



Flemington Financial Services Limited

ABN 56 100 269 074

ANNUAL REPORT 2013

Flemington **Community Bank®** Branch

Contents

Chairman's report	2
Manager's report	3
Directors' report	4
Auditor's independence declaration	7
Financial statements	8
Notes to the financial statements	11
Directors' declaration	17
Independent audit report	18
Detailed profit and loss statement	19

Chairman's report

For year ending 30 June 2013

The growth of the company was affected by the competitive banking industry and to some degree a decrease in profit sharing arrangement with Bendigo and Adelaide Bank which will continue to flow into the 2014/15 financial year.

The company had its third year of profit although reduced as a result of larger contributions to the community. The company has continued to support the community via advertising, sponsorships and grants to schools and community groups. This year we have provided in excess of \$100,000 to these groups.

Exposure for the branch has increased remarkably as a result and the number of requests to the branch for support is continually growing.

We are pleased to announce that the company will declare its fourth successive dividend.

The Board's sincere gratitude goes to Grant Hopkinson, our Manager who continues to work diligently at both maintaining branch operating standards and procedures as well as promoting the branch with attending to community group functions, most often outside banking hours.

The Board are also grateful the efforts of the staff who maintain a high standard of customer service. The support of the management of the Bendigo and Adelaide Bank is also greatly appreciated.

The success of the company depends on the loyalty of our customers and their own efforts to promote the branch. The company appreciates your continued support.

The company continues to review its budgets and strategies to assure its continued viability.



Wayne Simpson
Chairman

Manager's report

For year ending 30 June 2013

2013 has been another tough but successful year for the branch as we continue to grow and invest our profits back into the community.

Our total book is just on \$75 million at the end of June and still growing, although at a marginally slower rate now than in previous years. For 2014 we are looking on target to break through the \$80 million mark which will keep us at a comfortable monthly profit.

Community contributions over the past year have grown, and as we push more money into local groups we are now finding more and more people changing their banking to us. It seems the message is getting through that the more business we have, the more we are able to invest back into the community.

Some local sporting clubs, like the Kensington Junior Sports Group have been great in supporting the branch, and they are now receiving the benefit of additional funding in return.

With both the ANZ Bank and the credit union leaving Kensington, the opportunity to increase our business is always growing.

Added to that, we have new Directors coming on Board this year, bringing a wealth of local knowledge and community connections to further increase our opportunities.

Our 10th birthday celebration in March this year was a great success, with a cocktail night held at the branch and a kids' party the next day.

As I look back on the last seven years I have been here, and the 10 years we have been open, we have come a long way. Our branch profits, dividend payments to shareholders, and the development of relationships with an increasing number of community groups from many different cultures in our area has been great to see.

Once again, thank you all for your help and support in enabling this branch to become a huge success story for the Flemington **Community Bank**[®] Branch. We can all look forward to another fantastic year of growth, community contributions and local support through to 2014.



Grant Hopkinson
Branch Manager

Directors' report

For the financial year ended 30 June 2013

Your Directors present their report, together with the financial statements 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:

Wayne Simpson (Chairman)

Chartered Accountant

Mark Flynn

Commercial lawyer

Resigned 15 April 2013

Allan Bruno

Community Worker

Appointed 18 January 2013

Frances Le Roux

Semi - Retired Bookkeeper

Resigned 27 May 2013

John Wright

Management Consultant

Appointed 18 January 2013

Resigned 17 July 2013

Glenda Naudi

Administration Manager

Appointed 18 January 2013

Resigned 17 July 2013

Shane Harrison (Treasurer)

Consultant

Frank Dinoto

Hospitality

John Versace

Manager - retail outlet

Peter Cribb

Business developer (Retired)

Appointed 23 May 2012

Resigned 16 July 2013

Robyn Temby

C.E.O

Appointed 18 January 2013

Resigned 17 July 2013

Kate Horne

Administration

Appointed 18 January 2013

Resigned 14 March 2013

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.

Operating results

The profit from ordinary activities of the company after providing for income tax for the financial year period ending 20 June 2013 \$74,754 (2012: \$155,338). This represented a 51% decrease mainly due to the increased amount of sponsorships and grants made to the community.

