Elwood Community Financial Services Limited

ABN 38 087 802 775

ANNUAL REPORT 2013

Elwood **Community Bank**® Branch

Contents

Chairman's report

For year ending 30 June 2013

Recently we had a function at the Elwood Angling Club to celebrate our 14th birthday and to present and explain this year's community grants program. We had approximately 80 people attend including shareholder and all the various community groups your branch supports.

The main thing that impressed me with this function was how your branch has impacted on the local community and how all the groups that we have been involved with have grown with the branch's help. To date we have returned over $800,000 to the Elwood community.

So in 14 years we have grown from returning banking services to the Elwood community, to be a leader in growing the Elwood community.

Recently we agreed to sponsor the formation of a Community Education Hub driven by representatives of the local schools and childcare groups. We firmly believe that this group will grow and involve all community groups in Elwood.

The result of our performance this financial year showed our net profit after tax was slightly down with a net profit of $116,989 and our net assets up by $80,000 to $1.392 million. Our total business book has now grown past $100 million and one could ask why our profit is down? The explanation is our profit share has been reduced by our partner Bendigo and Adelaide Bank due in the main by the effect of the Global Financial Crises. This should abate over the coming years and in reality this is already starting to happen.

We are pleased to announce that we are maintaining our dividend at $015c per dollar share fully franked and we expect the current financial year to remain a strong.

We have had two staff changes this financial year with Breanne Foster, who has taken up a job with Bendigo Bank closer to home and we welcome back Barbara Gardiner who was one of our original opening staff members.

The Branch Manager Gary Scott and our other staff are to be congratulated on the way they have grown our customer base with that extra service and customer care they have shown over the past financial year.

In closing I would also wish to thank the other volunteer Board members for their dedication to making your **Community Bank®** branch the great business it is today.

Alastair Chisholm
Chairman

Manager’s report

For year ending 30 June 2013

The financial year ending 30 June 2013 has seen us reach the $100 million milestone for the total footings or assets of the Elwood **Community Bank®** Branch. We have experienced growth in both the deposit and lending balances during the past year. This has seen the Elwood **Community Bank®** Branch in 14 years increase its total balances to over $100 million business which is a fantastic result and we are aiming to continue to increase these footings in the upcoming year.

We now still have around 4,400 accounts with 2,800 customers and in the past 12 months we have continued to strengthen our relationship with customers and our presence within the local community.

This commitment to the Elwood area is also evidenced by the support given to local groups and organisations by way of sponsorship and community grants given. We endeavour to form a partnership with these groups and continued engagement will strengthen the group, assist the community and importantly continue to build the branch. The engagement with our sponsored groups was a focus last year and continues to be for the next year.

Elwood **Community Bank®** Branch maintains a full banking service with a vast range of products and services. We are committed to increasing our presence in Elwood and surrounds and I would encourage you to discuss any of your banking with our great staff. We would also welcome the opportunity to discuss any banking needs for your family and friends at anytime.

We are also looking to embrace new technologies that enhance the delivery of financial services to the area as the way in which people do their banking is changing at a rapid pace and we need to still remain relevant to our customers and the Elwood community.

We must also acknowledge our fantastic staff in June Clark, Leanne Harb, Fifi Pandelis and Vince Camuglia. We have also just had Breanne Foster leave us to take up a position closer to home and are thrilled to welcome back Barbara Gardiner after a break of about four years. Barbara was one of the original staff when opening 14 years ago and customers are very happy to have her back again. The level of friendly, professional service provided is always second to none and my thanks to them all.

Finally, we must thank the Elwood **Community Bank®** company Board and individual Directors for their continued support and focus towards having our **Community Bank®** branch a successful part of the Elwood Community.

