444**

This is an interest free loan to the football club to be paid by monthly instalments over 36 months.

Note 9. Property, plant and equipment

Computer software		
At cost	24,703	24,703
Less accumulated depreciation	(24,703)	(24,703)
	-	**-**
Building improvements		
At cost	165,797	154,649
Less accumulated depreciation	(144,295)	(138,727)
	21,502	**15,922**
Furniture & fittings		
At cost	40,721	40,722
Less accumulated depreciation	(33,864)	(29,804)
	6,857	**10,918**

	2013 $	2012 $

Note 9. Property, plant and equipment (continued)

	2013 $	2012 $
Motor vehicle		
At cost	44,091	44,091
Less accumulated depreciation	(28,233)	(19,425)
	15,858	**24,666**
Total written down amount	**44,217**	**51,506**
Movements in carrying amounts		
Building improvements		
Carrying amount at beginning of year	15,922	21,365
Additions	11,148	-
Disposals	-	-
Depreciation expense	(5,568)	(5,443)
Carrying amount at end of year	**21,502**	**15,922**
Furniture & fittings		
Carrying amount at beginning of year	10,917	9,647
Additions	-	4,706
Disposals	-	-
Depreciation expense	(4,060)	(3,436)
Carrying amount at end of year	**6,857**	**10,917**
Motor vehicle		
Carrying amount at beginning of year	24,666	33,474
Additions	-	-
Disposals	-	-
Depreciation expense	(8,808)	(8,808)
Carrying amount at end of year	**15,858**	**24,666**

Note 10. Intangible assets

	2013 $	2012 $
Franchise fee		
At cost	128,862	128,862
Less accumulated amortisation	(128,862)	(115,172)
	-	**13,690**

Notes to the financial statements (continued)

	2013 $	2012 $

Note 10. Intangible assets (continued)

Establishment franchise fee (Capel)		
At cost	60,000	-
Less accumulated amortisation	-	-
	60,000	**-**
Movements in carrying amounts		
Franchise fee		
Balance at the beginning of the reporting period	13,690	27,490
Additions	-	-
Disposals	-	-
Amortisation expense	(13,690)	(13,800)
Balance at the end of the reporting period	**-**	**13,690**

Note 11. Trade and other payables

Current		
Unsecured liabilities:		
Trade creditors	12,989	16,622
Other creditors and accruals	22,558	26,170
	35,547	**42,792**

Note 12. Loans and borrowings

Credit card	2,703	2,162
Bank loan - current	39,636	41,124
	42,339	**43,286**
Bank loan - non current	**205,038**	**222,083**

The bank loan is principal and interest variable non residential secured loan over a 10 year period and the current interest rate is 8.050%.

Note 13. Provisions

Employee benefits	26,177	26,851
Provision for dividend	13,209	-
	39,386	**26,851**

	2013 $	2012 $
Note 13. Provisions (continued)		
Movement in employee benefits		
Opening balance	26,851	33,923
Additional provisions recognised	35,009	34,315
Amounts utilised during the year	(35,683)	(41,387)
Closing balance	**26,177**	**26,851**
Current		
Annual Leave	26,177	24,415
Dividends	13,209	-
	39,386	**24,415**
Non-current		
Long-service leave	**-**	**2,436**
Total provisions	**39,386**	**24,415**

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.

	2013 $	2012 $
Note 14. Share capital		
660,435 Ordinary shares fully paid of $1 each	660,435	660,435
	660,435	**660,435**
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	660,435	660,435
Shares issued during the year	-	-
At the end of the reporting period	**660,435**	**660,435**

Note 14. Share capital (continued)

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to thenumber 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 Other Comprehensive Income.

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

Note 15. Retained earnings / (accumulated losses)

	2013 $	2012 $
Balance at the beginning of the reporting period	(502,112)	(539,085)
Less: Dividends paid	(13,209)	(26,417)
Profit/(loss) after income tax	30,419	63,390
Balance at the end of the reporting period	**(484,902)**	**(502,112)**

Note 16. 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	144,340	156,031
less Bank overdraft	-	-
As per the statement of cash flow	**144,340**	**156,031**
(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities		
Profit / (loss) after income tax	30,419	63,390
Non cash items		
- Depreciation	18,436	17,686
- Amortisation	13,690	13,800
Changes in assets and liabilities		
- (Increase) decrease in receivables	8,651	(22,806)
- (Increase) decrease in deferred tax asset	14,171	23,628
- Increase (decrease) in payables	5,965	(3,189)
- Increase (decrease) in provisions	(674)	(7,072)
Net cash flows from/(used in) operating activities	**90,658**	**85,437**

Note 17. Related party transactions

The company's main related parties are as follows:

(a) Key management personnel

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

(b) Other related parties

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

(c) Transactions with key management 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.

Notes to the financial statements (continued)

Note 17. Related party transactions (continued)

(c) Transactions with key management personnel and related parties (continued)

For the year ended 30 June 2013, Linda Hay was paid $5,544 (2012: $5,742) for accounting and reporting advice to the company. These payments were made under normal commercial arrangements.

