Hawkesbury Community Financial Services Limited

ABN 97 099 838 463

ANNUAL REPORT 2013

North Richmond & Districts **Community Bank**® Branch

Hawkesbury Community Financial Services Limited

Annual Report 2013

Contents List

Chairman's Report

Results

The company's profit for the year before tax of $221,392 was derived from a 4.41% reduction in revenue and a 5.94% increase in expenses. The reduction in revenue was due to a continued decrease in margins, and the expense increase was mainly due to the birthday celebrations which I trust all those who attended enjoyed and thought worthwhile.

The total banking business has increased by $6.126 million to $127.14 million.

Your Board is pleased to announce that a final fully franked dividend of 14 cents per $1 share was approved at our July Board meeting, and will be paid by the end of December.

External Factors

As mentioned above, margins continue to tighten with the result that revenue has decreased despite an increase in banking business.

Community

Our mission to provide benefits to the Hawkesbury community continues, and we have now provided in excess of $1 million to assist with worthwhile local projects in 19 different categories. Including the seed funding that was promised some time ago to Northwest Disabilities Services of a minimum of $200,000, this amount has now been paid plus interest and GST providing a total of $242,000 to enable building to commence at Pound Paddock Richmond. When completed, the value of this project will be in the vicinity of $1.5 million, a fine example of what it is possible to achieve in our local area by banking with a local **Community Bank®** branch where the profits are used to benefit the locality in which we live and work.

Staff

As you can see from our Manager's Report, all our staff continue to work as a great team. This year we have three staff members, Chris, Kellie and Jo, who are to receive awards for ten years of service at the AGM, so do come along and help to recognise their contribution to your **Community Bank®** branch and your community.

Manager

Our Manager, Tony Weller, has settled into his role very well and is working conscientiously to continue to grow the business. His performance over the last year was exceptional and he achieved the top performance for both our region and for New South Wales.

Directors

I would like to thank all our Directors for their continued hard work in ensuring that our company continues to perform well.

The Future

Last year I reflected on our first 10 years of operations and now, as we enter our second decade, we look to the future. Your Board has made the decision to open a second **Community Bank®** branch in Richmond and this decision has received Bendigo Bank's full support.

The second branch, which will have a 'Branch of the Future' layout, will be located at the front entrance to Richmond Mall (Coles Arcade) at the site of the old Flight Centre office. Work has started on installing a new shop front and the fit out of the branch will follow and be completed by the end of October. The official opening of the Richmond **Community Bank®** Branch will be held on Saturday 2 November 2013, and we hope to see as many of our shareholders attend as possible to celebrate this further milestone of the **Community Bank®** model in the Hawkesbury.

This initiative will be of benefit to our existing customers and make it easier for potential customers east of the river to enjoy the benefits of the **Community Bank®** concept. The branch will open as a sub-branch of North Richmond, and we expect to be able to turn it into a full branch within two years. At that time, we will appoint a Richmond Branch Manager who will report to Tony Weller, the Senior Manager.

We have formed a sub-committee of Richmond residents and business people to assist the Board in the launch of the branch, and I would like to thank them all for the hard work that they have been undertaking.

Trevor Hitchcock FAICD IENG MIET
Chairman

Congratulations to Jo, Chris and Kellie on completing 10 years service.

Manager’s Report

The Year That Was

I have now been the Manager for more than a full financial year. Having worked in banking for over 25 years I must say that being the Manager at North Richmond **Community Bank®** Branch is the most fulfilling of my career. What the branch and the Board of Hawkesbury Community Financial Services Limited do in the community is amazing and we are able to provide assistance to so many different organisations.

To date the donations and sponsorships now total over $1 million and the Board have taken a very large step towards growing the business by opening a second branch in Richmond. This branch will provide additional service to our existing customers whilst also allowing a greater number of Hawkesbury residents to become part of our **Community Bank®** group. So if you know of anyone who would prefer good old fashioned service with competitive rates and fees while helping their local community please let them know.

Initially I will be managing both branches with six new staff at Richmond to provide the service Hawkesbury residents have grown to expect from Bendigo Bank. Support will be provided by the existing staff at North Richmond **Community Bank®** Branch to ensure a smooth customer experience. As mentioned above we are hoping to grow our business and with this growth will come opportunities to assist even more of the great community organisations serving the Hawkesbury.

