

Fairy Meadow **Community Bank**[®] Branch

2022

annual report

Fairy Meadow Community
Financial Services Limited

ABN 16 104 140 641

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Chairman's report

For year ending 30 June 2012

On behalf of Board of Directors, welcome to our Annual General Meeting of Fairy Meadow **Community Bank**[®] Branch and 9th anniversary. This has been challenging financial year and we are looking forward coming year, the 10th year since our **Community Bank**[®] branch opened.

This year we have had changes to our staff and Board of Directors. On behalf of the Board I would like to thank and wish them well for their future. We have to move on and would like to welcome our new staff, Peter, and Branch Manager Mark Tyson who come to our branch with many years of banking experience.

I would also like to thank our staff and Board for stepping up to the task under some difficult circumstances, in particular two long serving staff members Silvana and Mitch.

We are seeing good growth in profit and new accounts. Our book stands at \$77.033 million and total accounts of 3,660.

This year we have distributed more than \$46,000 from our Market Development Fund in our local community for example; Bendigo Aerial Patrol, The Disability Trust, Fairy Meadow Surf Club, Illawarra Suicide Prevention Group, SES, Wollongong Lion Football Club, Saint John the Baptist Association, local schools, sporting groups and various small community groups.

Looking ahead, 2013 will be challenging partly due to interest rates coming down which will flow onto our margins competing against other financial institutions.

I am pleased to declare our third dividend of 5 cents per share.

We acknowledge with much gratitude the loyalty of our accounts holders and share-holders for continuing to make our **Community Bank**[®] branch the success it is.

I would like to encourage all our shareholders and families to support our **Community Bank**[®] branch. To make our **Community Bank**[®] branch an even greater focus and success in our local community of Fairy Meadow and with your support we can achieve this in 2013.

Thank you for the privilege and opportunity to serve our community.



Frank Cardamone
Chairman

Manager's report

For year ending 30 June 2012

Firstly I would like to extend my gratitude to all of our Board, staff, shareholders, customers, partners and community organisations that have been so very welcoming to both myself and our other new staff member, Peter Klages, into the local Fairy Meadow community.

The year was difficult one with our foundation Manager, Mr Bill Watts, leaving the organisation. My team and I would like to extend warmest regards and our profound thanks for Bill's efforts and achievements over the eight plus years at the helm of our business.

As the new Branch Manager, I feel a great sense of pride in joining an organisation that truly partners with our local community for the benefit of all in our Fairy Meadow family and really lives the saying "keeping it in the community". This is borne out of the fact that during this financial year the Bendigo and Adelaide Bank announced that, as a group, we have contributed in excess of \$13 million to communities in NSW/ACT and more than \$80 million Australia-wide.

As a local branch and through your highly valued patronage the Fairy Meadow **Community Bank**[®] Branch was pleased to contribute more than \$46,000 by way of sponsorships and donations locally. This has seen our community grow stronger and more resilient in these difficult financial times. This cements our mantra, "Good for U, Good for your community".

It's easy to forget that Fairy Meadow **Community Bank**[®] Branch opened almost nine years ago and that we will be in fact celebrating our 10 years late in 2013. Time has past so very quickly and we acknowledge that through our valued partnerships we have seen the business grow this year alone to our current levels of:

- a) Total footings of \$77.033 million, an increase of \$1.858 million.
- b) Our profit before tax and after franchise fee reporting adjustment, increased by 3.3% to \$121,263.

As we all know it is very difficult to foresee what the ensuing year will look like for our economy and business alike. We do know, however, that through building upon our existing, and fostering new relationships, we will reinforce ourselves, our business and our community into the future.

I would like to add that I am very proud of my staff and how they have remained so resilient throughout a very tough year and how they continue to connect and have relevant and timely conversations with our customers. This has enabled us to address their needs and aspirations in what is a challenging financial environment. Rest assured we will continue to work to ensure that our high values and service are consistently demonstrated in both our actions and behaviours that align with, and support the achievement of our goals and business objectives as well as those of our stakeholders.

Finally I would like to thank our Board, both past and present, for their invaluable support and guidance. Without the assistance of this highly valued group of volunteers we could not have achieved the success we have to date.

As we commence another year, we look forward to new challenges and the continued growth of our **Community Bank**[®] branch. This can only be achieved by the support of yourselves and we look forward in assisting you, your families, friends, associates and business partners into the future.



