



Fairy Meadow Community
Financial Services Limited

ABN 16 104 140 641

**ANNUAL
REPORT
2013**

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Chairman's report

For year ending 30 June 2013

It is my pleasure on behalf of the Board of Directors to welcome everyone to the Fairy Meadow **Community Bank**[®] Branch 10th year Anniversary.

Firstly I would like to congratulate our Branch Manager Mark Tyson and his staff for being great ambassadors to make sure that our customers and shareholders are receiving friendly and helpful service, doing business in the community and steering the business of the company through all the complexity of the company.

I also take this opportunity to thank the Board of Directors who have given me their support as Chairman, and who have given their time, expertise and energy to ensure the future of the **Community Bank**[®] branch. In particular I would like thank the Executive Directors, they been an enormous asset to the company. Last but not the least I thank our Regional Manager Jim Crawford for his consistent support.

On this note I regret that I will be resigning as Chairman and Director in the New Year and thank everyone for the opportunity, it has been a privilege and honour to serve in these positions.

The 2013 Financial year has been a successful year, and we have seen growth in Accounts and our Book now stands at \$87.033 million.

The year ahead we will continue to see challenges, and I am very optimistic about our future. The company will continue to work hard to improve market share within our area.

This year has also been a rewarding year for our sponsors with our branch giving away all our marketing development funds of \$50,000 to our local community. Being distributed to:

- Bendigo Aerial Patrol
- Disability Trust
- Wollongong NRE Hawks
- Fairy Meadow Surf Club
- Illawarra Suicide prevention Group,
- Wollongong Lions Football Club
- House with no steps
- St John The Baptist Association
- Local schools and Sporting groups
- Various small community groups.

I encourage your family, friends, work colleagues and shareholders to consider Bendigo and Adelaide Bank for all their banking needs to help the **Community Bank**[®] branch grow and succeed to ensure the future of the Fairy Meadow **Community Bank**[®] Branch.

Thank you for the opportunity to serve our community.



Frank Cardamone
Chairman

Manager's report

For year ending 30 June 2013

So here we are at the end of another wonderful year at the Fairy Meadow **Community Bank**[®] Branch.

This year we have seen good growth in our business with footings growing some 13.5% to an overall business size of just over \$87 million. To enhance this growth we have also consolidated and grown our existing partnerships and have forged some strong new ones.

Some of our new partners include House with No Steps, Wollongong NRE Hawks, ITSOWEL (Italian Social Welfare Org) and Jeans for Genes organisations to name just a few. Together with these new partners we value highly our continuing association with our existing groups like The Illawarra Disability Trust, The Australian Aerial Patrol, Wollongong Junior Lions AFL and Fairy Meadow Surf Life Saving Club.

I must also acknowledge those groups that I have not named. We thank all of these groups for their support and also allowing us to partner with them. We look forward to working together for a long time into the future.

I can announce that through the highly valued support of the shareholders, customers and our organisational partners, the Fairy Meadow **Community Bank**[®] Branch was pleased to contribute just under \$50,000 this year to local groups and organisations in our local community. This cements our mantra "Good for U, Good for your community".

This year also saw the Illawarra showcased with the Bendigo and Adelaide Bank **Community Bank**[®] State Conference being held at the Grandstand Conference Centre in May. The event saw in excess of 200 delegates attending our wonderful city for this two day event. Thanks must be extended to Director, Valerie Hussain and Oak Flats/Shellharbour Director, Vanessa Mitrevski for assisting in the preparation and organisation of this event.

The pride was palpable when, during the conference, it was announced that our combined contributions to the community has topped \$15 million to communities in NSW/ACT and more than \$100 million Australia-wide in the past 15 years. Another milestone reached is the total number of **Community Bank**[®] branches topping the 300 mark throughout Australia.

It is with great pride that I will be at the helm of the Fairy Meadow **Community Bank**[®] Branch when we celebrate our 10 years in November this year. Time has past so very quickly and we acknowledge the support that we have been shown over this past 10 years. I would like to thank our Board and staff, both past and present, for their invaluable support and guidance. Without the assistance of this highly valued group we could not have achieved the success we have to date.