The excellent service we pride ourselves on comes from our great team in Chris, Kellie, Jo, Liz, Vicki, Sue and Gail. All of us are supported by the brilliant volunteer Board of Directors, Trevor, Phill, Lesley, Bill, Martin, Bob, John, Rowan and Louise. Their continual support and guidance ensures the branch continues to grow and provide benefits to the community.

As with any business we are only able to prosper and grow by having customers. To this end I must say a big thanks to all our valued clients who can see the personal and community benefits of banking with their local **Community Bank®** branch.

Tony Weller
Manager

Hawkesbury Community Financial Services Limited

Financial Statements

as at

30 June 2013

Hawkesbury Community Financial Services Limited
ABN 97 099 838 463
Directors' Report

Your directors submit their report of the company for the financial year ended 30 June 2013.

Directors

The names and details of the company's directors who held office during or since the end of the financial year are:

Name and position held	Qualifications	Experience and Other Directorships
Trevor George Hitchcock Chairman Company Director Member since 27 March 2002	Ieng(CEI) MIET FAICD	Previously Director in the UK South Africa and Australia of the following Companies Klippon Electricals, C.A. Weidmuller, Quality Electrical Distributors
Phillip John Isaacs Director Retired Member since 21 December 2003	B.Sc M.Sc MAACB	Previously V.P. Asia Pacific Cytyc Corporation M.D. Beckman Instruments Currently Director Genetic Signatures
Lesley Jean Carbery Director Company Director Member since 24 January 2005	MAICD BAHons FCIS FCSA Grad Dip Fin Mgt Grad Dip ACG	Previous Director Playgroup Association of NSW, Nexus Theatre Inc. Director and Company Secretary The Australian Writers Theatre Ltd and current Director and Company Secretary Loss Management Services Pty Ltd.
Martin Howard Burton Director Retired Member since 23 March 2009	AMBIM MCIT Grad ASC (UK) ARCG	Director Residents Committee AVEO Bayview Gardens and Belrose Probus Club.
William John Kerr Director Management Consultant Member since 27 July 2009	MBA M.SC. (Immunol) B,Sc.(Hon.Microb)	Over 30 years of continuing Australian and International experience in general management, consulting and academic roles.
Robert Edward Bennell Peirce Director Accountant Member since 29 March 2011	FCPA CPA	Currently a director of Creatic Pty Ltd Previously National Financial Controller of several divisions of Australian National Industries 50 years accounting experience
John MacFarlane Director University Associate Professor Appointed since 27 November 2012	BSc(Hons) M.Stats FAPI	Previously Director Hawkeaid,Research and Development Associate Dean College of Business UWS Acting Dean, College of Business UWS President Pacific Rim Real Estate Society
Rowan Parker Director Software and Website Developer Appointed since 27 November 2012	Current undergraduate Bachelor of Business (Finance)	Years of experience in software and website design, email marketing, search engine optimisation and Business system analyses.

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 banking services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

There has been no significant changes in the nature of these activities during the year.

Review of operations

The profit of the company for the financial year after income tax was $155,843 (2012 profit: $227,189), which is a 31.40% decrease as compared with the previous year.

The net assets of the company have increased to $1,600,806 (2012: $1,532,465). The increase is largely due to the improved operating performance of the company

Dividends

A franked dividend of 14 cents per share was paid during the financial year ending 30 June 2013 (2012: 14 cents per share).

Significant changes in the state of affairs

Significant changes in the company's state of affairs occurred during the financial year as a result of the decline in margins in financial markets and a further reduction in trailer commission rates.

Events subsequent to reporting date

The company is in the process of opening a second branch in Richmond which is expected over time to increase the Company's market penetration and improve profitability. In the short term however it is expected to increase expenses.

Remuneration report

Remuneration policy

There has been no remuneration policy developed as director positions are held on a voluntary basis and directors are not remunerated for their services.