Directors' report (continued)

Dividends

Dividends paid or declared for payment during the financial year were as follows:

- Ordinary dividend paid on 15 March 2013 - \$33,036 (2012 \$ 30,358).

This dividend was paid from capital.

Significant changes in the state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report.

Significant events after the balance date

There are no matters or circumstances that have arisen since the end of the financial year that have 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 years.

Future developments

The company will continue its policy to operate a company **Community Bank**[®] branch under the Franchise agreement.

Directors' benefits

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.

Indemnification and insurance of Directors and Officers

The company has indemnified all Directors and the Manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as Directors or Managers of the company except where the liability arises out of conduct involving the lack of good faith.

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 or a related body corporate.

Directors' report (continued)

Directors' meetings

The number of Directors' meetings attended by each of the Directors of the company during the year were:

Number of meetings held:	11
Number of meetings attended:	
Peter Cribb	9
Frank Dinoto	10
Mark Flynn	1
Shane Harrison (Treasurer)	6
Matthew Lambelle	1
Frances Le Roux	2
Glenda Naudi	4
Wayne Simpson (Chairman)	10
Robyn Temby	5
John Versace	10
John Wright	6

Company Secretary

Mark Flynn has been the Company Secretary of Flemington Financial Services Ltd since 2003.

John Wright has replaced Mark Flynn as the Company Secretary, but has subsequently retired and Wayne Simpson is the current Company Secretary.

Corporate governance

The company has implemented various corporate governance practices, which include:

- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

Auditor Independence Declaration

The Auditors independence declaration for the year ended 30 June 2013 has been received and can be found after the Directors declaration of the financial report.

Signed in accordance with a resolution of the Board of Directors on 16 October 2013.



Wayne Simpson
Chairman

Auditor's independence declaration



SPECIALIST AUDITS PTY LTD

ABN: 62 134 128 359

DIRECTOR: JAMES HILBERT

CPA Member: 126171

Reg'd Co Auditor No: 8944

SMSF Reg'd Auditor: 100013527

LIABILITY LIMITED BY A SCHEME APPROVED UNDER PROFESSIONAL STANDARDS LEGISLATION

Auditor's Independence Declaration

In relation to my audit of the Financial Report of Flemington Financial Services Ltd for the Financial year ended 30th June 2013, to the best of my knowledge and belief there have been no contraventions of the Auditor independence requirements of the corporations Act 2001 or any applicable code of professional conduct.

Dated: 11th November 2013

Signed

James Hilbert
Principal

SPECIALIST AUDITS PTY LTD

PO BOX 766
BRUNSWICK LOWER VIC 3056

PO BOX 766 - BRUNSWICK LOWER - VIC - 3056
MOBILE: 0438 266 922 FAX: 03 9381 4666



Financial statements

Income statement for the year ended 30 June 2013

	Note	2013 \$	2012 \$
Revenue from ordinary activities	4	836,933	839,455
Depreciation and amortisation expense		-22,726	-14,630
Borrowing expenses		-1,292	-26
Employment expenses		-310,501	-295,371
Community development expense		-109,481	-61,754
Other expenses from ordinary activities		-285,631	-244,901
Operating profit/(loss) before income tax expense		107,302	222,773
Income tax attributable to operating profit	6	-32,548	-67,436
Operating profit/(loss) after income tax expense		74,754	155,338
Retained profits (accumulated losses) at the beginning of the financial year		-222,406	-377,744
Total available for appropriation		74,754	155,338
Retained profits (accumulated losses) at the end of the financial year		-147,652	-222,406

The accompanying notes form part of these financial statements.

Financial statements (continued)

Balance sheet as at 30 June 2013

	Note	2013 \$	2012 \$
Current assets			
Cash & cash equivalents	8	229,759	204,902
Receivables	9	36,400	43,731
Current tax assets	10	44,867	77,415
Other assets	11	295	28,650
Total current assets		311,321	354,698
Non current assets			
Property, plant & equipment	12	63,742	17,236
Intangible assets	13	55,665	8,143
Total non-current assets		119,407	25,379
Total assets		430,727	380,077
Current liabilities			
Trade & other payables	14	8,810	42,326
Current tax liabilities	15	6,632	4,386
Provisions	16	3,702	3,275
Financial liabilities	17	5,399	0
Total current liabilities		24,544	49,988
Non current liabilities			
Financial liabilities	17	34,375	-
Total non current liabilities		34,375	-
Total liabilities		58,919	49,988
Net assets		371,808	330,089
Equity			
Issued capital	18	607,150	607,150
Dividends paid	7	-87,689	-54,656
Retained earnings / (accumulated losses)		-147,653	-222,406
Total equity		371,808	330,089

The accompanying notes form part of these financial statements.