Over the past year we have also seen some changes at the branch. Our valued team member Peter Klagas left us this year to pursue and further his career outside of the organisation. We welcomed Sharon Robinson, a local long-term banker to the team. We also farewell one of our original staff members, Rita Tucci, who retired this October. Rita was with us for 10 years and we thank her for her exemplary service, her friendly smile and skills will be sorely missed by staff and customers alike. We wish Rita all the best in her retirement as she moves into the next stage of her life.

We continue to be buffeted by an increasingly uncertain economic climate, however you can rest assured that we will continue to work to ensure that our high values and service are consistently demonstrated in both our actions and behaviours. This will ensure that we align with, and support the achievement of our goals and business objectives. As we know that through building upon our existing and fostering new relationships we will reinforce ourselves, our business and our community into the future.

Manager's report (continued)

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 you as shareholders, customers and advocates. We look forward in assisting you into the future.



Mark Tyson
Branch Manager

Directors' report

For the financial year ended 30 June 2013

Your Directors present their report on the company for the period ended 30 June 2013.

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	
Hilton King	13/05/2011	Lawyer	
Raymond Tolhurst	24/04/2012	University lecturer/ Retiree	
Valerie Hussain	27/03/2012	Retiree	

Principal activities

The principal activities of the company during the period were:

- Operation of a Bendigo Bank **Community Bank**[®] Branch Franchise.

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

Operating results

The profit and extraordinary items of the company for the six month period ended 30th June 2013 after providing for income tax amounted to \$39,752 (2012: \$186,110).

Dividends paid or recommended

A partially franked dividend of \$0.05 per share was paid during March 2013 (2012 Unfranked Dividend of \$0.05).

Significant changes in state of affairs

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

After balance date events

No matters or circumstances have arisen since the end of the period 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.

Directors' report (continued)

Future developments

The company expects to maintain the present status and increase its 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 period and there were no options outstanding at the date of this report.

Directors' qualifications

(a) Directors' meetings

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

Name	Meetings eligible to attend	Meetings attended
Francesco Cardamone	12	12
Concetta Saad	12	12
Jennifer Costanzo	12	12
Lucia Zanetti	12	11
Matthew Mitchell	2	0
Alex Darling	2	2
Hilton King	12	8
Raymond Tolhurst	12	10
Valerie Hussain	12	10

Raymond Tolhurst was granted a leave of absence for the months of March and April.

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

Name of Director	Resignation date	Qualifications & special responsibilities
Alex Darling	25/09/2012	Retiree
Matthew Mitchell	25/09/2012	Finance Manager

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 period, 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.

Director's privilege package

Fairy Meadow Community Financial Services Limited has accepted the Bendigo and Adelaide Bank Limited's **Community Bank**[®] Directors Privilege 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 utilise the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders.

For the 2013 financial year, no Directors took the Director's privilege package.

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.

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 period.

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



Francesco Cardamone
Director



Concetta Saad
Director

Dated: 24 September 2013


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 30th June 2013, 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
Wollongong

30 September 2013

Financial statements

Statement of financial performance for the year ended 30 June 2013

	Note	2013 \$	2012 \$
Revenues from ordinary activities	2	768,435	814,212
Employee benefits expense		(401,400)	(378,916)
Depreciation and amortisation expenses	3	(17,191)	(20,915)
Franchise renewal written off	3	(13,772)	(41,317)
Other expenses from ordinary activity		(273,787)	(181,117)
Profit from ordinary activity before income tax expense	3	62,285	191,947
Income tax expense relating to ordinary activity	9	(22,533)	(5,837)
Net profit from ordinary activities after income tax expense attributable to members of the company	12	39,752	186,110
Total changes in equity other than those resulting from transactions with owners as owners		39,752	186,110

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of financial position for the year ended 30 June 2013

