

HENTY COMMUNITY FINANCIAL SERVICES LIMITED

ABN 20 084 864 835



2013 Annual Report

Henty and District
Community Bank[®] Branch  Bendigo Bank



Board members: (from left to right) David Carter, Naomi Toogood, Graham Booth, Helen McRorie, Hugh Clancy, Alison Campbell & John Ellis.



Staff members: (Back from left to right) Gaynor McLeish, Jan Wheeler, Jacinda Singe, Janette Hahn & Sharon Gardiner.
(Seated front) Trevor Bullock

Notice of Meeting

Henty Community Financial Services Limited
A.B.N. 20 084 864 835

Annual General Meeting

The Annual General Meeting of Shareholders of Henty Community Financial Services Limited will be held Tuesday 12th November 2013 at 8:00 pm at the Henty Civic Centre, South Street, Henty.

Ordinary Business

Notice of Meeting

Confirmation of Minutes of A.G.M. 13th November 2012

Proxies

Chairman's Report

Manager's Report

Ratification of Leigh Eulenstein's instatement to the Board of Directors

Appointment of Auditor – Richmond Sinnott & Delahunty

Two Directors must retire in rotation at the Annual General Meeting but are eligible for re-election. They are:

Graham Booth

John Ellis

The below named Director was appointed after 30th June 2013 and is eligible for re-election:

Leigh Eulenstein

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Chairperson's report

For year ending 30 June 2013

In October 2013 our bank will have served our community for 15 years. As noted in the Bendigo and Adelaide Bank Ltd Annual Report, Henty Community Bank was instrumental in the provision of the Henty Medical Centre, costing about \$580,000. The Community Bank was the catalyst in obtaining a Federal Government grant of \$300,000, the Greater Hume Shire grant of \$120,000 and contributed \$140,000, which brought our bank's total contributions to over \$2,500,000.00.

The shareholders can be justly proud of their community spirit expressed by their investment in our community bank 15 years ago. The bank continues to build and grow our community's quality of life.

This year our bank has supported for sums over \$1,000:

The Culcairn Men's Shed with \$2,600 for tools;

The Henty Community Club with over \$50,000 for the redevelopment of the stage area including toilet facilities, a higher ceiling, an external door and stage fixtures;

The Culcairn Lions with \$5,000 for improvements to the Culcairn Swimming Pool;

The Pleasant Hills Pre School with \$4,500 for upgrades;

The Henty Camera Club with \$1,500 for display boards;

The Culcairn Lions with \$5,000 for X Ray equipment at the Culcairn Hospital;

The Yerong Creek Recreation Ground Trust with \$10,000 for toilet upgrades;

Blaze Aid with \$1,000;

Hilltop Cancer Carers Centre Albury with \$5,000;

Ronald McDonald House Wagga Wagga with \$1,500 for its services to the Riverina area.

Branch building renovations including new air-conditioning, repairs to walls, internal repaint, new blinds, new cupboards, display cases and window security bars, totalled \$36,000.

A new flat screen TV has been ordered to provide a continuous display of the projects supported by the bank over the 15 year history.

Our staff as in every year are especially worthy of recognition. The caring service to the elderly and patience where necessary may not draw comment but does draw respect and appreciation.

Two changes occurred on the board. David Carter's resignation was regrettably received and Leigh Eulenstein has been appointed. David's contribution to the board demonstrated insight, media skills and good common sense. Leigh will bring an understanding of the younger farmer and age group.

Chairperson's report 30 June 2013 continued

Trevor Bullock, our manager of fifteen years is retiring next January. Trevor was indeed a pioneer manager of the community bank model. His experience, knowledge, management and people skills earned him respect. To Trevor's credit only two staff resignations occurred in the fifteen years, as he managed the branch efficiently to produce sound profits. The board appreciated his wisdom.

The coming year will present challenges. However the shareholders and community alike can be confident that the board, by virtue of their commitment and diversified talents, will support the staff and manager to steer the bank to the best possible outcomes for our community. This board is truly dedicated.