Gary Scott
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
Alastair Colin Chisholm Director since 9 June 1999 Chairman	Licensed Estate Agent	Licensed Agent for more than 35 years
Elizabeth Jean Johnstone Director since 9 June 1999 Director	BBUS HFPIA	Consultant
Robert Toth Director since 9 June 1999 Company Secretary	Practitioner	Practitioner
Helen Elaine Shingler Director since 27 February 2001 Director	B.Ec BA Grad Dip Info Sc Senior Assoc AIB	Consultant Founding Director of Wear for Success
Carole Mackie Director since 25 May 2011 Director	BBUS Post Grad Finance	Accountant
Christopher Herbert Sargood Director since 9 June 1999 Director	BE Civil	IT Consultant
Allan Haines Director since 8 January 2007 Director	PhD MPsych	Consultant
Alfred Joseph Camilleri Director since 22 August 2002 Director	FNTAA	Public Accountant 35 years President and Chairman of CBC St Kilda for 5 years Treasurer of AIKI-KAI National AKIDO Assoc.
Andrew Ashdown Director since 21 February 2008 Director	A Diplima Electrical Engineering	Company Director
Angela Turner Appointed 29 August 2012 Director	Marketing & Bus Post Grad	Marketing Brand Digital & Social

Directors (continued)

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 $116,989 (2012: $124,058), which is a 5.70% decrease as compared with the previous year.

The net assets of the company have increased to $1,392,294 (2012: $1,313,353).

Dividends

	Year ended 30 June 2013	
	Cents per share	**$**
Dividends paid in the year:	15	38,048

Significant changes in the state of affairs

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

Events subsequent to reporting date

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

Remuneration report

Remuneration policy

The remuneration policy of Elwood Community Financial Services Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives. The Board believe the remuneration policy to be appropriate and effective.

The Board's policy is to remunerate Directors at market rates for time, commitment and responsibilities. There is no relationship between the remuneration policy and the company performance. The policy is developed by the Board and reviewed annually.

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.

Remuneration report (continued)

Remuneration benefits and payments (continued)

Alfred J Camilleri & Associates, of which Mr Camilleri is a Director, received a fee of $600 (2012: $1,850) for preparation of the company's income tax return and $8,105 (2012: $4,727) for the preparation of the company's Financial Statements during the year ended 30 June 2013.

Langton Management Consultants, of which Helen Shingler is a Director, received a fee of $nil (2012: $925) for preparation of the company's Financial Statements during the year ended 30 June 2013.

Wisewoulds Lawyers, of which Robert Toth is a partner, received $533 (2012: $893) for the provision of legal services provided to the company for the year ended 30 June 2013.

Other than a Chairman's Allowance no Directors' fees were paid as the positions were held on a voluntary basis. The remuneration of Branch Managers has not been included as the Managers are not involved in executive decision making and act at the instruction of the Board of Directors.

Director Remuneration for the year ended 30 June 2012:

	Primary benefits salary & fees 2013 $	**Primary benefits salary & fees 2012 $**
Alastair Chisholm	6,000	6,000

The Elwood 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 $nil for the year ended 30 June 2013.

Indemnifying Officers or Auditor

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

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

Directors' meetings

The number of Directors' meetings held during the year were 12. Attendances by each Director during the year were as follows:

Director	Board meetings#
Alastair Colin Chisholm	11 (12)
Elizabeth Jean Johnstone	6 (12)
Robert Toth	5(12)
Helen Elaine Shingler Leave of absence	2 (12)
Carole Mackie	7 (12)
Christopher Herbert Sargood	5 (12)
Allan Haines	3 (12)
Alfred Joseph Camilleri	9 (12)
Andrew Ashdown	8 (12)
Angela Turner	8 (10)

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

Robert Toth has been the Company Secretary of Elwood Community Financial Services Limited since 1999. He has been a legal practitioner since 1982 and is a member of the Australian Institute of company Directors.

Directors' report (continued)

Non audit services

The Directors in accordance with advice from the audit committee, are satisfied that the provision of non audit services during the year is compatible with the general standard of independence for Auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed in Note 5 did not compromise the external Auditor's independence for the following reasons:

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

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 9 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 Elwood on 16 September 2013.