Financial statements (continued)

Cash flow statement for the year ended 30 June 2013

	2013	2012
	\$	\$
Cash flows from operating activities		
Receipts from customers	839,900	790,354
Payments to suppliers and employees	-672,542	-597,807
Interest and other cost of finance	-1,270	-26
Interest received	8,557	4,227
Net cash flows from/(used in) operating activities	174,646	196,749
Cash flows from investing activities		
Payments for property, plant and equipment	-57,692	-19,071
Payments for franchise fees	-59,061	
Net cash flows from/(used in) investing activities	-116,753	-19,071
Cash flow from financing activities		
Dividends paid	-33,036	-30,358
Net cash provided by (used in) financing activities	-33,036	-30,358
Net increase(decrease) in cash held	24,857	147,320
Cash at the beginning of the year	204,902	57,582
Cash at end of the year (Note 2)	229,759	204,902

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

The financial report is a general purpose financial report, which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Accounting Standards Board and the requirements of the Corporations Act 2001.

The financial report covers Flemington Financial Services Ltd as an individual entity.

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

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

Income tax

Income tax has been brought to account using the liability method of tax-effect accounting whereby the income tax expenses is based on the profit from ordinary activities adjusted for permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income, are brought to account as either provision for deferred income tax or an asset described as deferred tax assets at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Deferred tax assets are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Deferred tax assets in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation of the derivation of sufficient future assessable income and compliance with the conditions of deductibility imposed by the law.

Property, plant and equipment

Each class of property, plant and equipment are brought to account at cost or fair value less where applicable any accumulated depreciation.

a Plant and equipment

The carrying amount of plant and equipment is reviewed annually to ensure that it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining the recoverable amounts.

The cost of fixed assets constructed within Flemington Financial Services Ltd includes the costs of materials and direct labour.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

Property, plant and equipment (continued)

b Depreciation

The depreciable life of all fixed assets including buildings and capitalised leased assets , but excluding freehold land, is depreciated on a straight line basis over the useful lives to Flemington Financial Services Ltd, commencing from the time the asset is held ready for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Intangibles

Franchise Fees are written off on a straight line basis over the period of the franchise agreement.

Employee Entitlements

Provision is made for the liability for employee entitlements arising from the services rendered by the employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave, sick leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at their present value of the estimated future cash flows to be made for those entitlements.

Contributions are made by Flemington Financial Services Ltd to an employee superannuation fund and are charged as an expense when incurred.

Cash

For the purpose of the statement of cash flow, cash includes cash on hand and in all call deposits with banks and financial institutions, investments in money market instruments maturing within less than two months, net of bank overdrafts.

Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation to the current financial year.

Revenue

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Interest is recognised on a receipt basis.

All revenue is stated net of the amount of goods and services tax (GST).

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 2. Reconciliation of cash		
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.		
Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:		
Cash	229,759	204,902
	229,759	204,902

Note 3. Reconciliation of net cash provided by/used in operating activities to net profit

Operating profit (Loss) after tax	74,754	155,338
Depreciation	11,187	4,138
Amortisation	11,539	10,492
Decrease (Increase) in deferred tax assets	32,548	66,436
Changes in assets and liabilities net effects of purchase and disposal of controlled entities		
(Increase) decrease in trade debtors	7,331	-43,731
(Increase) decrease in prepayments	28,355	-28,650
Increase (decrease) in trade & other creditors	-33,516	32,601
Increase (decrease) in sundry provisions	427	125
Increase (decrease) in financial liabilities	39,774	
Increase (decrease) in tax liabilities	2,246	
Net cash provided by operating activities	174,646	196,749