Thank you to the clients and customers who appreciate the service, convenience and useful products offered by the bank. It is your support and your community spirit, that has allowed our Bank to benefit our community by \$2,500,000 over fifteen years. Bendigo Bank is bigger than a bank.

For those who read this report and are not a client or customer of Henty Community Bank, maybe you could reappraise your situation and do some of your banking with Henty Community Bank. You can be guaranteed a pleasant reward, and your community spirit will be responsible for improving all our lives. What have you got to lose?

Yours sincerely,

A handwritten signature in black ink, appearing to read 'G. Booth'.

Graham Booth
Chairperson
Henty Community Financial Services Ltd.

Manager's report

For year ending 30 June 2013

My final Manager's Report is written with sadness, satisfaction and excitement.

Sadness in that mid January 2014 will bring to a close, my banking career of 42 years, initially with one of the 'Big Four', and for the last 15 years as Manager of 'Your Bank', the first Bendigo Community Bank in New South Wales.

I have received a great deal of satisfaction from the results which the staff and I have been able to achieve, with your support of the financial products we have to offer. Your support has contributed over \$2.5M back into our Community, and we should all be very proud of this achievement – the staff, the board, our customers and/or shareholders.

The excitement began on 6th November 1998 when we first opened the doors for business, and has continued ever since. I have never worked with a community as loyal and committed to supporting its own projects, as Henty is. Congratulations, we have all come a long way in 15 years.

I wish to thank the staff for their support to me, and to you, with their excellent service and commitment in assisting our customers achieve their goals. Sharon, Jan and Gaynor, are the best.

I thank the members of the board, both past and present, for their help and assistance when needed, and for their commitment to the various corporate tasks and decisions they have made, in the best interests of us all.

I wish the new manager all the best, and invite you all to come and make yourself known, early in the New Year.

Thank you again for allowing me to be part of this very special ride we have all enjoyed over the past 15 years.



Trevor Bullock
Branch Manager

Director's report

For year ending 30 June 2013

Your Directors submit the financial 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
Hugh Thomas Clancy Director Board member since June 2009	Qualified Motor Mechanic	Current Farming Business Partner
John Bruce Ellis Director Board member since June 1998	Field Marketing Agronomist	Director/Partner Small Business
Naomi Louise Toogood Director Board member since June 2009	BD Dip ED	School Teacher. Current Farming Business Partner
Graham Charles Booth Director/Chairman Board member since June 1998	BD	Retired Small Business Owner
David Carter Director Board member since June 2011	Journalist	Extensive Marketing
Helen Margaret McRorie Director Board member since June 2009	Licenced Conveyancer JP	Legal Experience and Current Farming Business Partner
Alison Campbell Director/Secretary Board member since April 2011	BA Dip ED	Teacher. Current Farming Business Partner/Director

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/(loss) of the company for the financial year after provision for income tax was \$18,489 (2012 profit: \$26,428), which is a 30% decrease as compared with the previous year.

Director's report 30 June 2013 continued

Review of operations (continued)

The net assets of the company have decreased to \$376,270 (2012: \$384,540). The increase/decrease is largely due to reduced commission and margin income from Bendigo and Adelaide Bank.

Dividends	Cents Per Share	\$
Dividends paid in the year (final dividend:	10	26,759

Significant changes in the state of affairs

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

Events after the reporting period

No matters or circumstances have arisen since the end of the financial year that significantly affect 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.

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

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.

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 or a related body corporate.

Director's report 30 June 2013 continued

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 #
Hugh Thomas Clancy	11 (12)
John Bruce Ellis	8 (12)
Naomi Louise Toogood	12 (12)
Graham Charles Booth	10 (12)
David Carter	12 (12)
Helen Margaret McRorie	11 (12)
Alison Campbell	11 (12)

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 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

Alison Campbell has been the company secretary since June 2011. Alison is a farmer and has been on many local community organisation committees over many years.

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 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.

Director's report 30 June 2013 continued

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 10 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 Henty on
26 September 2013.