Mark Tyson
Branch Manager

Directors' report

For the financial year ended 30 June 2012

Your Directors present their report on the company for the year ended 30 June 2012.

Directors

The names of the Directors that hold office at the date of this report are:

Name of Director	Period as Director	Qualifications & special responsibilities	
Francesco Cardamone	10/12/2009	Business Operator	Chairman
Concetta Saad	25/05/2011	Business Operator	Treasurer
Jennifer Costanzo	29/05/2012	Public Accountant	Secretary
Lucia Zanetti	20/03/2003	Interpreter	
Matthew Mitchell	10/01/2011	Finance Manager	
Alex Darling	13/05/2011	Retiree	
Hilton King	13/05/2011	Lawyer	
Raymond Tolhurst	24/04/2012	University lecturer/ Retiree	
Valerie Hussain	27/03/2012	Retiree	

The names of the Directors that held office during the period of this report are:

Name of Director	Resignation date	Qualifications & special responsibilities	
Anne Bates	24/04/2012	Accountant	Secretary

Principal activities

The principal activities of the company during the financial year were:

- Operation of a Bendigo Bank **Community Bank**® Franchise.

There were no significant changes in the nature of the company's principal activities during the financial year.

Operating results

The profit and extraordinary items of the company for the financial year after providing for income tax amounted to \$186,110.

Dividends paid or recommended

Unfranked dividends of \$34,000 were paid on the 28th March 2012.

Significant changes in state of affairs

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

Directors' report (continued)

After balance date events

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

Future developments

The company expects to maintain the present status and increase it's level of operations & hence there are no likely developments in the operations in future financial years.

Environmental issues

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

Options

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

Directors' qualifications

(a) Directors' meetings

During the year, 12 meetings of Directors were held. Attendances by each Director were as follows:

Name	Meetings eligible to attend	Meetings attended
Francesco Cardamone	12	10
Lucia Zanetti	12	5
Anne Bates	10	8
Matthew Mitchell	12	7
Alex Darling	12	11
Concetta Saad	12	12
Hilton King	12	4
Raymond Tolhurst	3	3
Valerie Hussain	4	4
Jennifer Costanzo	2	2

Hilton King and Lucia Zanetti was granted 6 months leave of absence from the Board.

Directors' report (continued)

Directors' interests in shares of the company or related bodies corporate

The particulars of shares held by the Directors of the company in the company or in related bodies corporate which are required to be declared in the register of Directors' shareholdings are as follows:

Name of Director	Shareholding
Lucia Zanetti	16,250
Francesco Cardamone	8,000
Hilton King	3,925
Valerie Hussain	6,500
Raymond Tolhurst	4,000

Directors' benefits

No Director has received or has become entitled to receive, during or since the financial year, a benefit as a result of a contract made by the company 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.

Indemnifying Officers or Auditor

The company has paid premiums to insure all the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Directors of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium was \$5,476.

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.

Signed in accordance with a resolution of the Board of Directors:



Francesco Cardamone
Director



Concetta Saad
Director

Dated: 12 September 2012

Financial statements

Statement of financial performance for the year ended 30 June 2012

	Note	2012 \$	2011 \$
Revenues from ordinary activities	2	814,212	799,136
Employee benefits expense		(378,916)	(375,601)
Depreciation and amortisation expenses	3	(20,915)	(39,257)
Franchise renewal written off	3	(41,317)	0
Other expenses from ordinary activity		(181,117)	(266,925)
Profit from ordinary activity before income tax expense		191,947	117,353
Income tax expense relating to ordinary activity	9	(5,837)	0
Net profit from ordinary activities after income tax expense attributable to members of the company	13	186,110	117,353
Total changes in equity other than those resulting from transactions with owners as owners		186,110	117,353

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of financial position as at 30 June 2012

	Note	2012 \$	2011 \$
Current assets			
Cash and cash equivalents	4	347,693	248,890
Trade and other receivables	5	72,148	72,668
Total current assets		419,841	321,558
Non-current assets			
Property, plant & equipment	6	126,320	146,044
Intangible assets	7	117,612	60,746
Total non-current assets		243,932	206,790
Total assets		663,773	528,348
Current liabilities			
Trade and other payables	8	38,780	38,462
Income tax on profit	9	5,837	0
Provisions	10	41,250	59,255
Total current liabilities		85,867	97,717
Non-current liabilities			
Payables	8	2,108	6,943
Total non-current liabilities		2,108	6,943
Total liabilities		87,975	104,660
Net assets		575,798	423,688
Equity			
Contributed equity	11	680,009	680,009
Dividends paid	12	(34,000)	(27,200)
Retained profits	13	(70,211)	(229,121)
Total equity		575,798	423,688

