



Annual Report 2014

Fairy Meadow Community
Financial Services Limited

ABN 16 104 140 641

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

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Chairman's report

For year ending 30 June 2014

It is pleasing to be able to report on the highly successful performance of our Fairy Meadow **Community Bank**[®] Branch in its 11th year of operations.

This year we farewelled two outstanding champions of Fairy Meadow Community Financial Services Limited, Lucia Zanetti and Frank Cardomone. Lucia was the only remaining foundation Director of the company and we collectively owe a great deal to Lucia for her efforts and support over many years. Frank took on the Chairman's role in early 2011 and guided the company into the strong position of being able to pay dividends to shareholders.

The hard work and support of Connie Saad, (Treasurer), Jenny Costanzo, (Secretary), Val Hussain, (Chair, Sponsorship Sub-committee) and Jacqui Parrish, (Chair, Business Development sub-committee) is also acknowledged. During the year our Board took the opportunity to advertise for new Directors and we have been very fortunate to have gained Natalie Burroughs, Yilmaz Dilber and Tony O'Connor as a result of that process, an approach that has since been adopted by other **Community Bank**[®] branches. We also wish to thank Jim Crawford, the Bendigo Bank Regional Manager, for his on-going support.

I would like to congratulate our Branch Manager Mark Tyson and his staff for their commitment to "Being the Bendigo" and ensuring that our customers and shareholders receive friendly and helpful service, as well as constantly seeking ways to extend the range of appropriate products and services offered to our customers. In particular, it should be noted that it has been our Fairy Meadow **Community Bank**[®] Branch staff that initiated Bendigo Bank nationally becoming actively involved in supporting the "Jeans for Genes" day raising funds for children's medical research, Silvana Spanalatte receiving the Fairy Meadow Rotary Club's Vocational Services Award and Mitch King initiating the Lighthouse to Lighthouse race, to raise funds for motor neurone disease. This truly demonstrates the corporate and community spirit of our staff.

Financially, the company has continued to prosper. We have been able to continue paying a 5% partially franked dividend to shareholders, modestly increase sponsorship to the community and contribute towards restoring equity for the company. The net profit after tax for the 2013/14 year was \$50,884, (\$39,752 in 2012/13), and after the payment of \$34,000 in dividends to shareholders, our equity increased to \$598,427, (\$581,543 at the end of 2012/13). In addition to assisting other organisations with their fundraising, during 2013/14 we have provided sponsorship for Bendigo Aerial Patrol, Disability Trust, Motor Neurone Disease Walk, Need a Feed, READ Illawarra, Fairy Meadow Surf Club, Wollongong Lions Football Club, House with no Steps, local schools, sporting groups and various other community groups.

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



Ray Tolhurst
Chairman

Manager's report

For year ending 30 June 2014

At the end of the financial year 2013/14, we saw Fairy Meadow **Community Bank**[®] Branch move into its second decade.

This year we have seen a consolidation of some past excellent growth with our total footings growth remaining flat within our business with footings at just over \$87 million. This is a result of a mix of consumer/business sentiment and some of our local competitors re-entering the market with "specially priced" offers. With this in mind however, through the great work of the staff and Board, we have managed to maintain our customer base. And, as mentioned within our Chairman's report, we have increased our net profit with both our dividends and contributions to the community remaining steady.

This year we have seen many changes within our organisation. We have said a fond farewell to Lucia Zanetti, a foundation Director with 10 years of service and Frank Cardamone our former Chairman. Also Hilton King, also a foundation Director who left us, came back and is now enjoying the sun of the Mid North Coast.

It is with great pleasure that we welcome our new Directors, Tony O'Connor, Jacqui, Parrish, Natalie Burroughs and Yilmaz Dilber. The addition of these new Directors has added a great vibrancy to our already highly skilled and community-minded Board. Within the branch we warmly welcome back Sheree Rostirolla and Sonya Thomas. With this Board and the great staff that we have we will see the branch forge ahead and we should see the \$100 million in footings target blown away.

We continue to consolidate and grow our existing partnerships within our community and have forged some wonderful new ones.

The groups that we support are too numerous to mention but suffice to say we thank all of these partners for their support and also allowing us to work with them.

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 more than \$48,000 this year to local groups and organisations in our local community. This truly means that we are **Bigger than a bank**.

I recently attended the National Conference of the **Community Bank**[®] branches in Darwin. The **Community Bank**[®] story keeps getting bigger and better with the number of **Community Bank**[®] branches Australia-wide exceeding 305. It was also announced that our combined contributions to communities has now increased to in excess of \$122 million to community across Australia over the last 15 years.

As always 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.

Moving into 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 2014

Your Directors present their report on the company for the period ended 30 June 2014

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
Raymond Tolhurst	24/04/2012	University lecturer/ Retiree Chairman
Concetta Saad	25/05/2011	Business Operator Treasurer
Natalie Burroughs	29/04/2014	Chief Executive Officer Secretary
Jennifer Costanzo	29/05/2012	Public Accountant
Valerie Hussain	27/03/2012	Retiree
Jacqueline Parrish	28/01/2014	Senior Executive
Yilmaz Dilber	29/04/2014	General Manager
Anthony O' Connor	29/04/2014	Chief Executive Officer

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

Name of Director	Resignation date	Qualifications & special responsibilities
Hilton King	30/07/2013	Lawyer
Lucita Zanetti	31/12/2013	Interpreter
Francesco Cardamone	25/02/2014	Business Operator Chairman

Principal activities

The principal activities of the company during the period were:

Operation of a Bendigo and Adelaide Bank Limited Community Bank® franchise.