Alastair Chisholm
Chairman

Auditor's independence declaration

Richmond Sinnott & Delahunty
Chartered Accountants

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Bendigo, Victoria
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Auditor's Independence Declaration under section 307C of the Corporations Act 2001 to the Directors of Elwood Community Financial Services Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2013 there has been no contraventions of:

(i) the Auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RICHMOND SINNOTT & DELAHUNTY

Chartered Accountants

W Sinnott

Name
Partner

Bendigo

Dated at Bendigo, 16 September 2013

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

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

Financial statements

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

	Notes	2013 $	2012 $
Revenue	2	845,150	863,035
Employee benefits expense	3	(371,045)	(351,622)
Depreciation and amortisation expense	3	(26,889)	(26,745)
Other expenses		(213,604)	(224,952)
Operating profit before charitable donations & sponsorships		**233,612**	**259,716**
Charitable donations and sponsorships		(75,794)	(79,227)
Profit before income tax expense		**157,818**	**180,489**
Tax expense	4	40,829	56,431
Profit for the year		**116,989**	**124,058**
Other comprehensive income		-	-
Total comprehensive income		**116,989**	**124,058**
Profit attributable to:			
Members of the company		-	-
Total		**116,989**	**124,058**
Earnings per share (cents per share)			
- basic for profit for the year	21	46.12	48.91
- diluted for profit for the year	21	46.12	48.91

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	1,229,827	1,044,371
Trade and other receivables	7	70,808	74,076
Current tax refund	4	4,033	74,432
Total current assets		**1,304,668**	**1,192,879**
Non-current assets			
Property, plant and equipment	8	158,995	183,885
Intangible assets	10	2,000	4,000
Investments	9	17,763	17,763
Total non-current assets		**178,758**	**205,648**
Total assets		**1,483,426**	**1,398,527**
Liabilities			
Current liabilities			
Trade and other payables	11	44,680	43,834
Provisions	12	46,452	41,340
Total current liabilities		**91,132**	**85,174**
Total liabilities		**91,132**	**85,174**
Net assets		**1,392,294**	**1,313,353**
Equity			
Issued capital	13	253,650	253,650
Retained earnings	14	1,138,644	1,059,703
Total equity		**1,392,294**	**1,313,353**

The accompanying notes form part of these financial statements.

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

	Notes	Issued Capital $	Retained Earnings $	Total Equity $
Balance at 1 July 2011		**253,650**	**973,693**	**1,227,343**
Total comprehensive income for the year		-	124,058	124,058
Transactions with owners, in their capacity as owners				
Dividends paid or provided	22	-	(38,048)	(38,048)
Balance at 30 June 2012		**253,650**	**1,059,703**	**1,313,353**
Balance at 1 July 2012		**253,650**	**1,059,703**	**1,313,353**
Total comprehensive income for the year		-	116,989	116,989
Transactions with owners, in their capacity as owners				
Dividends paid or provided	22	-	(38,048)	(38,048)
Balance at 30 June 2013		**253,650**	**1,138,644**	**1,392,294**

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		871,195	885,739
Payments to suppliers and employees		(733,387)	(728,198)
Investment income received		7,481	-
Income tax paid		29,570	(127,767)
Interest received		48,645	54,968
Net cash flows from/(used in) operating activities	**15b**	**223,504**	**84,742**
Cash flows from investing activities			
Purchase of property, plant & equipment		-	(2,004)
Net cash flows from/(used in) investing activities		**-**	**(2,004)**
Cash flows from financing activities			
Dividends paid		(38,048)	(38,048)
Net cash flows from/(used in) financing activities		**(38,048)**	**(38,048)**
Net increase/(decrease) in cash held		**185,456**	**44,690**
Cash and cash equivalents at start of year		1,044,371	999,681
Cash and cash equivalents at end of year	**15a**	**1,229,827**	**1,044,371**

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 Elwood Community Financial Services Limited.

Elwood 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 16 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.

