KULIN COMMUNITY FINANCIAL SERVICES LIMITED

ABN 49 088 885 438

Financial report for the year ended 30 June 2013

C O N T E N T S

This is annexure A of _____ pages referred to in Form 388: Copy of financial statements and reports

Director

Dated this 28th *day of September 2013*

KULIN COMMUNITY FINANCIAL SERVICES LIMITED

ABN 49 088 885 438

Financial report for the year ended 30 June 2013

DIRECTORS' REPORT

Your Directors present their report, together with the financial statements of the Company for the financial year ended 30 June 2013.

Directors

The names of Directors in office at any time during or since the end of the year are:

Derek Harvey Young

Position:	Chairperson
Occupation:	Self-employed Farmer
Background Information:	Farmer for twenty eight years
Interest in shares and options:	1,500 shares (direct)

Robin James McInnes

Position:	Non-Executive Director
Occupation:	Retired
Background Information:	Employed by the Water Corporation for thirty three years
Interest in shares and options:	7,501 shares (direct), 7,100 shares (indirect)

Gregory Hadlow

Position:	Non-Executive Director
Occupation:	Chief Executive Officer – Shire of Kulin
Background Information:	Employed by Western Australian Local Government for thirty five years
Interest in shares and options:	601 shares (direct), 400 shares (indirect)

John Colin Bennier

Position:	Non-Executive Director
Occupation:	Self-employed Farmer
Background Information:	Farmer for forty seven years
Interest in shares and options:	2,000 shares (direct), 610 shares (indirect)

Graeme John Robertson

Position:	Non-Executive Director
Occupation:	Self employed farmer for thirty six years
Background Information:	Inaugural Chairperson for Kulin Community Financial Services commenced 1999 - 2005
Interest in shares and options:	5,001 shares (direct), 1,000 shares (indirect)

Henry John Hodgson

Position:	Non-Executive Director
Occupation:	Self employed farmer
Background Information:	Farmer for four years
Interest in shares and options:	1,500 shares (direct), 1,500 shares (indirect)

Brad Smoker

Position:	Non-Executive Director
Occupation:	Farmer
Background Information:	Farming background
Interest in shares and options:	Nil

Company Secretary

J McInnes

Directors meetings attended

During the financial year, 11 meetings of directors (including committees of directors) were held. Attendances by each Director during the year were as follows:

Names of Directors	Directors' Meetings	
	Number eligible to attend	Number attended
John Colin Bennier	11	10
Gregory Hadlow	11	9
Robin James McInnes	11	9
Graeme John Robertson	11	10
Derek Harvey Young	11	11
Henry John Hodgson	11	8
Brad Smoker	11	10

KULIN COMMUNITY FINANCIAL SERVICES LIMITED

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Financial report for the year ended 30 June 2013

Principal activity and review of operations

The principal activity and focus of the Company's operations during the year was the operation of a Branch of Bendigo and Adelaide Bank Ltd, pursuant to a franchise agreement.

Operating results

The profit of the Company after providing for income tax amounted to $23,239.

Dividends paid or recommended

The Company proposed a dividend of $Nil during the year, for payment in the subsequent year.

Financial position

The net assets of the Company have increased from $286,325 as at 30 June 2012 to $ 309,564 as at 30 June 2013, which is an improvement on prior year due to the improved operating performance of the Company.

The directors believe the Company is in a stable financial position.

Significant changes in state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the financial year under review, not otherwise disclosed in these financial statements.

After balance date events

No matters or circumstances have arisen since the end of the financial year that significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Future developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Options

No options over issued shares or interests in the Company were granted to Directors or Executives during or since the end of the financial year and there were no options outstanding at the date of this report.

The Directors and Executive do not own any options over issued shares or interests in the Company at the date of this report.

Indemnifying officers or auditor

Indemnities have been given, during and since the end of the financial year, for any persons who are or have been a Director or an officer, but not an auditor, of the Company. The insurance contract prohibits disclosure of any details of the cover.

Environmental issues

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth, State or Territory.

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.

Corporate governance

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

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

The Company has not appointed a separate audit committee due to the size and nature of operations. The normal functions and responsibilities of an audit committee have been assumed by the Board.