Note 4. Revenue

Operating activities		
- Gross margin	618,577	630,664
- Upfront commission	7,872	5,125
- Traylor products commission	76,237	77,160
- Fee commission	73,843	70,856
- Market Development Fund	50,000	50,000
- Interest	8,557	4,230
- Sundry income	1,847	1,420
	836,933	839,455

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 5. Profit from ordinary activities		
Profit (loss) from ordinary activities before income tax has been determined after:		
Charging as an expense		
Amortisation of non-current assets		
Franchise fee	11,539	10,492
Total amortisation expense	11,539	10,492
Bad and doubtful debts	5,612	5,270
Borrowing costs		
- Other persons	2,489	25
Total borrowing costs	2,489	25
Depreciation of non-current assets		
- Office equipment	11,187	4,138
Total depreciating expenses	11,187	4,138

Note 6. Income tax expense

The prima facie tax on profit/(loss) before income tax is reconciled to the income tax expense as follows:

Prima facie tax on profit/(loss) before income tax at 30%	32,191	66,832
Add tax effect of:		
- Non-deductible expenses	357	603
Income tax expense attributable to profit from ordinary activities	32,548	67,435

Note 7. Dividends

Dividends provided for or paid from capital:	2013	33,036	
	2012	30,358	30,358
	2011	24,296	24,296
		87,689	54,654

Note 8. Cash & cash equivalents

Cash at bank	43,948	27,443
Cash on deposit	185,811	177,259
Petty cash	0	200
	229,759	204,902

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 9. Trade receivables		
Trade debtors	36,400	43,731
	36,400	43,731

Note 10. Current tax assets

Deferred tax asset	44,867	77,415
	44,867	77,415

Note 11. Other assets

Prepaid expenses	295	28,650
	295	28,650

Note: 12. Property plant & equipment

Building improvements - at cost	146,336	146,336
Less accumulated depreciation	-146,336	-146,336
Computer software - at cost	1,645	1,645
Less accumulated depreciation	-1,645	-1,645
Office equipment - at cost	23,006	21,606
Less accumulated depreciation	-6,494	-4,370
Furniture & fittings - at cost	21,809	21,809
Less accumulated depreciation	-21,809	-21,809
Advertising assets	19,177	
Less accumulated depreciation	-6,495	
Motor vehicles	37,117	
Less accumulated depreciation	-2,568	
	63,742	17,236

Note 13. Intangibles

Preliminary expenses	13,775	13,775
Less accumulated amortisation	-13,775	-13,775
Other Intangibles - franchise fee	59,061	107,424
Less accumulated amortisation	-3,396	-99,281
	55,665	8,143

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 14. Trade & other payables		
Unsecured		
Trade creditors	3,265	36,414
Dividends	5,528	1,273
Other creditors	17	4,640
	8,810	42,326

Note 15. Current tax liabilities

GST Clearing account	6,966	4,720
TFN withholding tax	-334	-334
	6,632	4,386

Note 16. Provisions

Provision for audit fees	900	3,275
Provision for fringe benefit tax	2,802	
	3,702	3,275

Note 17. Financial liabilities

Current		
Hire purchase	7,904	
Unexpired charges	-2,504	
	5,400	
Non current		
Hire purchase	37,237	
Unexpired charges	-2,862	
	34,375	

Note 18. Issued capital

Ordinary shares at \$1.00 each fully paid	607,150	607,150
--	----------------	----------------

Directors' declaration

In accordance with a resolution of the Directors of Flemington Financial Services Limited, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the company are 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 their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001;
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (c) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2013.



Wayne Simpson

Signed at Flemington on the 22 October 2013

Independent audit report



SPECIALIST AUDITS PTY LTD

ABN: 62 134 128 359

DIRECTOR: JAMES HILBERT

CPA Member: 126171

Reg'd Co Auditor No: 8944

SMSF Reg'd Auditor: 100013527

LIABILITY LIMITED BY A SCHEME APPROVED UNDER PROFESSIONAL STANDARDS LEGISLATION
**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF FLEMINGTON FINANCIAL SERVICES
LIMITED**

Scope

I have audited the financial report of Flemington Financial Services Limited for the year ended 30th June 2013 comprising the Statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements and the director's declaration. The members of the governing body are responsible for the financial report. I have conducted an independent audit of the financial report in order to express an opinion on it to its members.