Remuneration benefits and payments

Other than detailed below, no director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

The Hawkesbury Financial Services Limited has accepted the Bendigo & Adelaide Bank Limited's Community Bank® Directors Privileges package. The package is available to all directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo & Adelaide Bank Ltd shares and there is no qualification period to qualify to utilize the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be $30 for the year ended 30 June 2013. The estimated benefit per Director is as follows:

	2013
Trevor George Hitchcock	-
Phillip John Isaacs	-
Lesley Jean Carbery	-
Martin Howard Burton	-
William John Kerr	-
Robert Edward Bennell Peirce	30
John MacFarlane (appointed 27/11/2012)	-
Rowan Parker (appointed 27/11/2012)	-
	30

Indemnifying officers or auditor

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

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

Directors meetings

The number of directors meetings held during the year were 12. Attendances by each director during the year were as follows:

Director	Board Meetings #	Audit Committee Meetings #
Trevor George Hitchcock	11 (12)	3 (3)
Phillip John Isaacs	9 (12)	N/A
Lesley Jean Carbery	9 (9)	2 (3)
Martin Howard Burton	10 (12)	3 (3)
William John Kerr	12 (12)	N/A
Robert Edward Bennell Peirce	12 (12)	3 (3)
John MacFarlane (appointed 27/11/2012)	7 (7)	2 (2)
Rowan Parker (appointed 27/11/2012)	6 (7)	N/A

 # The first number is the meetings attended while in brackets is the number of meetings eligible to attend.
N/A - not a member of that Committee.

Likely developments

The company will continue its policy of providing banking services to the community.

Environmental regulations

The company is not subject to any significant environmental regulation. However, the board believes that the company has adequate systems in place for the management of its environment requirements and is not aware of any breach of these environmental requirements as they apply to the company.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Company secretary

Lesley Jean Carbery was appointed company secretary in February 2008. Her qualifications and experience include, BA (Hons), GradDiplFinMgt, GradDipACG, MAICD, FCIS, FCSA.

Non audit services

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

- all non audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110 "Code of Ethics for Professional Accountants" set by the Accounting Professional and Ethical Standards Board.

Auditor independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 5 of this financial report. No officer of the company is or has been a partner of the auditor of the company.

Signed in accordance with a resolution of the Board of directors at Hawkesbury on
26 August 2013.

Trevor Hitchcock
Director

Richmond Sinnott & Delahunty
Chartered Accountants

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

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

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

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

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

Warren Sinnott
Partner
Bendigo
Dated at Bendigo, 26 August 2013

Hawkesbury Community Financial Services Limited
ABN 97 099 838 463
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2013

	Notes	2013 $	2012 $
Revenue	2	1,102,414	1,153,328
Employee benefits expense	3	(435,549)	(435,812)
Depreciation and amortisation expense	3	(30,932)	(30,294)
Finance costs	3	(8,063)	(10,451)
Bad and doubtful debts expense	3	(958)	(336)
Other expenses		(244,734)	(205,713)
Operating profit before charitable donations & sponsorships		382,178	470,722
Charitable donations and sponsorships		(160,786)	(148,980)
Profit before income tax expense		221,392	321,742
Tax expense	4	65,549	94,553
Profit for the year		155,843	227,189
Other comprehensive income		-	-
Total comprehensive income		155,843	227,189
Profit attributable to:			
Members of the company		155,843	227,189
Total		155,843	227,189
Earnings per share (cents per share)			
- basic for profit for the year	21	24.93	36.35
- diluted for profit for the year	21	24.93	36.35

The accompanying notes form part of these financial statements

Hawkesbury Community Financial Services Limited
ABN 97 099 838 463
Statement of Financial Position
As at 30 June 2013

	Notes	2013 $	2012 $
Assets			
Current Assets			
Cash and cash equivalents	6	1,263,750	1,252,209
Trade and other receivables	7	90,677	94,792
Current tax receivable	4	6,045	-
Total Current Assets		1,360,472	1,347,001
Non-Current Assets			
Property, plant and equipment	8	384,759	396,668
Intangible assets	9	46,149	-
Total Non-Current Assets		430,908	396,668
Total Assets		1,791,380	1,743,669
Liabilities			
Current Liabilities			
Trade and other payables	10	47,069	43,284
Current tax payable	4	-	5,545
Loans and borrowings	11	18,173	16,616
Provisions	12	35,284	41,726
Total Current Liabilities		100,526	107,171
Non Current Liabilities			
Provisions	12	9,677	5,489
Loans and borrowings	11	80,370	98,544
Total Non Current Liabilities		90,047	104,033
Total Liabilities		190,573	211,204
Net Assets		1,600,807	1,532,465
Equity			
Issued capital	13	625,009	625,009
Retained earnings	14	900,798	832,456
Asset revaluation reserve		75,000	75,000
Total Equity		1,600,807	1,532,465