John Bruce Ellis
Director

Auditor's Independence Declaration



**Richmond
Sinnott &
Delahunty**
Chartered Accountants

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Auditor's Independence Declaration under section 307C of the Corporations Act 2001 to the Directors of Henty 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 September 2013

Financial Statements For year ending 30 June 2013

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<u>Notes</u>	2013 \$	2012 \$
Revenue	2	563,320	613,101
Employee benefits expense	3	(261,235)	(244,943)
Depreciation and amortisation expense	3	(13,051)	(10,856)
Bad and doubtful debts expense	3	(99)	(158)
Other expenses		<u>(156,483)</u>	<u>(162,520)</u>
Operating profit/(loss) before charitable donations & sponsorships		132,452	194,624
Charitable donations and sponsorships		<u>(98,062)</u>	<u>(151,140)</u>
Profit/(loss) before income tax expense		34,390	43,484
Tax expense / (benefit)	4	<u>15,901</u>	<u>17,056</u>
Profit/(loss) for the year		18,489	26,428
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income		<u>18,489</u>	<u>26,428</u>
Profit/(loss) attributable to:			
Members of the company		<u>-</u>	<u>-</u>
Total		<u>18,489</u>	<u>26,428</u>
Earnings per share (cents per share)			
- basic for profit / (loss) for the year	21	6.91	9.88
- diluted for profit / (loss) for the year	21	6.91	9.88

Financial Statements continued

STATEMENT OF FINANCIAL POSITION

	<u>Notes</u>	2013 \$	2012 \$
Assets			
Current Assets			
Cash and cash equivalents	6	122,740	108,037
Trade and other receivables	7	46,824	60,828
Other financial assets	8	4,709	4,729
Current tax receivable	4	2,264	-
Total Current Assets		<u>176,537</u>	<u>173,594</u>
Non-Current Assets			
Property, plant and equipment	9	221,011	229,712
Other financial assets	8	61,019	57,349
Intangible assets	10	575	2,575
Total Non-Current Assets		<u>282,605</u>	<u>289,636</u>
Total Assets		<u>459,142</u>	<u>463,230</u>
Liabilities			
Current Liabilities			
Trade and other payables	11	12,289	11,388
Current tax liability	4	-	9,851
Provisions	12	70,583	57,451
Total Current Liabilities		<u>82,872</u>	<u>78,690</u>
Total Liabilities		<u>82,872</u>	<u>78,690</u>
Net Assets / (Liabilities)		<u>376,270</u>	<u>384,540</u>
Equity			
Issued capital	13	267,585	267,585
Retained earnings	14	108,685	116,955
Total Equity		<u>376,270</u>	<u>384,540</u>

Financial Statements continued

STATEMENT OF CHANGES IN EQUITY

		Issued Capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2011		267,585	118,623	386,208
Total comprehensive income for the year		-	26,428	26,428
Transactions with owners, in their capacity as owners				
Dividends paid or provided	22	-	(28,096)	(28,096)
Balance at 30 June 2012		267,585	116,955	384,540
Balance at 1 July 2012		267,585	116,955	384,540
Total comprehensive income for the year		-	18,489	18,489
Transactions with owners, in their capacity as owners				
Dividends paid or provided	22	-	(26,759)	(26,759)
Balance at 30 June 2013		267,585	108,685	376,270

Financial Statements continued

STATEMENT OF CASH FLOWS

	<u>Notes</u>	2013 \$	2012 \$
Cash Flows From Operating Activities			
Receipts from clients		615,597	658,380
Payments to suppliers and employees		(557,213)	(610,053)
Dividend revenue received		3,923	3,511
Income tax refund / (paid)		(26,335)	2,055
Interest received		5,307	7,814
Rental Income		6,203	
Net cash flows from/(used in) operating activities	15b	<u>47,482</u>	<u>61,707</u>
Cash Flows From Investing Activities			
Purchase of property, plant & equipment		(2,350)	(1,895)
Payments for investments (shares)		(3,670)	(8,014)
Net cash flows from/(used in) investing activities		<u>(6,020)</u>	<u>(9,909)</u>
Cash Flows From Financing Activities			
Dividends paid		(26,759)	(28,096)
Net cash flows from/(used in) financing activities		<u>(26,759)</u>	<u>(28,096)</u>
Net increase/(decrease) in cash held		14,703	23,702
Cash and cash equivalents at start of year		108,037	84,335
Cash and cash equivalents at end of year	15a	<u><u>122,740</u></u>	<u><u>108,037</u></u>

Notes to the Financial Statements Year ended 30 June 2013

The financial statements and notes represent those of Henty Community Financial Services Ltd.