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

Note 1. Summary of significant accounting policies (continued)

(c) Property, plant and equipment (continued)

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

Class of asset	Depreciation rate
Leasehold Fit-Out	2.5%
Property, Plant & Equipment	7.5% to 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

Initial recognition and measurement

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

Classification and subsequent measurement

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

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

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		
- services commissions	789,024	808,067
	789,024	**808,067**
Other revenue		
- interest received	48,645	54,968
- other revenue	7,481	-
	56,126	**54,968**
Total revenue	**845,150**	**863,035**

Notes to the financial statements (continued)

	2013 $	2012 $

Note 3. Expenses

	2013 $	2012 $
Employee benefits expense		
- wages and salaries	312,795	305,986
- superannuation costs	28,845	25,629
- other costs	29,405	20,007
	371,045	**351,622**
Depreciation of non-current assets:		
- plant and equipment	3,424	3,280
- leasehold improvements	21,465	21,465
Amortisation of non-current assets:		
- intangible assets	2,000	2,000
	26,889	**26,745**

Note 4. Tax expense

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

	2013 $	2012 $
Prima facie tax on profit before income tax at 30% (2012: 30%)	47,345	54,147
Add tax effect of:		
- Adjustments in respect of current income tax of previous year	-	-
- Utilisation of previously unrecognised carried forward tax losses	-	-
- Non-deductible expenses	(6,516)	2,284
Current income tax expense	**40,829**	**56,431**
Income tax attributable to the entity	**40,829**	**56,431**
The applicable weighted average effective tax rate is	25.87%	31.27%
Tax assets		
Current tax refundable	**4,033**	**74,432**

Note 5. Auditors' remuneration

Remuneration of the Auditor for:

	2013 $	2012 $
- Audit or review of the financial report	3,950	3,900
- Share registry services	2,218	2,748
	6,168	**6,648**

	2013 $	2012 $

Note 6. Cash and cash equivalents

Cash at bank and on hand	**1,229,827**	**1,044,371**

Note 7. Trade and other receivables

Current

Trade debtors	70,808	74,076
	70,808	**74,076**

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	70,808	-	-	-	-	70,808
Other receivables	-	-	-	-	-	-
Total	**70,808**	**-**	**-**	**-**	**-**	**70,808**
2012						
Trade receivables	74,076	-	-	-	-	74,076
Other receivables	-	-	-	-	-	-
Total	**74,076**	**-**	**-**	**-**	**-**	**74,076**

	2013 $	2012 $

Note 8. Property, plant and equipment

	2013 $	2012 $
Leasehold improvements		
At cost	207,595	207,595
Less accumulated depreciation	(62,617)	(41,152)
	144,978	**166,443**
Plant and equipment		
At cost	29,995	29,394
Less accumulated depreciation	(15,978)	(11,952)
	14,017	**17,442**
Total written down amount	**158,995**	**183,885**
Movements in carrying amounts		
Leashold improvements		
Balance at the beginning of the reporting period	166,443	187,909
Additions	-	-
Disposals	-	-
Depreciation expense	(21,465)	(21,466)
Balance at the end of the reporting period	**144,978**	**166,443**
Movements in carrying amounts		
Plant and equipment		
Balance at the beginning of the reporting period	17,442	18,717
Additions	-	2,005
Disposals	-	-
Depreciation expense	(3,425)	(3,280)
Balance at the end of the reporting period	**14,017**	**17,442**

Note 9. Investments

	2013 $	2012 $
Listed shares at cost	**17,763**	**17,763**

Notes to the financial statements (continued)

	2013 $	2012 $

Note 10. Intangible assets

	2013 $	2012 $
Franchise fee		
At cost	10,000	10,000
Less accumulated amortisation	(8,000)	(6,000)
	2,000	**4,000**
Total intangible assets	**2,000**	**4,000**
Movements in carrying amounts		
Franchise fee		
Balance at the beginning of the reporting period	4,000	6,000
Additions	-	-
Disposals	-	-
Amortisation expense	(2,000)	(2,000)
Balance at the end of the reporting period	**2,000**	**4,000**

Note 11. Trade and other payables

	2013 $	2012 $
Current		
Unsecured liabilities:		
Other creditors & accruals	44,680	43,834
	44,680	**43,834**

Note 12. Provisions

	2013 $	2012 $
Employee benefits	**46,452**	**41,340**
Movement in employee benefits		
Opening balance	41,340	34,513
Additional provisions recognised	27,113	22,557
Amounts utilised during the year	(22,001)	(15,730)
Closing balance	**46,452**	**41,340**
Current		
Annual leave	23,454	19,597
Long service leave	22,998	21,743
Total provisions	**46,452**	**41,340**

Note 12. Provisions (continued)

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.