The accompanying notes form part of these financial statements

Hawkesbury Community Financial Services Limited
ABN 97 099 838 463
Statement of Changes in Equity
for the year ended 30 June 2013

	Note	Issued Capital $	Retained Earnings $	Asset Revaluation Reserve $	Total Equity $
Balance at 1 July 2011		625,009	692,768	75,000	1,392,777
Total comprehensive income for the year		-	227,189	-	227,189
Transactions with owners, in their capacity as owners					
Shares issued during the year		-	-	-	-
Dividends paid or provided	22	-	(87,501)	-	(87,501)
Balance at 30 June 2012		625,009	832,456	75,000	1,532,465
Balance at 1 July 2012		625,009	832,456	75,000	1,532,465
Total comprehensive income for the year		-	155,843	-	155,843
Transactions with owners, in their capacity as owners					
Shares issued during the year		-	-	-	-
Dividends paid or provided	22	-	(87,501)	-	(87,501)
Balance at 30 June 2013		625,009	900,798	75,000	1,600,807

The accompanying notes form part of these financial statements

Hawkesbury Community Financial Services Limited
ABN 97 099 838 463
Statement of Cash Flows
For the year ended 30 June 2013

	Notes	2013 $	2012 $
Cash Flows From Operating Activities			
Cash receipts in the course of operations		1,165,850	1,195,489
Cash payments in the course of operations		(945,845)	(908,969)
Interest paid		(8,238)	(10,297)
Interest received		46,203	68,818
Income tax paid		(77,139)	(102,416)
Net cash flows from/(used in) operating activities	15b	180,831	242,625
Cash Flows From Investing Activities			
Purchase of property, plant & equipment		(7,486)	(1,338)
Purchase of Intangible assets		(57,686)	-
Net cash flows from/(used in) investing activities		(65,172)	(1,338)
Cash Flows From Financing Activities			
Dividends paid		(87,501)	(87,501)
Repayment of borrowings		(16,617)	(14,800)
Net cash flows from/(used in) financing activities		(104,118)	(102,301)
Net increase/(decrease) in cash held		11,541	138,986
Cash and cash equivalents at start of year		1,252,209	1,113,223
Cash and cash equivalents at end of year	15a	1,263,750	1,252,209

The accompanying notes form part of these financial statements

The financial statements and notes represent those of Hawkesbury Financial Services Limited .

Hawkesbury Financial Services Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 26 August 2013.

1. Summary of significant accounting policies

(a) Basis of preparation

The financial statements are general purpose financial statements, that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board and the Corporations Act 2001. The company is a for profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, were applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

(b) Income tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

1. Summary of significant accounting policies (continued)

(c) Property, plant and equipment

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

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

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

Class of Asset	*Depreciation Rate*
Buildings	2.5%
Plant & Equipment	2.5% - 25%

Impairment
The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Revaluations
Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

(d) Impairment of assets

At each reporting date, the company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

(e) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position. Cash flows are presented on a gross basis.

1. Summary of significant accounting policies (continued)

(e) Goods and services tax (continued)

The GST components of investing and financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(f) Employee benefits

Provision is made for the company's liability for employee benefits arising from the services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to the employee benefits.

(g) Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of comprehensive profit and loss and other comprehensive income.

(h) Cash

Cash on hand and in banks are stated at nominal value. Bank overdrafts are shown as short term borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

(i) Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Revenue comprises service commissions and other income received by the company.

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).

(j) Receivables and payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables expected to be collected within 12 months at the end of the reporting period are classified as current assets. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company and are recognised as a current liability.

1. Summary of significant accounting policies (continued)

(k) New accounting standards and interpretations not yet adopted

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company.

The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in the future reporting periods is set below:

(i) AASB 9 Financial Instruments (2010), AASB 9 Financial Instruments (2009)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project that may result in limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets and hedge accounting.

AASB 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The adoption of AASB 9 (2010) is not expected to have an impact on the company's financial assets or financial liabilities.

(ii) AASB 13 Fair Value Measurement (2011)

AASB 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout Australian Accounting Standards. Subject to limited exceptions, AASB 13 is applied when fair value measurements or disclosures are required or permitted by other AASBs. The company is currently reviewing its methodologies in determining fair values. AASB 13 is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

(iii) AASB 119 Employee Benefits (2011)

AASB 119 (2011) changes the definition of short-term and other long-term employee benefits to clarify the distinction between the two. For defined benefit plans, removal of the accounting policy choice for recognition of actuarial gains and losses is not expected to have any impact on the company. However, the company may need to assess the impact of the change in measurement principles of expected return on plan assets. AASB 119 (2011) is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

(l) Loans and borrowings

All loans are measured at the principal amount. Interest is recognised as an expense as it accrues.