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of cash flows for the year ended 30 June 2012

	Note	2012 \$	2011 \$
Cash flows from operating activities			
Receipts from debtors		775,754	764,115
Payments to suppliers and employees		(680,737)	(642,928)
Interest received		10,682	6,055
Rent received		20,009	25,000
Other receipts		8,285	0
Net cash used in operating activities	15	133,993	152,242
Cash flow from investing activities			
Proceeds for property, plant & equipment		0	0
Payments for property, plant & equipment		(1,190)	(5,600)
Net cash used in investing activities		(1,190)	(5,600)
Cash flow from financing activities			
Payment for dividends		(28,719)	(21,741)
Payment for tfn withholding on dividends		(5,281)	(5,458)
Net cash used in financing activities		(34,000)	(27,199)
Net increase (decrease) in cash held		98,803	119,443
Cash at the beginning of the period		248,890	129,447
Cash at the end of the period	14	347,693	248,890

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of changes in equity for the year ended 30 June 2012

	Note	Share capital \$	Retained earnings \$	Total equity \$
Balance as at 01/07/11	13	680,009.00	(229,121.00)	450,888.00
Profit & loss (after tax)	13		186,110.00	186,110.00
Dividends paid 2011	12		(27,200.00)	(27,200.00)
Dividends paid 2012	12		(34,000.00)	(34,000.00)
Balance as at 30/06/12		680,009.00	(104,211.00)	576,798.00

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2012

Note 1. Statement of significant accounting policies

This financial report is a special purpose financial report prepared in order to satisfy the financial report preparation requirements of the Corporations Act 2001. The Directors have determined that the company is a reporting entity.

Fairy Meadow Community Financial Services Ltd is a company limited by shares, incorporated and domiciled in Australia.

The report has been prepared in accordance with the requirements of the Corporations Act 2001, and the following applicable Accounting Standards and Urgent Issues Group Consensus Views:

No other Accounting Standards, Urgent Issues Group Consensus Views or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The report is also prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following material accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

	2012 \$	2011 \$
Note 2. Revenue		
Interest	17,154	6,055
Rent received	20,009	25,000
Other	777,049	768,081
Total revenue	814,212	799,136
Interest from:		
Other persons	17,154	6,055

Note 3. Profit from ordinary activities

Profit from ordinary activities before Income Tax has been determined after the following expenses:

Depreciation on non-current assets	20,915	23,365
Amortisation of non-current assets		
Franchise fees	(98,228)	13,773
Preliminary expenses	0	2,119
Franchise fee renewal write-off	41,317	0
Bad debt	1,675	5,007
Remuneration of Auditor	1,550	1,190

Notes to the financial statements (continued)

	2012	2011
	\$	\$
Note 4. Cash assets		
Cash on hand	450	450
Cash at bank	60,990	90,718
Term deposits	286,253	157,722
	347,693	248,890

Note 5. Receivables

Current

Trade debtors	65,677	72,668
Accrued interest - term deposit	6,471	
	72,148	72,668

Note 6. Property, plant & equipment

Plant & equipment at cost	115,413	114,948
Less accumulated depreciation	(75,280)	(67,382)
	40,133	47,566
Motor vehicles at cost	20,574	20,574
Less accumulated depreciation	(10,735)	(8,464)
	9,839	12,110
Furniture & fittings at cost	79,808	79,083
Less accumulated depreciation	(49,238)	(45,127)
	30,570	33,956
Leasehold improvements at cost	105,555	105,555
Less written off	(59,777)	(53,143)
	45,778	52,412
Total property, plant & equipment	126,320	146,044

Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 7. Intangible assets		
Franchise fee	90,000	128,862
Less accumulated amortisation	0	(83,952)
Franchise fee - renewal	68,862	0
Less written off	(41,317)	0
Preliminary expenses	1,800	31,800
Less accumulated amortisation	(1,800)	(16,076)
Share issue expenses	24,509	24,509
Less accumulated amortisation	(24,509)	(24,509)
Borrowing costs	157	157
Less written off	(90)	(45)
	117,612	60,746