Henty Community Financial Services Ltd ('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 September 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 (AASB) 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 these 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, where 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.

Notes to the Financial Statements Year ended 30 June 2013

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:

<u>Class of Asset</u>	<u>Depreciation Rate</u>
Plant & equipment	5.00% - 33.33%
Buildings	2.50%

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.

Notes to the Financial Statements Year ended 30 June 2013

1. Summary of significant accounting policies (continued)

(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.

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 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 Profit or 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).

Notes to the Financial Statements Year ended 30 June 2013

1. Summary of significant accounting policies (continued)

(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.

(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.

Notes to the Financial Statements Year ended 30 June 2013

1. Summary of significant accounting policies (continued)

(l) Loans and borrowings

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

(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.

Notes to the Financial Statements Year ended 30 June 2013

1. Summary of significant accounting policies (continued)

(p) Critical accounting estimates and judgements (continued)

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.

(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 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 debtors are 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.

Notes to the Financial Statements Year ended 30 June 2013

1. Summary of significant accounting policies (continued)

(q) Financial instruments (continued)

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	546,206	593,546
	<u>546,206</u>	<u>593,546</u>
Other revenue		
- interest received	5,307	7,814
- dividends received	5,604	5,015
- rental revenue	6,203	6,726
	<u>17,114</u>	<u>19,555</u>
Total Revenue	<u>563,320</u>	<u>613,101</u>
3. Expenses		
Employee benefits expense		
- wages and salaries	227,147	216,935
- superannuation costs	20,956	20,121
- other costs	13,132	7,887
	<u>261,235</u>	<u>244,943</u>
Depreciation of non-current assets:		
- plant and equipment	7,569	5,374
- buildings	3,482	3,482
Amortisation of non-current assets:		
- intangible assets	2,000	2,000
	<u>13,051</u>	<u>10,856</u>
Bad debts	99	158

Notes to the Financial Statements Year ended 30 June 2013

	2013 \$	2012 \$
4. Tax Expense		
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 30% (2012: 30%)	10,317	13,045
Add tax effect of:		
- Non-deductible expenses	5,584	4,011
<i>Current income tax expense</i>	<u>15,901</u>	<u>17,056</u>
Income tax attributable to the entity	<u>15,901</u>	<u>17,056</u>
The applicable weighted average effective tax rate is	46%	39%
<i>Tax Liability</i>		
Current tax liability/(tax benefit)	<u>(2264)</u>	<u>9,851</u>
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
- Share registry services	2,924	2,869
	<u>7,074</u>	<u>6,769</u>
6. Cash and cash equivalents		
Cash at bank and on hand	<u>122,740</u>	<u>108,037</u>
7. Trade and other receivables		
Current		
Cash balance dividend reinvestment plan	4	2
Trade debtors	46,820	55,023
Other assets	-	5,803
	<u>46,824</u>	<u>60,828</u>

Credit risk

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

Notes to the Financial Statements Year ended 30 June 2013

7. Trade and other receivables (continued)

Credit risk (continued)

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.

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

	Gross Amount	Past Due and impaired	Past Due but Not Impaired			Not Past Due
			< 30 days	31-60 days	> 60 days	
2013						
Trade receivables	46,820	-	-	-	-	46,820
Other receivables	4	-	-	-	-	4
Total	46,824	-	-	-	-	46,824
2012						
Trade receivables	55,023	-	-	-	-	55,023
Other receivables	5,805	-	-	-	-	5,805
Total	60,828	-	-	-	-	60,828

	2013 \$	2012 \$
8. Other financial assets		
<i>Current</i>		
Prepayments	4,709	4,729
<i>Non-Current</i>		
Listed shares at cost	56,019	52,349
Unlisted shares at cost	5,000	5,000
	61,019	57,349

Listed shares are readily saleable with no fixed term. There would be no material capital gains tax payable if these assets were sold at reporting date.