1. Summary of significant accounting policies (continued)

(m) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which is probable that the outflow of economic benefits will result and the outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.
A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

(n) Share capital

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(o) Comparative figures

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

(p) Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company. Estimates and judgements are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and judgements that have a significant risk of causing material adjustments to the carrying values of assets and liabilities are as follows:

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation changes for its property, plant and equipment and intangible assets. The depreciation and amortisation charge will increase where useful lives are less than previously estimated lives.

Income tax

The company is subject to income tax. Significant judgement is required in determining the deferred tax asset or the provision for income tax liability. Deferred tax assets are recognised only when it is considered sufficient future profits will be generated. The assumptions made regarding future profits is based on the company's assessment of future cash flows.

Impairment

The company assesses impairment at the end of each reporting period by calculating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

1. Summary of significant accounting policies (continued)

(q) Financial instruments

Initial recognition and measurement

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

Classification and subsequent measurement

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

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

(i) Loans and receivables
Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Financial liabilities
Non derivative financial liabilities are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset is deemed to be impaired if and only if, there is objective evidence of impairment as a result of one or more events (a loss event) having occurred, which has an impact on the estimated future cash flows of the financial asset. In the case of financial assets carried at amortised cost, loss events may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in payments, indications that they will enter bankruptcy or other financial reorganisation and changes in arrears or economic conditions that correlate with defaults.

Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

	2013	2012
2. Revenue and other income	**$**	**$**
Revenue		
- services commissions	1,051,358	1,078,565
- other revenue	4,852	5,945
	1,056,210	1,084,510
Other revenue		
- interest received	46,204	68,818
	46,204	68,818
Total Revenue	1,102,414	1,153,328

3. Expenses

	2013	2012
Employee benefits expense		
- wages and salaries	381,768	375,769
- superannuation costs	38,285	39,678
- workers' compensation costs	1,180	938
- other costs	14,316	19,427
	435,549	435,812
Depreciation of non-current assets:		
- plant and equipment	9,489	10,392
- buildings	6,188	6,188
- fit out	3,718	3,718
Amortisation of non-current assets:		
- intangible assets	11,537	9,996
	30,932	30,294
Finance Costs:		
- Interest paid	8,063	10,451
Bad debts	958	336

4. Tax Expense (continued)	**2013** **$**	**2012** **$**
The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit/(loss) before income tax at 30% (2012: 30%)	66,418	96,523
Add tax effect of:		
- Other deductible expenses	(3,094)	(3,460)
- Non-deductible expenses	2,225	1,490
Current income tax expense	65,549	94,553
Income tax attributable to the entity	65,549	94,553
The applicable weighted average effective tax rate is	29.61%	29.38%
Current tax (benefit)/payable	(6,045)	5,545

The applicable income tax rate is the Australian Federal tax rate of 30% (2012: 30%) applicable to Australian resident companies.

5. Auditors' remuneration

Remuneration of the auditor for:

- Audit or review of the financial report	4,150	3,900
- Taxation services	550	500
- Share registry services	3,983	2,461
	8,683	6,861

6. Cash and cash equivalents

Cash at bank and on hand	1,263,750	1,252,209

7. Trade and other receivables

Current		
Trade debtors	90,677	94,792
Other receivables	-	-
	90,677	94,792

Credit risk

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

7. Trade and other receivables (continued)

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be high credit quality.

			Past Due but Not Impaired			
2013	**Gross Amount**	**Past Due and impaired**	**< 30 days**	**31-60 days**	**> 60 days**	**Not Past Due**
Trade receivables	90,677	-	-	-	-	90,677
Other receivables	-	-	-	-	-	-
Total	90,677	-	-	-	-	90,677
2012						
Trade receivables	94,792	-	-	-	-	94,792
Other receivables	-	-	-	-	-	-
Total	94,792	-	-	-	-	94,792

8. Property, plant and equipment

	2013 **$**	**2012** **$**
Land		
Land at cost	107,500	107,500
Buildings		
At cost	172,500	172,500
Revaluation buildings *	75,000	75,000
Less accumulated depreciation	(58,130)	(51,942)
	189,370	195,558
Fit Out		
At cost	74,366	74,366
Less accumulated depreciation	(37,180)	(33,462)
	37,186	40,904
Plant and equipment		
At cost	150,273	142,787
Less accumulated depreciation	(99,570)	(90,081)
	50,703	52,706
Total written down amount	384,759	396,668

* Revaluation based on valuation completed by Hausfeld Johnson (Property Advisors & Valuers) on 11 July 2005 and confirmed by Directors as still appropriate in 2013.