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

Operating results

The tax profit and extraordinary items of the company for the twelve month period ended 30 June 2014 after providing for income tax amounted to \$50,884 (2013: \$39,752).

Directors' report (continued)

Dividends paid or recommended

A partially franked dividend of \$0.05 per share was paid during March 2014.

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.

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, 11 meetings of Directors including the AGM were held. Minutes and attendance have been accounted for only eleven of these meetings. Attendances by each Director for the eleven meetings were as follows:

Name	Meetings attended	Meetings eligible to attend
Francesco Cardamone	7	7
Concetta Saad	10	11
Jennifer Costanzo	9	11
Lucia Zanetti	6	7
Hilton King	1	1
Raymond Tolhurst	10	11
Valerie Hussain	8	11
Jacqueline Parrish	6	6
Natalie Burroughs	3	3
Yilmaz Dilber	4	4
Anthony O'connor	4	4

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
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.

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:



Ray Tolhurst
Director



Concetta Saad
Director

Date 23 September 2014

Auditor's independence declaration

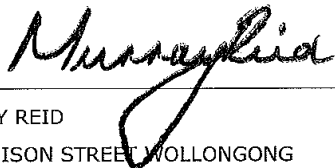
Auditor's Independence declaration

To the audit client:

As Lead Engagement partner/auditor for the audit of Fairy Meadow Community Financial Services Limited for the period ended 30 June 2014, 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
7 ATCHISON STREET WOLLONGONG

DATE: 26/9/2014

Financial statements

Statement of Financial Performance For the period ended 30 June 2014

	Note	2014 \$	2013 \$
Revenues from ordinary activities	2	801,151	768,435
Employee benefits expense		(400,579)	(401,400)
Depreciation and amortisation expenses	3	(15,888)	(17,191)
Franchise renewal written off	3	(22,996)	(13,772)
Other expenses from ordinary activity		(285,282)	(273,787)
Profit from ordinary activity before income tax expense	3	74,406	62,285
Income tax expense relating to			
Ordinary activity	10	(25,522)	(22,533)
Net profit from ordinary activities after income tax expense attributable to members of the company		50,884	39,752
Total changes in equity other than those resulting from transactions with owners as owners		50,884	39,752

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of financial position For the period ended 30 June 2014

	Note	2014 \$	2013 \$
Current assets			
Cash and cash equivalents	4	377,826	378,970
Trade and other receivables	5	70,020	74,713
Other assets	6	31,650	36,030
Total current assets		479,496	489,713
Non-current assets			
Property, plant & equipment	7	88,487	100,261
Intangible assets	8	149,489	103,795
Other assets	6	0	0
Total non-current assets		237,976	204,056
Total assets		717,472	693,769
Current liabilities			
Trade and other payables	9	33,548	38,385
Income tax on profit	10	25,522	22,533
Provisions	11	59,976	51,308
Total current liabilities		119,045	112,226
Non-current liabilities			
Payables		0	0
Total non-current liabilities		0	0
Total liabilities		119,045	112,226
Net assets		598,427	581,543
Equity			
Contributed equity	12	680,000	680,000
Dividends paid	13	(34,000)	(34,000)
Retained profits	14	(47,573)	(64,457)
Total equity		598,427	581,543

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of cash flows For the period ended 30 June 2014

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Receipts from debtors		779,277	727,067
Payments to suppliers and employees		(705,633)	(710,422)
Interest received		13,000	16,512
Rent received		20,000	20,000
Other receipts		0	3,769
Net cash used in operating activities	16	105,684	56,926
Cash flow from investing activities			
Proceeds for property, plant & equipment		0	9091
Payments for property, plant & equipment		(4,114)	(740)
Payments for franchise fee renewal		(68,713)	0
Net cash used in investing activities		(72,827)	8,351
Cash flow from financing activities			
Payment for dividends		(32,118)	(31,790)
Payment for tfn withholding on dividends		(1882)	(2,210)
Net cash used in financing activities		(34,000)	(34,000)
Net increase (decrease) in cash held		(1,144)	31,277
Cash at the beginning of the period		378,970	347,693
Cash at the end of the period	15	377,826	378,970

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of changes in equity For the period ended 30 June 2014

	Note	Share capital \$	Retained earnings \$	Total equity \$
Balance as at 01/07/13	12	680,000	(98,457)	615,543
Profit & loss (after tax)	14	0	50,884	50,884
Dividends paid 2014	13	0	(34,000)	(34,000)
Balance as at 30/06/2014		680,000	(81,573)	598,427

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2014

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:

	2014 \$	2013 \$
Note 2. Revenue		
Interest	13,000	14,667
Rent received	20,000	20,000
Other	768,151	733,769
Total revenue	801,151	768,435
Interest from:		
Other persons	13,000	14,667

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	15,888	17,191
Amortisation of non-current assets		
Franchise fees	0	0
Preliminary expenses	0	0
Franchise fee renewal write-off	22,996	13,772
Bad debt	536	6,100
Remuneration of Auditor	2,500	1,695

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 4. Cash assets		
Cash on hand	450	450
Cash at bank	50,739	52,311
Term deposits	326,636	326,209
	377,826	378,970

Note 5. Receivables

Current

Trade debtors	68,099	69,259
Accrued interest - term deposit	1,921	5,454
	70,020	74,713

Note 6. Other assets

Current

Prepayments	13,860	19,333
Provision for income tax	17,790	16,697
	31,650	36,030

Note 7. Property, plant & equipment

Plant & equipment at cost	118,367	116,153
Less accumulated depreciation	(87,555)	(81,885)
	30,812	34,268
Furniture & fittings at cost	79,808	79,808
Less accumulated depreciation	(56,689)	(53,090)
	23,119	26,718
Leasehold improvements at cost	107,455	105,555
Less written off	(72,898)	(66,279)
	34,557	39,276
Total property, plant & equipment	88,487	100,262

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 8. Intangible assets		
Franchise fee	90,000	90,000
Less accumulated amortisation	0	0
Franchise fee - renewal	68,862	68,862
Less written off	(68,862)	(55,090)
Franchise fee renewal 2	68,713	0
Less written off	(9,224)	0
Preliminary expenses	1,800	1,800
Less accumulated amortisation	(1,800)	(1,800)
Share issue expenses	24,509	24,509
Less accumulated amortisation	(24,509)	(24,509)
Borrowing costs	157	157
Less written off	(157)	(135)
	149,489	103,794

Note 9. Payables

Current

Trade creditors	9,444	11,432
Other creditors	22,564	25,413
Refundable bond	1,540	1,540
	33,548	38,385

Note 10. Income tax on profit

Profit from ordinary activity before income tax expense	76,406	62,285
Increase for non deductible expenses	0	2,768
Decrease for reversal of prior year non deductible expenses	0	0
Adjustment for employee provisions	(8,668)	(10,058)
Less prior year losses brought forward	0	0
Total taxable income	85,074	75,111
Tax at 30%	25,522	22,533

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 11. Provisions		
Provision for holiday pay	25,235	24,815
Provision for long service leave	34,740	26,492
Aggregate employee entitlement liability	59,975	51,308

Note 12. Contributed equity

Issued & paid up capital	680,000	680,000
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Note 13. Partially franked dividends paid

Partially franked dividends paid	32,118	31,790
TFN withholding paid	1,882	2,210
	34,000	34,000

Note 14. Retained profits

Retained profits (accumulated losses) at the

Beginning of the period	(64,457)	(70,211)
Less dividend paid 2013	0	(34,000)
Less dividend paid 2014	(34,000)	
Add adjustment for rounding	1	2
Net profit attributable to members of the company	50,884	39,752
Retained profits (accumulated losses) at the end of the period	(47,573)	(64,457)

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	50,060	52,173
Term deposit 2504	326,636	272,151
Term deposit 2505	0	54,058
Managers expense account	679	138
Cash on hand	450	450
	377,826	378,970

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 16. Reconciliation of cash flows from operations with profit from ordinary activities after income tax		
Profit from ordinary activities after income tax	50,884	39,752
Non-cash flows in profit from ordinary activities:		
Amortisation	0	0
Depreciation	15,888	17,191
Loss on sale of assets	0	649
Franchise renewal written off	22,996	13,772
Other non-cash items	23	74
Income tax on profit	25,522	22,533
Changes in assets and liabilities:		
(Increase)/decrease in trade debtors	(1,160)	(3,582)
(Increase)/decrease in other debtors	3,533	1,017
(Increase)/decrease in other assets	(17,790)	9,608
(Increase)/decrease in prepayments	5,473	(19,333)
Increase/(decrease) in payables	(10,673)	(14,697)
Increase/(decrease) in employee entitlements	8,668	(10,058)
Cash flows from operations	105,684	56,926


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 2014 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.



Ray Tolhurst
Director



Concetta Saad
Director

Date 23 September 2014

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 2014, and the income statement, statement of changes in equity and cash flow statement for the period 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

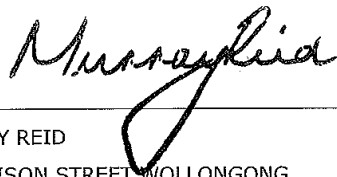
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Fairy Meadow Community Financial Services Limited on 23rd of September, would be 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 2014 and of its performance for the period ended on that date; and

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



MURRAY REID
7 ATCHISON STREET WOLLONGONG

DATE: 26/9/2014



Fairy Meadow **Community Bank**[®] Branch
37-39 Princess Highway, Fairy Meadow NSW 2519
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Franchisee:
Fairy Meadow Community Financial Services Limited
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Phone: (02) 4284 8277 Fax: (02) 4284 7869
ABN: 16 104 140 641

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