Note 8. Payables

Current

Trade creditors	9,001	7,545
Other creditors	23,404	24,847
Refundable bond	1,540	1,540
Chattel mortgage	4,835	4,530
	38,780	38,462

Non-current

Chattel mortgage	2,108	6,943
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Note 9. Income tax on profit

Profit from ordinary activity before income tax expense	191,947	117,353
Increase for non deductible expenses	2,986	22,867
Decrease for reversal of prior year non deductible expenses	(98,228)	0
Decrease for employee provisions	(18,006)	(4,225)
Less prior year losses brought forward	(59,244)	(195,239)
Total taxable income	19,455	(59,244)
Tax at 30%	5,837	0

Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 10. Provisions		
Provision for holiday pay	18,517	27,859
Provision for long service leave	22,733	31,396
Aggregate employee entitlement liability	41,250	59,255

Note 11. Contributed equity

Issued & paid up capital	680,009	680,009
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Note 12. Unfranked dividends paid

Unfranked dividends paid	28,719	21,742
TFN withholding paid	5,281	5,458
	34,000	27,200

Note 13. Retained profits

Retained profits (accumulated losses) at the beginning of the period	(229,121)	(346,474)
Less transfer of 2011 dividend	(27,200)	0
Net profit attributable to members of the company	186,110	117,353
Retained profits (accumulated losses) at the end of the period	(70,211)	(229,121)

Note 14. Reconciliation of cash

For the purpose of the Statement of Cash Flows, cash includes cash on hand, cash in banks, and investments in money market instruments, net of outstanding bank overdrafts.

Cash at the end of the period as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:

Cash at bank	60,496	90,341
Term deposit 2504	234,845	157,722
Term deposit 2505	51,407	0
Managers expense account	495	377
Cash on hand	450	450
	347,693	248,890

Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 15. Reconciliation of cash flows from operations with profit from ordinary activities after income tax		
Profit from ordinary activities after income tax	186,110	117,353
Non-cash flows in profit from ordinary activities:		
Amortisation	(98,228)	15,892
Depreciation	20,915	23,365
Loss on sale of assets	0	503
Franchise renewal written off	41,317	0
Other non-cash items	45	0
Income tax on profit	5,837	0
Changes in assets and liabilities:		
(Increase)/decrease in trade debtors	6,991	(11,562)
(Increase)/decrease in other debtors	(6,471)	0
Increase/(decrease) in payables	(4,517)	3,941
Increase/(decrease) in employee entitlements	(18,006)	2,750
Cash flows from operations	133,993	152,242

Directors' declaration

The Directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The Directors of the company declare that:

1. the financial statements and notes, as set out on the previous pages:
 - (a) comply with Accounting Standards as detailed in Note 1 to the financial statements and the Corporations Act 2001; and
 - (b) present fairly the company's financial position as at 30 June 2012 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
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 declaration is made in accordance with a resolution of the Board of Directors.



Francesco Cardamone
Director



Concetta Saad
Director

Dated: 12 September 2012

Auditor's independence declaration

Auditor's Independence declaration

To the audit client:

As Lead Engagement partner/auditor for the audit of Fairy Meadow Community Financial Services Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been:

No contraventions of the independence requirements of the Corporations Act in relation to the audit; and

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



MURRAY REID
SUITE 6/8 - 10 VICTORIA STREET

DATE: 12 September 2012

Independent audit report

FAIRY MEADOW COMMUNITY FINANCIAL SERVICES LTD

ABN 16 104 140 641

INDEPENDENT AUDITOR'S REPORT

To the members of Fairy Meadow Community Financial Services Limited

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

Directors' Responsibility for the Financial Report

The directors of the Fairy Meadow Community Financial Services Limited, are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

Independent audit report (continued)

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Fairy Meadow Community Financial Services Limited on 28th August 2012, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion the financial report of Fairy Meadow Community Financial Services Limited, is in accordance with the *Corporations Act 2001*, including:

giving a true and fair view of the Fairy Meadow Community Financial Services Limited, financial position as at 30 June 2012 and of its performance for the year ended on that date; and

Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.



MURRAY REID
SUITE 6/8 - 10 VICTORIA STREET

DATE: 12 September 2012

Fairy Meadow **Community Bank**[®] Branch
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Franchisee: Fairy Meadow Community Financial Services
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