8. Property, plant and equipment (continued)

	2013 $	2012 $
Movements in carrying amounts		
Land		
Carrying amount at beginning of year	107,500	107,500
Additions	-	-
Disposals	-	-
Balance at the end of the reporting period	107,500	107,500
Building		
Carrying amount at beginning of year	195,558	201,746
Additions	-	-
Disposals	-	-
Revaluation buildings	-	-
Depreciation expense	(6,188)	(6,188)
Balance at the end of the reporting period	189,370	195,558
Fit Out		
Carrying amount at beginning of year	40,904	44,622
Additions	-	-
Disposals	-	-
Depreciation expense	(3,718)	(3,718)
Balance at the end of the reporting period	37,186	40,904
Plant and equipment		
Carrying amount at beginning of year	52,706	61,760
Additions	7,486	1,338
Disposals	-	-
Depreciation expense	(9,489)	(10,392)
Balance at the end of the reporting period	50,703	52,706

9. Intangible assets

	2013 $	2012 $
Franchise Fee		
At cost	11,537	10,000
Less accumulated amortisation	(2,307)	(10,000)
	9,230	-
Preliminary expenses		
At cost	46,149	40,000
Less accumulated amortisation	(9,230)	(40,000)
	36,919	-
Total Intangible assets	46,149	-

9. Intangible assets (continued)	**2013 $**	**2012 $**
Movements in carrying amounts		
Franchise Fee		
Balance at the beginning of the reporting period	-	-
Additions	11,537	-
Disposals	-	-
Amortisation expense	(2,307)	-
Balance at the end of the reporting period	9,230	-
Preliminary expenses		
Balance at the beginning of the reporting period	-	-
Additions	46,149	-
Disposals	-	-
Amortisation expense	(9,230)	-
Balance at the end of the reporting period	36,919	-

10. Trade and other payables

Current		
Unsecured liabilities:		
Trade creditors	23,168	20,855
GST payable	23,901	22,429
	47,069	43,284

11. Borrowings

Current		
Bank Loan - secured	18,173	16,616
Non-Current		
Bank Loan - secured	80,370	98,544
	98,543	115,160

Bank loans are repayable monthly with the final instalment due on 10 March 2018. The loans are secured by mortgage over the freehold land and building of the company.

12. Provisions	**2013** **$**	**2012** **$**
Employee benefits	44,961	47,215
Movement in employee benefits		
Opening balance	47,215	55,774
Additional provisions recognised	6,828	2,975
Amounts utilised during the year	(9,082)	(11,534)
Closing balance	44,961	47,215
Current		
Annual Leave	10,373	19,455
Long-service leave	24,911	22,271
	35,284	41,726
Non-current		
Long-service leave	9,677	5,489
	9,677	5,489
Total provisions	44,961	47,215

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

13. Share capital	**2013** **$**	**2012** **$**
625,009 Ordinary Shares fully paid of $1 each	625,009	625,009
Less: Equity raising costs	-	-
	625,009	625,009
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	625,009	625,009
Shares issued during the year	-	-
At the end of the reporting period	625,009	625,009

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands.
The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

13. Share capital (continued)

Capital management

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

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

(i) the Distribution Limit is the greater of:
(a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
(b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and
(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2013 can be seen in the Statement of Profit or Loss and other Comprehensive Income.

There were no changes in the company's approach to capital management during the year.