Quoted market value at balance date of investments listed on a prescribed stock exchange was \$64,770 (2012: \$44,460).

Notes to the Financial Statements Year ended 30 June 2013

	2013 \$	2012 \$
9. Property, plant and equipment		
<i>Land</i>		
Freehold land at cost	113,468	113,468
<i>Buildings</i>		
At cost	139,265	139,265
Less accumulated depreciation	(46,838)	(43,356)
	92,427	95,909
<i>Plant and equipment</i>		
At cost	87,270	84,920
Less accumulated depreciation	(72,154)	(64,585)
	15,116	20,335
Total written down amount	221,011	229,712

Movements in carrying amounts

<i>Land</i>		
Balance at the beginning of the reporting period	113,468	113,468
Additions	-	-
Balance at the end of the reporting period	113,468	113,468
<i>Buildings</i>		
Balance at the beginning of the reporting period	95,909	99,391
Additions	-	-
Disposals	-	-
Depreciation expense	(3,482)	(3,482)
Balance at the end of the reporting period	92,427	95,909
<i>Plant and equipment</i>		
Balance at the beginning of the reporting period	20,335	23,814
Additions	2,350	1,895
Disposals	-	-
Depreciation expense	(7,569)	(5,374)
Balance at the end of the reporting period	15,116	20,335

10. Intangible assets

<i>Establishment costs</i>		
At cost	77,200	77,200
Less accumulated amortisation	(76,625)	(74,625)
	575	2,575

Movements in carrying amounts

<i>Establishment costs</i>		
Balance at the beginning of the reporting period	2,575	4,575
Additions	-	-
Disposals	-	-
Amortisation expense	(2,000)	(2,000)
Balance at the end of the reporting period	575	2,575

Notes to the Financial Statements Year ended 30 June 2013

11. Trade and other payables

	2013	2012
	\$	\$
Current		
Unsecured liabilities:		
Trade creditors	12,289	11,388

12. Provisions

Employee benefits	70,583	57,451
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Movement in employee benefits

Opening balance	57,451	49,564
Additional provisions recognised	13,132	7,887
Amounts utilised during the year	-	-
Closing balance	70,583	57,451

Current

Annual Leave	24,786	57,451
Long-service leave	45,797	-
Total provisions	70,583	57,451

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.

	2013	2012
	\$	\$
13. Share capital		
267585 Ordinary Shares fully paid of \$1 each	267,585	267,585
Less: Equity raising costs	-	-
	<u>267,585</u>	<u>267,585</u>

Movements in share capital

Fully paid ordinary shares:		
At the beginning of the reporting period	267,585	267,585
Shares issued during the year	-	-
At the end of the reporting period	<u>267,585</u>	<u>267,585</u>

Notes to the Financial Statements Year ended 30 June 2013

13. Share capital (continued)

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.

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%.

Capital management

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 Comprehensive Income.

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

	2013 \$	2012 \$
14. Retained earnings		
Balance at the beginning of the reporting period	116,955	118,623
Profit after income tax	18,489	26,428
Dividends paid	(26,759)	(28,096)
Balance at the end of the reporting period	<u>108,685</u>	<u>116,955</u>

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

As per the statement of financial position	122,740	108,037
As per the statement of cash flow	<u>122,740</u>	<u>108,037</u>

Notes to the Financial Statements Year ended 30 June 2013

15. Statement of cash flows (continued)

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

Profit / (loss) after income tax	18,489	26,428
Non cash items		
- Depreciation	11,051	8,856
- Amortisation	2,000	2,000
Changes in assets and liabilities		
- (Increase) decrease in receivables	14,024	(1,137)
- Increase (decrease) in tax payable / refundable	(12,115)	17,607
- Increase (decrease) in payables	901	66
- Increase (decrease) in provisions	13,132	7,887
Net cash flows from/(used in) operating activities	<u>47,482</u>	<u>61,707</u>

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.