Audit approach

My audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. My procedures include examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia (and relevant statutory and other requirements) so as to present a view which is consistent with our understanding of Flemington Financial Services Limited financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Independence

In conducting my audit, I followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit opinion

In my opinion, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia. The financial position of Flemington Financial Services Limited as at 30th June 2013 and the results of its operations and its cash flows for the year then ended.

Date: 11th November 2013

Auditor: James J Hilbert
Registered Company Auditor 8944

PO BOX 766 - BRUNSWICK LOWER - VIC - 3056
MOBILE: 0438 266 922 FAX: 03 9381 4666



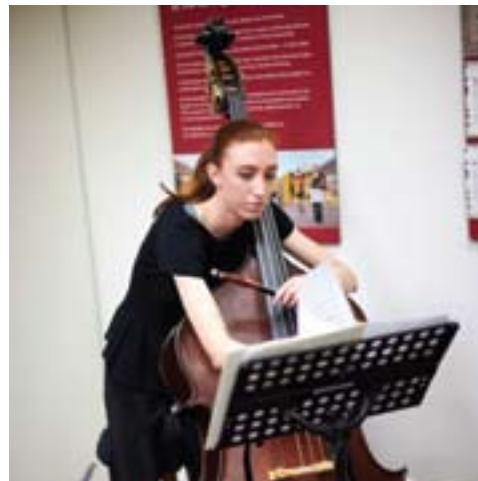
Detailed profit and loss statement

For the year ended 30 June 2013

	Note	2013 \$	2012 \$
Income			
Gross margin		618,577	630,664
Upfront commission		7,872	5,124
Trailer products commission		76,237	77,160
Fee income		73,843	70,855
Market Development Fund		50,000	50,000
Sundry income		1,847	1,419
Interest		8,557	4,230
Total income		836,933	839,452
Expenses			
Advertising		22,725	9,828
Marketing		10,739	5,683
Agents commission		86	104
Amortisation - franchise fees		11,539	10,492
ASIC compliance		1,585	1,356
ATM expense		9,257	11,083
Audit fees		-1,277	2,977
Bad debts		5,612	5,270
Bank fees		4,386	232
Board expenses		340	100
Cash delivery		6,495	7,765
Cleaning/rubbish removal		6,764	9,037
Credit check/search fees		2,280	672
Depreciation		11,187	4,138
Electricity		12,515	9,690
Fines & penalties		1,070	110
Fixed assets under \$300		0	1,723
Freight & delivery charges		7,295	7,161
Fringe benefits tax		2,802	278
IT expenses		17,367	11,220
Insurance		17,754	12,098

Detailed profit and loss statement (continued)

	2013	2012
	\$	\$
Expenses (continued)		
Interest	1,270	26
Legal fees	300	1,164
LKS		518
Long service leave	2,378	8,109
Motor vehicle	824	
Payroll tax	15,120	12,691
Postage	2,747	1,547
Printing & stationery	20,256	14,480
Procedure errors	-487	419
Rates & taxes	7,449	6,404
Rent	76,273	74,744
Repairs & maintenance - building	7,746	4,195
Repairs & maintenance - other	3,221	239
Salaries	259,179	249,701
Salary accrual & provisions	25,544	21,262
Security	2,418	3,899
Sponsorships	109,481	61,754
Staff amenities	1,992	2,380
Staff training & development	4,125	5,500
Staff uniform & allowances	6,409	1,603
Sundry expenses	636	
Superannuation	23,590	23,172
Telephone	5,408	4,898
Travel accommodation & conference	949	2,034
Workcover	23	1,236
Other employee expenses	2,189	473
Uninsured losses	73	3,219
Total expenses	729,631	616,681
Profit (loss) from ordinary activities before income tax	107,302	222,773



Flemington **Community Bank**[®] Branch
325-327 Racecourse Road, Flemington VIC 3031
Phone: (03) 9372 2798 Fax: (03) 9372 3851

Franchisee: Flemington Financial Services Limited
325-327 Racecourse Road, Flemington VIC 3031
Phone: (03) 9372 2798
ABN: 56 100 269 074

www.bendigobank.com.au/flemington
(BMPAR13127) (10/13)



This Annual Report has been printed on 100% Recycled Paper