	Note	2013 \$	2012 \$
Current assets			
Cash and cash equivalents	4	378,970	347,693
Trade and other receivables	5	74,713	72,148
Other current assets	6	36,030	0
Total current assets		489,713	419,841
Non-current assets			
Property, plant & equipment	7	100,261	126,320
Intangible assets	8	103,795	117,612
Total non-current assets		204,056	243,932
Total assets		693,769	663,773
Current liabilities			
Trade and other payables	9	38,385	38,780
Income tax on profit	10	22,533	5,837
Provisions	11	51,308	41,250
Total current liabilities		112,226	85,867
Non-current liabilities			
Payables	9	0	2,108
Total non-current liabilities		0	2,108
Total liabilities		112,226	87,975
Net assets		581,543	575,798
Equity			
Contributed equity	12	680,000	680,009
Dividends paid	13	(34,000)	(34,000)
Retained profits	14	(64,457)	(70,211)
Total equity		581,543	575,798

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of cash flows for the year ended 30 June 2013

	Note	2013 \$	2012 \$
Cash flows from operating activities			
Receipts from debtors		727,067	775,754
Payments to suppliers and employees		(710,422)	(680,737)
Interest received		16,512	10,682
Rent received		20,000	20,009
Other receipts		3,769	8,285
Net cash used in operating activities	16	56,926	133,993
Cash flow from investing activities			
Proceeds for property, plant & equipment		9,091	0
Payments for property, plant & equipment		(740)	(1,190)
Net cash used in investing activities		8,351	(1,190)
Cash flow from financing activities			
Payment for dividends		(31,790)	(28,719)
Payment for TFN withholding on dividends		(2,210)	(5,281)
Net cash used in financing activities		(34,000)	(34,000)
Net increase (decrease) in cash held		31,277	98,803
Cash at the beginning of the period		347,693	248,890
Cash at the end of the period	15	378,970	347,693

The accompanying notes form part of these financial statements.

Financial statements (continued)

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

	Note	Share Capital \$	Retained Earnings \$	Total Equity \$
Balance as at 01/07/12	12	680,009.00	(104,211.00)	575,798.00
Less adjustments		(9.00)	2.00	(7.00)
Profit & loss (after tax)	14		39,752.00	39,752.00
Dividends paid 2013	13		(34,000.00)	(34,000.00)
Balance as at 30/06/13		680,000.00	(98,457.00)	581,543.00

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2013

Note 1. Statement of significant accounting policies

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:

	2013	2012
	\$	\$
Note 2. Revenue		
Interest	14,667	17,154
Rent received	20,000	20,009
Other	733,768	777,049
Total revenue	768,435	814,212
Interest from:		
Bank	14,667	17,154

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	17,191	20,915
Amortisation of non-current assets		
Franchise fees		(98,228)
Franchise fee renewal write-off	13,772	41,317
Bad debt	6,100	1,675
Remuneration of Auditor	1,695	1,550

Notes to the financial statements (continued)

	2013	2012
	\$	\$
Note 4. Cash assets		
Cash on hand	450	450
Cash at bank	52,311	60,990
Term deposits	326,209	286,253
	378,970	347,693

Note 5. Receivables

Trade debtors	69,259	65,677
Accrued interest - term deposit	5,454	6,471
	74,713	72,148

Note 6. Other current assets

Prepayments	19,333	0
Provision for income tax	16,697	
	36,030	0

Note 7. Property, plant & equipment

Plant & equipment at cost	116,153	115,413
Less accumulated depreciation	(81,885)	(75,280)
	34,268	40,133
Motor vehicles at cost	0	20,574
Less accumulated depreciation	0	(10,735)
	0	9,839
Furniture & fittings at cost	79,808	79,808
Less accumulated depreciation	(53,090)	(49,238)
	26,718	30,570
Leasehold improvements at cost	105,555	105,555
Less written off	(66,279)	(59,777)
	39,276	45,778
Total property, plant & equipment	100,261	126,320

Notes to the financial statements (continued)