(d) Key management personnel shareholdings

The number of ordinary shares in Henty Community Financial Services Limited held by each key management personnel of the company during the financial year is as follows:

	2013	2012
Hugh Thomas Clancy	1,150	1,150
John Bruce Ellis	1,000	1,000
Naomi Louise Toogood	100	100
Graham Charles Booth	-	-
David Carter	500	500
Helen Margaret McRorie	100	100
Alison Campbell	9,000	9,000

Notes to the Financial Statements Year ended 30 June 2013

16. Related party transactions (continued)

There was no movement in key management personnel shareholdings during the year. 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 Henty, New South Wales. The company has a franchise agreement in place with Bendigo & Adelaide Bank Limited who account for 100% of the revenue (2012: 100%).

20. Company details

The registered office & principle place of business is 8 Sladen Street, Henty NSW 2658

21. Earnings per share

2013	2012
\$	\$

Basic earnings per share amounts are calculated by dividing profit 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 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 after income tax expense	<u>18,489</u>	<u>26,428</u>
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>267,585</u>	<u>267,585</u>

22. Dividends paid or provided for on ordinary shares

(a) Dividends paid during the year

Franked dividends - 10 cents per share (2012: 10.5 cents per share)	<u>26,759</u>	<u>28,096</u>
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Notes to the Financial Statements Year ended 30 June 2013

(b) 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	174,591	158,043
- Franking credits that will arise from the payment / (refund) of income tax payable as at the end of the financial year	(2,263)	9,852
	<u>172,328</u>	<u>167,895</u>

The tax rate at which dividends have been franked is 30% (2012: 30%).

Notes to the Financial Statements Year ended 30 June 2013

23. Financial risk management

The company's financial instruments consist mainly of deposits with banks, account receivables and payables. 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	122740	108037
Trade and other receivables	7	46824	60828
Total Financial Assets		<u>169564</u>	<u>168865</u>
Financial Liabilities			
Trade and other payables	11	12289	11388
Total Financial Liabilities		<u>12289</u>	<u>11388</u>

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. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

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.

Notes to the Financial Statements Year ended 30 June 2013

(a) Credit Risk (continued)

	2013 \$	2012 \$
Cash and cash equivalents:		
A rated	<u>122,740</u>	<u>108,037</u>

(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.

In addition the company has established an overdraft facility of \$0 with Bendigo & Adelaide Bank Limited.

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	11	12,289	12,289	-	-
Total expected outflows		<u>12,289</u>	<u>12,289</u>	<u>-</u>	<u>-</u>
Financial Assets - realisable					
Cash & cash equivalents	6	122,740	122,740	-	-
Trade and other receivables	7	46,824	46,824	-	-
Total anticipated inflows		<u>169,564</u>	<u>169,564</u>	<u>-</u>	<u>-</u>
Net (Outflow)/Inflow on financial instruments		<u>157,275</u>	<u>157,275</u>	<u>-</u>	<u>-</u>
30 June 2012		Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
Financial Liabilities due					
Trade and other payables	11	11,388	11,388	-	-
Total expected outflows		<u>11,388</u>	<u>11,388</u>	<u>-</u>	<u>-</u>
Financial Assets - realisable					
Cash & cash equivalents	6	108,037	108,037	-	-
Trade and other receivables	7	60,828	60,828	-	-
Total anticipated inflows		<u>168,865</u>	<u>168,865</u>	<u>-</u>	<u>-</u>
Net (Outflow)/Inflow on financial instruments		<u>157,477</u>	<u>157,477</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements Year ended 30 June 2013

(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)	2.21%	3.32%

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)	1,227	1,227
	<u>1,227</u>	<u>1,227</u>
Year ended 30 June 2012		
+/- 1% in interest rates (interest income)	1,080	1,080
	<u>1,080</u>	<u>1,080</u>

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.