	2013 $	2012 $
Note 13. Share capital		
253,650 Ordinary shares fully paid of $1 each	253,650	253,650
Less: Equity raising costs	-	-
	253,650	**253,650**
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	253,650	253,650
Shares issued during the year	-	-
At the end of the reporting period	**253,650**	**253,650**

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands.

The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

Capital management

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

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

(i) the Distribution Limit is the greater of:

  (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and

  (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

Note 13. Share capital (continued)

Capital management (continued)

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.

	2013 $	2012 $
Note 14. Retained earnings		
Balance at the beginning of the reporting period	1,059,703	973,693
Profit after income tax	116,989	124,058
Dividends	(38,048)	(38,048)
Balance at the end of the reporting period	**1,138,644**	**1,059,703**

Note 15. Statement of cash flows

	2013 $	2012 $
(a) Cash and cash equivalents balances as shown in the statement of financial position can be reconciled to that shown in the statement of cash flows as follows		
As per the statement of financial position	1,229,827	1,044,371
less Bank overdraft	-	-
As per the statement of cash flow	**1,229,827**	**1,044,371**
(b) Reconciliation of profit after tax to net cash provided from/(used in) operating activities		
Profit after income tax	116,989	124,058
Non cash items		
- Depreciation	24,889	24,745
- Amortisation	2,000	2,000
Changes in assets and liabilities		
- (Increase) decrease in receivables	3,269	(3,135)
- Increase (decrease) in income tax payable	70,399	(71,337)
- Increase (decrease) in payables	846	1,584
- Increase (decrease) in provisions	5,112	6,827
Net cash flows from/(used in) operating activities	**223,504**	**84,742**

Note 16. Related party transactions

The company's main related parties are as follows:

(a) Key management personnel

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

(b) Other related parties

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

(c) Transactions with key management personnel and related parties

Other than detailed below, no key management personnel or related party has entered into any contracts with the company.

Alfred J Camilleri & Associates, of which Mr Camilleri is a Director, received a fee of $600 (2012: $1,850) for preparation of the company's income tax return and $8105 (2012: $4,727) for the preparation of the company's Financial Statements during the year ended 30 June 2013.

Langton Management Consultants, of which Helen Shingler is a Director, received a fee of $0 (2012: $925) for preparation of the company's Financial Statements during the year ended 30 June 2013.

Wisewoulds Lawyers, of which Robert Toth is a partner, received $533 (2012: $893) for the provision of legal services provided to the company for the year ended 30 June 2013.

Other than a Chairman's Allowance no Directors' fees were paid as the positions were held on a voluntary basis. The remuneration of Branch Managers has not been included as the Managers are not involved in executive decision making and act at the instruction of the Board of Directors.

Director Remuneration for the year ended 30 June 2012:

	Primary benefits salary & fees 2013 $	**Primary benefits salary & fees 2012 $**
Alastair Chisholm	6,000	6,000

The Elwood 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 Ltd shares and there is no qualification period to qualify to utilize the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be $nil for the year ended 30 June 2013.