14. Retained earnings

	2013 $	2012 $
Balance at the beginning of the reporting period	832,456	692,768
Profit after income tax	155,843	227,189
Dividends paid	(87,501)	(87,501)
Balance at the end of the reporting period	900,798	832,456

15. Statement of cash flows

(a) *Cash and cash equivalents balances as shown in the statement of financial position can be reconciled to that shown in the statement of cash flows as follows*

	2013	2012
As per the statement of financial position and cash flow	1,263,750	1,252,209

(b) *Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities*

	2013	2012
Profit / (loss) after income tax	155,843	227,189
Non cash items		
- Depreciation	19,395	20,298
- Amortisation	11,537	9,996
Changes in assets and liabilities		
- (Increase) decrease in receivables	4,115	2,935
- Increase (decrease) in payables	3,785	(1,371)
- Increase (decrease) in provisions	(2,254)	(8,559)
- Increase (decrease) in current tax payable	(11,590)	(7,863)
Net cash flows from / (used in) operating activities	180,831	242,625

15. Statement of cash flows (continued)

(c) Credit standby arrangement and loan facilities

The company has no credit standby arrangements.
The company has a secured loan of $98,543 repayable monthly with the final instalment due 10 March 2018. The loan is secured by mortgage over the freehold land and buildings of the company.

16. Related party transactions

The company's main related parties are as follows:

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

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

(c) Transactions with key management personnel and related parties
Other than detailed below, no key management personnel or related party has entered into any contracts with the company. No director fees have been paid as the positions are held on a voluntary basis.

The Hawkesbury Financial Services Limited has accepted the Bendigo & Adelaide Bank Limited's Community Bank® Directors Privileges package. The package is available to all directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo & Adelaide Bank Ltd shares and there is no qualification period to qualify to utilize the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be $30 for the year ended 30 June 2013. The estimated benefits per Director is as follows:

	2013
Trevor George Hitchcock	-
Phillip John Isaacs	-
Lesley Jean Carbery	-
Martin Howard Burton	-
William John Kerr	-
Robert Edward Bennell Peirce	30
John MacFarlane (appointed 27/11/2012)	-
Rowan Parker (appointed 27/11/2012)	-
	30

16. Related party transactions (continued)

(d) Key management personnel shareholdings
The number of ordinary shares in Hawkesbury Financial Services Limited held by each key management personnel of the company during the financial year is as follows:

	2013	**2012**
Trevor George Hitchcock	11,001	11,001
Phillip John Isaacs	5,001	5,001
Lesley Jean Carbery	10,000	10,000
Martin Howard Burton	1,000	-
William John Kerr	-	-
Robert Edward Bennell Peirce	1,000	-
John MacFarlane	500	500
Rowan Parker	500	500

The movement in key management personnel shareholdings during the year is as shown above.
Each share held has a paid up value of $1 and is fully paid.

(e) Other key management transactions
There has been no other transactions involving equity instruments other than those described above.

17. Events after the reporting period

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

18. Contingent liabilities and assets

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

19. Operating segments

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

20. Company details

The registered office & principle place of business is:

Shops 7 & 8
36 Riverview Street
North Richmond NSW 2754

21. Earnings per share	**2013** $	**2012** $
Basic earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year.		
Diluted earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).		
The following reflects the income and share data used in the basic and diluted earnings per share computations:		
Profit/(loss) after income tax expense	155,843	227,189
Weighted average number of ordinary shares for basic and diluted earnings per share	625,009	625,009

22. Dividends paid or provided for on ordinary shares

	2013 $	2012 $
(a) Dividends paid during the year		
Franked dividends - 14 cents per share (2012: 14 cents)	87,501	87,501
(b) Dividends proposed and not recognised as a liability		
Franked dividends - 14 cents per share (2012: 14 cents)	87,501	87,501
(c) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
- Franking account balance as at the end of the financial year at 30%	436,074	396,436
- Franking credits/(debits) that will arise from the payment of income tax payable as at the end of the financial year	(6,045)	5,545
- Franking debits that will arise from the payment of dividends proposed and recognised as a liability at the end of the financial year	-	-
	430,029	401,981

The tax rate at which dividends paid have been franked is 30% (2012: 30%).
Dividends proposed will be franked at a rate of 30% (2012: 30%).

23. Financial risk management

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

	Note	2013 $	2012 $
Financial Assets			
Cash & cash equivalents	6	1,263,750	1,252,209
Trade and other receivables	7	90,677	94,792
Total Financial Assets		1,354,427	1,347,001
Financial Liabilities			
Trade and other payables	10	47,069	43,284
Loans and borrowings	11	98,543	115,160
Total Financial Liabilities		145,612	158,444

Financial Risk Management Policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

Specific Financial Risk Exposure and Management

The company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments. There have been no substantive changes in the types of risks the company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) Credit Risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the company it arises from receivables and cash assets.