Director's Declaration

for the year ending 30 June 2013

In accordance with a resolution of the directors of Henty 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 11 to 32 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.

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



John Bruce Ellis
Director

Signed at Henty on 26 September 2013.

Audit Review



**Richmond
Sinnott &
Delahunty**
Chartered Accountants

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Bendigo, Victoria
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www.rsdadvisors.com.au

26 September 2013

The Directors
Henty Community Financial Services Limited
8 Sladen Street
HENTY NSW 2658

Dear Directors

We have now completed our review of the financial report of Henty Community Financial Services Limited for year ended 30 June 2013. Subject to the Board of Directors adopting the financial report, we are in a position to issue an unqualified audit opinion on the company's financial report.

1. Overview of Audit Approach

Our audit was designed in accordance with Australian Auditing Standards (AUS), which provides for reasonable, rather than absolute, assurance that the financial report is free of material misstatement. The nature and scope of the audit work performed was designed to achieve our primary goal of supporting the audit opinion on the financial report.

2. Operations

2.1 Statement of Profit or Loss

	30 June 2013	30 June 2012
	\$	\$
Revenue from ordinary activities	563,320	613,101
Salaries & employee benefits expense	(261,235)	(244,943)
Depreciation and amortisation expenses	(13,051)	(10,856)
Bad and doubtful debts expense	(99)	(158)
Administration and other expenses	(156,483)	(162,520)
Operating profit before charitable donations & sponsorship	132,452	194,624
Charitable donations & sponsorship	(98,062)	(151,140)
Profit before income tax expense	34,390	43,484
Income tax expense	(15,901)	(17,056)
Profit after income tax	18,489	26,428

Audit Review continued

2.2 Statement of Financial Position

	30 June 2013	30 June 2012
	\$	\$
Current assets	176,537	173,594
Non current assets	282,605	289,636
Total assets	459,142	463,230
Total liabilities	82,872	78,690
Shareholder's equity	376,270	384,540

3. Auditing/Accounting Issues

Our audit did not highlight any significant issues.

4. Summary of Audit Differences

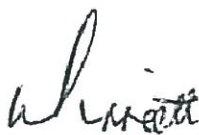
There are no material audit differences that have not been included in the financial report for Henty Community Financial Services Limited.

5. Other Matters

Our work is not primarily directed towards the discovery of weaknesses or the detection of fraud or other irregularities, other than those that would influence us in forming our audit opinion.

Should you have any queries in relation to any other matters please do not hesitate to contact us.

Yours sincerely



Warren Sinnott
Partner

Independent Audit Report



**Richmond
Sinnott &
Delahunty**
Chartered Accountants

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF HENTY COMMUNITY FINANCIAL SERVICES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Henty 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.

Director's 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 is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard ANSB 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 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.

Independent Audit Report continued

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Henty 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 Henty 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
Chartered Accountants



W. J. Sinnott
Partner

Dated at Bendigo, 26 September 2013

Audit Reply

Henty
Community Financial Services Limited



26 September 2013

Richmond Sinnott & Delahunty
PO Box 30
BENDIGO VIC 3552

RE: HENTY COMMUNITY FINANCIAL SERVICES LIMITED AUDIT

Dear Sirs

Pursuant to your request in and connection with your audit of Henty Community Financial Services Limited ('the Company') for the year ended 30 June 2013, we submit the following representations after making appropriate enquiries and according to the best of our knowledge and belief.

General

1. All financial records and related data have been made available for inspection. All material transactions have been properly recorded in the accounting records underlying the financial statements.
2. There have been no irregularities involving management or employees that could have an effect on the financial statements.
3. Except as disclosed to you there have been no:
 - Violations or possible violations of laws or regulations, the effects of which should be considered for disclosure in the financial report or as a basis for recording a contingent loss; or
 - Communications from regulatory authorities concerning non-compliance with, or deficiencies in, financial reporting practices.
4. We have established and maintained an adequate internal control structure to facilitate the preparation of reliable financial statements.
5. We have no plans or intentions that may materially affect the carrying values, or classifications of assets and liabilities.