Note 16. Related party transactions (continued)

(d) Key management personnel shareholdings

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

	2013	2012
Alastair Colin Chisholm	2,000	2,000
Elizabeth Jean Johnstone	1,000	1,000
Robert Toth	-	-
Helen Elaine Shingler	5,000	5,000
Carole Mackie	-	-
Christopher Herbert Sargood	-	-
Allan Haines	500	500
Alfred Joseph Camilleri	-	-
Andrew Ashdown	500	500
Angela Turner	-	-

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 17. Events after the reporting period

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

Note 18. Contingent liabilities and assets

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

Note 19. Operating segments

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

Notes to the financial statements (continued)

	2013 $	2012 $

Note 20. Company details

The registered office & principle place of business is:
142 Ormond Road,
Elwood Victoria 3185

Note 21. Earnings per share

Basic earnings per share amounts are calculated by dividing profit 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 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 after income tax expense	**116,989**	**124,058**
Weighted average number of ordinary shares for basic and diluted earnings per share	**253,650**	**253,650**

Note 22. Dividends paid or provided for on ordinary shares

	2013 $	2012 $
(a) Dividends paid during the year		
Previous year final		
Franked dividends -15 cents per share (2012: 15 cents per share)	**38,048**	**38,048**
(b) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
- Franking account balance as at the end of the financial year	541,538	587,052
- Franking credits/(debits) that will arise from the payment/(refund) of income tax as at the end of the financial year	4,033	(74,432)
	545,571	**512,620**

The tax rate at which dividends have been franked is 30% (2012: 30%).

Note 23. Financial risk management

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

Note 23. Financial risk management (continued)

	Note	2013 $	2012 $
Financial assets			
Cash & cash equivalents	6	1,229,827	1,044,371
Trade and other receivables	7	70,808	74,076
Investments	9	17,763	17,763
Total financial assets		**1,318,398**	**1,136,210**
Financial liabilities			
Trade and other payables	11	44,680	43,834
Total financial liabilities		**44,680**	**43,834**

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.

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.

Notes to the financial statements (continued)

	2013 $	2012 $

Note 23. Financial risk management (continued)

(a) Credit risk (continued)

Cash and cash equivalents:

A rated	**1,229,827**	**1,044,371**

(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:

	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
30 June 2013					
Financial liabilities due					
Trade and other payables	10	44,680	44,680	–	–
Total expected outflows		**44,680**	**44,680**	**–**	**–**
Financial assets - realisable					
Cash & cash equivalents	6	1,229,827	1,229,827	–	–
Trade and other receivables	7	70,808	70,808		
Investments	9	17,763	17,763	–	–
Total anticipated inflows		**1,318,398**	**1,318,398**	**–**	**–**
Net (outflow)/inflow financial instruments		**1,273,718**	**1,273,718**	**–**	**–**

Note 23. Financial risk management (continued)

(b) Liquidity risk (continued)

	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
30 June 2012					
Financial liabilities due					
Trade and other payables	10	43,834	43,834	–	–
Total expected outflows		**43,834**	**43,834**	**–**	**–**
Financial assets - realisable					
Cash & cash equivalents	6	1,044,371	1,044,371	–	–
Trade and other receivables	7	74,076	74,076		
Investments	9	17,763	17,763	–	–
Total anticipated inflows		**1,136,210**	**1,136,210**	**–**	**–**
Net (outflow)/inflow financial instruments		**1,092,376**	**1,092,376**	**–**	**–**

(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)	4.72%	5.38%

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.

Note 23. Financial risk management (continued)

(c) Market risk (continued)

Sensitivity analysis (continued)

	Profit $	Equity $
Year ended 30 June 2013		
+/- 1% in interest rates (interest income)	12,298	12,298
	12,298	**12,298**
Year ended 30 June 2012		
+/- 1% in interest rates (interest income)	10,444	10,444
	10,444	**10,444**

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 Elwood 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 10 to 32 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.

Alastair Chisholm
Chairman

Signed at Elwood on 16 September 2013.

Independent audit report

Richmond Sinnott & Delahunty
Chartered Accountants

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Bendigo, Victoria
PO Box 30, Bendigo, VIC 3552

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELWOOD COMMUNITY FINANCIAL SERVICES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Elwood Community 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.

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

Independent audit report (continued)

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 Elwood Community 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 Elwood 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 (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, 16 September 2013

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