Credit risk is managed through maintaining procedures that ensure, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness and their financial stability is monitored and assessed on a regular basis. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the statement of financial position.

The company's exposure to credit risk is limited to Australia by geographic area. The majority of receivables are due from Bendigo and Adelaide Bank Limited.

None of the assets of the company are past due (2012: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

The company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Limited and therefore credit risk is considered minimal.

(a) Credit Risk (continued)	**2013** $	**2012** $
Cash and cash equivalents:		
A rated	1,263,750	1,252,209

(b) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Financial liability and financial asset maturity analysis:

30 June 2013	**Note**	**Total** $	**Within 1 year** $	**1 to 5 years** $	**Over 5 years** $
Financial Liabilities due					
Trade and other payables	**10**	(47,069)	(47,069)	-	-
Loans and borrowings	**11**	(98,543)	(18,173)	(80,370)	-
Total expected outflows		(145,612)	(65,242)	(80,370)	-
Financial Assets - realisable					
Cash & cash equivalents	**6**	1,263,750	1,263,750	-	-
Trade and other receivables	**7**	90,677	90,677	-	-
Total anticipated inflows		1,354,427	1,354,427	-	-
Net (Outflow)/Inflow on financial instruments		1,208,815	1,289,185	(80,370)	-

30 June 2012		**Total** $	**Within 1 year** $	**1 to 5 years** $	**Over 5 years** $
Financial Liabilities due					
Trade and other payables	**10**	(43,284)	(43,284)	-	-
Loans and borrowings	**11**	(115,160)	(16,616)	(98,544)	-
Total expected outflows		(158,444)	(59,900)	(98,544)	-
Financial Assets - realisable					
Cash & cash equivalents	**6**	1,252,209	1,252,209	-	-
Trade and other receivables	**7**	94,792	94,792	-	-
Total anticipated inflows		1,347,001	1,347,001	-	-
Net (Outflow)/Inflow on financial instruments		1,188,557	1,287,101	(98,544)	-

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company reviews the exposure to interest rate risk as part of the regular board meetings.

The weighted average interest rates of the company's interest-bearing financial assets are as follows:

Financial assets	**2013** $	**2012** $
Cash and cash equivalents (net of bank overdrafts)	4.08%	4.85%

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit $	**Equity** $
Year ended 30 June 2013		
+/- 1% in interest rates (interest income)	11,652	11,652
	11,652	11,652
Year ended 30 June 2012		
+/- 1% in interest rates (interest income)	11,370	11,370
	11,370	11,370

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Fair values

The fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. Fair value is the amount at which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. The company does not have any unrecognised financial instruments at year end.

Hawkesbury Community Financial Services Limited
ABN 97 099 838 463
Directors' Declaration

In accordance with a resolution of the Directors of Hawkesbury Community Financial Services Limited, the Directors of the company declare that:

1 the financial statements and notes of the company as set out on pages 6 to 28 are in accordance with the Corporations Act 2001 and:

(i) comply with Australian Accounting Standards, which as stated in accounting policy Note 1(a) to the financial statements constitutes compliance with International Financial Reporting Standards (IFRS); and

(ii) give a true and fair view of the company's financial position as at 30 June 2013 and of the performance for the year ended on that date;

2 in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the Board of Directors.

Trevor Hitchcock
Director

Signed at Hawkesbury on 26 August 2013.

Richmond
Sinnott &
Delahunty
Chartered Accountants

Level 2, 10-16 Forest Street
Bendigo, Victoria
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAWKESBURY COMMUNITY FINANCIAL SERVICES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Hawkesbury Community Financial Services Limited, which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company at the year's end.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Hawkesbury Community Financial Services Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

Auditor's Opinion

In our opinion:

(a) the financial report of Hawkesbury Community Financial Services Limited is in accordance with the Corporations Act 2001, including:

 (i) giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

 (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

Richmond Sinnott + Delahunty

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

Sinnott.

W. J. SINNOTT
Partner

Dated at Bendigo, 26 August 2013

Franchisee: Hawkesbury Community Financial Services Limited
PO Box 340, North Richmond NSW 2754
Phone: (02) 4571 2988
ABN: 97 099 838 463
www.bendigobank.com.au/north_richmond

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