	2013	2012
	\$	\$
Note 8. Intangible assets		
Franchise fee	90,000	90,000
Franchise fee - renewal	68,862	68,862
Less written off	(55,090)	(41,317)
Share issue expenses	24,509	24,509
Less accumulated amortisation	(24,509)	(24,509)
Borrowing costs	158	157
Less written off	(135)	(90)
	103,795	117,612

Note 9. Payables

Current

Trade creditors	11,432	9,001
Other creditors	25,413	23,404
Refundable bond	1,540	1,540
Chattel mortgage	0	4,835
	38,385	38,780

Non-current

Chattel mortgage	0	2,108
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Note 10. Income tax on profit

Profit from ordinary activity before income tax expense	62,285	191,947
Increase for non deductible expenses	2,768	2,986
Decrease for reversal of prior year non deductible expenses		(98,228)
Increase for increase in employee provisions	10,058	
Decrease for decrease in employee provisions		(18,006)
Less prior year losses brought forward		(59,244)
Total taxable income	75,111	19,455
Tax at 30%	22,533	5,837

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 11. Provisions		
Provision for holiday pay	24,815	18,517
Provision for long service leave	26,492	22,733
Aggregate employee entitlement liability	51,308	41,250

Note 12. Contributed equity

Issued & paid up capital	680,000	680,009
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Note 13. Unfranked dividends paid

Unfranked dividends paid	31,790	28,719
TFN Withholding paid	2,210	5,281
	34,000	34,000

Note 14. Retained profits

Retained profits (accumulated losses) at the beginning of the period	(70,211)	(229,121)
Less dividend paid	(34,000)	(27,200)
Add adjustment due to rounding	2	
Net profit attributable to members of the company	39,752	186,110
Retained profits (accumulated losses) at the end of the period	(64,457)	(70,211)

Note 15. 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	52,173	60,496
Term deposit 2504	272,151	234,845
Term deposit 2505	54,058	51,407
Managers expense account	138	495
Cash on hand	450	450
	378,970	347,693

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 16. Reconciliation of cash flows from operations with profit from ordinary activities after income tax		
Profit from ordinary activities after income tax	39,752	186,110
Non-cash flows in profit from ordinary activities:		
Amortisation	0	(98,228)
Depreciation	17,191	20,915
Loss on sale of assets	649	0
Franchise renewal written off	13,772	41,317
Other non-cash items	74	45
Income tax on profit	22,533	5,837
Changes in assets and liabilities:		
(Increase)/decrease in trade debtors	(3,582)	6,991
(Increase)/decrease in other debtors	1,017	(6,471)
(Increase)/decrease in other assets	9,608	
(Increase)/decrease in prepayments	(19,333)	0
Increase/(decrease) in payables	(14,697)	(4,517)
Increase/(decrease) in employee entitlements	(10,058)	(18,006)
Cash flows from operations	56,926	133,993

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 2013 and of its performance for the period 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: 24 September 2013

Independent audit report



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ABN 62 093 057 768

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INDEPENDENT AUDITOR'S REPORT

To the members of Fairy Meadow Community Financial Services Limited

We have audited the accompanying financial report of Fairy Meadow Community Financial Services Limited, which comprises the balance sheet as at 30th June 2013, 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 judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Murray Reid F.C.A. | Laura Ruiz C.A.
ABN 28 151 181 100



Liability limited by a scheme approved
under Professional Standards Legislation.



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.

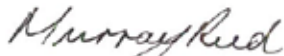
Independence

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*, provided to the directors of Fairy Meadow Community Financial Services Limited, 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:

- (a) giving a true and fair view of Fairy Meadow Community Financial Services Limited, financial position as at 30th June 2013 and of its performance for the year ended on that date; and
- (b) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.



Murray Reid,
Suite 6/8 – 10 Victoria Street
Wollongong

30 September 2013



Fairy Meadow **Community Bank**[®] Branch
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www.bendigobank.com.au/fairy_meadow
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