Donnybrook Capel District Community Financial Services Limited has accepted the Bendigo and 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 and Adelaide Bank Limited 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 $250 for the year ended 30 June 2013. The estimated benefit per Director is as follows:

	2013
Angelo Terzo Logiudice	-
Patricia Anne Worrell	-
Walter Bruce Hearman	-
Linda Hay	-
Cameron Skerman	-
Kingsley John Smith	-
Jefferis Heath	250
Scott Summers	-
Kenneth Carrati	-
John Cross	-
Colin Helliar	-
	250

Note 17. Related party transactions (continued)

(d) Key management personnel shareholdings

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

	2013	2012
Angelo Terzo Logiudice	250	250
Patricia Anne Worrell	1,000	1,000
Walter Bruce Hearman	2,000	2,000
Linda Hay	-	-
Cameron Skerman	-	-
Kingsley John Smith	5,000	5,000
Jefferis Heath	250	250
Scott Summers	-	-
Kenneth Carrati	-	-
John Cross	-	-
Colin Helliar	-	-

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

(e) Other key management transactions

There has been no other transactions involving equity instruments other than those described above.

Note 18. Events after the reporting period

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

Note 19. Contingent liabilities and assets

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

Note 20. 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 Donnybrook, Western Australia. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2012: 100%).

Note 21. Company details

The registered office & principle place of business is: 70 South Western Highway
Donnybrook WA

	2013 $	2012 $

Note 22. 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	**30,419**	**63,390**
Weighted average number of ordinary shares for basic and diluted earnings per share	**660,435**	**660,435**

Note 23. Dividends paid or provided for on ordinary shares

	2013 $	2012 $
(a) Dividends paid during the year		
Unfranked dividends - 0 cents per share (2012: 4 cents per share)	**-**	**26,417**
(b) Dividends provided for during the year		
Unfranked dividends - 2 cents per share (2012: 0 cents per share)	**13,209**	**-**

Note 24. Financial risk management

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

	Note	2013 $	2012 $
Financial assets			
Cash & cash equivalents	6	144,340	156,031
Trade and other receivables	7	90,115	92,100
Total financial assets		**234,455**	**248,131**

	Note	2013 $	2012 $

Note 24. Financial risk management (continued)

Financial liabilities			
Trade and other payables	11	35,547	42,792
Loans and borrowings	12	244,674	263,207
Total financial liabilities		**280,221**	**305,999**

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.

	Note	2013 $	2012 $
Cash and cash equivalents:			
A rated		**144,340**	**156,031**

Note 24. Financial risk management (continued)

(b) Liquidity risk

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

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

Financial liability and financial asset maturity analysis:

30 June 2013	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial liabilities due					
Trade and other payables	11	35,547	35,547	–	–
Loans and borrowings	12	244,674	39,636	198,180	6,858
Total expected outflows		**280,221**	**75,183**	**198,180**	**6,858**
Financial assets - realisable					
Cash & cash equivalents	6	144,340	144,340	–	–
Trade and other receivables	7	90,115	90,115	–	–
Total anticipated inflows		**234,455**	**234,455**	**–**	**–**
Net (outflow)/inflow financial instruments		**(45,766)**	**159,272**	**(198,180)**	**(6,858)**

30 June 2012	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial liabilities due					
Trade and other payables	11	42,792	42,792	–	–
Loans and borrowings	12	263,207	41,124	205,620	16,463
Total expected outflows		**305,999**	**83,916**	**205,620**	**16,463**
Financial assets - realisable					
Cash & cash equivalents	6	156,031	156,031	–	–
Trade and other receivables	7	92,100	92,100	–	–
Total anticipated inflows		**248,131**	**248,131**	**–**	**–**
Net (outflow)/inflow financial instruments		**(57,868)**	**164,215**	**(205,620)**	**(16,463)**

Note 24. Financial risk management (continued)

(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)	4.40%	4.47%

Sensitivity analysis

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

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

	Profit $	Equity $
Year ended 30 June 2013		
+/- 1% in interest rates (interest income)	(1,006)	(1,006)
	(1,006)	**(1,006)**
Year ended 30 June 2012		
+/- 1% in interest rates (interest income)	(1,072)	(1,072)
	(1,072)	**(1,072)**

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.

Directors' declaration

In accordance with a resolution of the Directors of Donnybrook Capel District Community Financial Services Limited, the Directors of the company declare that:

1 the financial statements and notes of the company as set out on pages 11 to 34 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.

Angelo Logiudice
Chairman

Signed at Donnybrook on 23 September 2013.

Independent audit report

Richmond Sinnott & Delahunty

Chartered Accountants

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Bendigo, Victoria
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DONNYBROOK CAPEL DISTRICT FINANCIAL SERVICES LIMITED

Report on the Financial Report

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

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 gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 company's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Auditor's Opinion

In our opinion:

(a) the financial report of Donnybrook Capel District Financial Services Limited is in accordance with the Corporations Act 2001, including:

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

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

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

Richmond Sinnott + Delahunty

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W. J. SINNOTT
Partner

Dated at Bendigo, 23 September 2013

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