Assets

6. There were no deficiencies or encumbrances attaching to the title of the assets of the Company at balance date other than those reflected in the financial statements.

Audit Reply continued

Liabilities

7. All liabilities which have arisen out of the activities of the Company to the end of the financial year have been included in the financial report.
8. There are no contractual commitments for capital expenditure at balance date not included in the financial statements.
9. There are no contingent liabilities, including guarantees, at balance date, which are not disclosed in the financial statements or the notes thereto.

Other

10. No events have occurred subsequent to balance date, which would require adjustments to, or disclosure in the financial statements.
11. The Board has completed budgets and cashflow projections for the coming year and is satisfied that the Company will continue as a going concern.
12. Other than as detailed in the financial statements, the Company is not aware of any breach or non-compliance with the terms of any contractual arrangements, however caused, which could initiate claims on the Company and which would have a material effect on the financial statements.
13. The minutes of the Directors Meetings made available to you are a complete and authentic record of all meetings since 1 July 2012 to 30 June 2013.
14. All related party transactions (including number of shares held by Directors at 30 June 2013 and 30 June 2012) and related amounts receivable and payable have been properly recorded and disclosed in the financial statements.

We understand that your examination was made in accordance with Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an opinion on the Company's financial statements and that your tests of the financial records and other auditing procedures were limited to those which you considered necessary for that purpose.

For and on behalf of the Board



John Bruce Ellis
Director

All correspondence addressed to:
Henty Community Financial Services Limited
8 Sladen Street, Henty, NSW 2658
Henty Community Financial Services Limited ACN 084 864 835
Franchisee of Bendigo Bank Limited, Fountain Court, Bendigo, VIC 3550
ABN 11 068 049 178. AFSL No. 237 879.

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Proxy Form

Henty Community Financial Services Limited

(Mark boxes with an X as shown ☒)

A.B.N. 20 084 864 835

I/We
(Print Name)

.....
(Signature)

being a registered shareholder of
Henty Community Financial Services Limited
hereby appoint:

☐ The Chairperson of the meeting

OR

☐
Name of Proxy

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Notice of nomination of person for election as Director

1. Nomination

I, _____ (full name), of
_____ (address)

State that I am a shareholder of Henty Community Financial Services Limited, and nominate the following person to stand for election as a Director of Henty Community Financial Services Limited at the Annual General Meeting on 12 November 2013.

I, _____ (full name), of
_____ (address)
_____ (signature of shareholder) ____/____/____
(date)

2. Consent

I, _____ (full name), of
_____ (address)

accept the nomination to stand for election as a Director of Henty Community Financial Services Limited and confirm the following information is correct and consent to its disclosure as set out below. I also agree to comply with the procedures for a Victorian National Police Records Check.

2.1 Information to be provided to Australian Securities and Investments Commission if elected

Given and family name: (as set out above) _____

All former given and family names: _____

Date and place of birth: _____

Residential Address: _____

2.2 Information that may be included in Henty Community Financial Services Limited Notice of Meeting

Skills and experience: _____

Qualifications: _____

_____ (signature of nominee) ____/____/____
(date)

This notice must be lodged at the Registered Office of Henty Community Financial Services Limited at 8 Sladen Street, Henty NSW 2658 no later than 15 business days before the Annual General Meeting, and no earlier than 60 business days before the Annual General Meeting.

The Annual General Meeting is to be held on 12 November 2013.

NOTE: A person nominated for election to the Board **must** undergo a Victoria Police "National Police Records Check" before being eligible for appointment or election to the Board.

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Henty and District Community Bank® Branch
8 Sladen Street, Henty, NSW 2658
Phone: (02) 6929 3683 Fax: (02) 6929 3687

Franchisee: Henty Community Financial Services Limited
8 Sladen Street, Henty, NSW 2658
Phone: (02) 6929 3683 Fax: (02) 6929 3687
ABN 20 084 864 835

www.bendigobank.com.au Bendigo Bank Limited, Fountain Court, Bendigo, VIC 3550
ABN 11 068 049 178 AFSL 237879
(Henty ImageTech Oct 2013)