Non-audit services

The Board is 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 below did not compromise the external auditor's independence for the following reasons:

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

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2013:

Taxation services:	$5,950

KULIN COMMUNITY FINANCIAL SERVICES LIMITED

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Financial report for the year ended 30 June 2013

Auditor's Independence Declaration

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* for the year ended 30 June 2013 is included within the financial statements.

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

Director

Dated this 28th day of September 2013

RSM Bird Cameron Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Kulin Community Financial Services Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

RSM Bird Cameron Partners.

RSM BIRD CAMERON PARTNERS

D J WALL
Partner

Perth, WA
Dated 28 September 2013

KULIN COMMUNITY FINANCIAL SERVICES LIMITED

ABN 49 088 885 438

Financial report for the year ended 30 June 2013

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 $	2012 $
Revenue	2	500,073	511,839
Employee benefits expense		(288,906)	(289,525)
Depreciation and amortisation expense		(10,019)	(8,230)
Other expenses	3	(167,950)	(189,369)
Profit before income tax		33,198	24,715
Income tax expense	4	(9,959)	(5,131)
Profit for the year		**23,239**	**19,584**
Other comprehensive income		-	-
Total comprehensive income for the year attributable to members		**23,239**	**19,584**

The accompanying notes form part of these financial statements

KULIN COMMUNITY FINANCIAL SERVICES LIMITED

ABN 49 088 885 438

Financial report for the year ended 30 June 2013

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	2013 $	2012 $
CURRENT ASSETS			
Cash and cash equivalents	6	150,618	123,320
Trade and other receivables	7	41,685	64,650
Current tax receivable	22	2,252	6,529
Other current assets	8	4,387	821
TOTAL CURRENT ASSETS		198,942	195,320
NON-CURRENT ASSETS			
Receivables	7	100,000	80,000
Plant and equipment	9	52,653	47,928
Intangible assets	10	2,581	4,581
Deferred tax asset	22	11,450	11,109
Other non current assets	8	200	200
TOTAL NON-CURRENT ASSETS		166,884	143,818
TOTAL ASSETS		**365,826**	**339,138**
CURRENT LIABILITIES			
Trade and other payables	11	22,266	23,151
Short-term provisions	12	25,578	22,712
TOTAL CURRENT LIABILITIES		47,844	45,863
NON-CURRENT LIABILITIES			
Long-term provisions	12	8,418	6,950
TOTAL NON-CURRENT LIABILITIES		8,418	6,950
TOTAL LIABILITIES		**56,262**	**52,813**
NET ASSETS		**309,564**	**286,325**
EQUITY			
Issued capital	13	322,663	322,663
Accumulated losses		(13,099)	(36,338)
TOTAL EQUITY		**309,564**	**286,325**

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Issued Capital	Accumulated Losses	Total
	$	$	$
Balance at 1 July 2011	322,663	(55,922)	266,741
Total comprehensive income for the year	-	19,584	19,584
Subtotal	322,663	(36,338)	286,325
Dividends paid or provided for	-	-	-
Balance at 30 June 2012	**322,663**	**(36,338)**	**286,325**
Balance at 1 July 2012	322,663	(36,338)	286,325
Total comprehensive income for the year	-	23,239	23,239
Subtotal	322,663	(13,099)	309,564
Dividends paid or provided for	-	-	-
Balance at 30 June 2013	**322,663**	**(13,099)**	**309,564**

The accompanying notes form part of these financial statements

KULIN COMMUNITY FINANCIAL SERVICES LIMITED

ABN 49 088 885 438

Financial report for the year ended 30 June 2013

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013	2012
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		498,642	517,051
Payments to suppliers and employees		(456,972)	(477,760)
Interest received		3,977	3,787
Interest paid		-	(38)
Income tax paid		(5,605)	(36,884)
Net cash provided by operating activities	14	40,042	6,156
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(12,744)	(12,721)
Net cash used in investing activities		(12,744)	(12,721)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		-	-
Net cash used in financing activities		-	-
Net decrease in cash held		27,298	(6,565)
Cash and cash equivalents at beginning of financial year		123,320	129,885
Cash and cash equivalents at end of financial year	6	**150,618**	**123,320**

The accompanying notes form part of these financial statements

1. Statement of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the Company as an individual entity. The Company is a public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board (AASB) has concluded would result in a financial report 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. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Plant and equipment

Plant and equipment are measured on the cost basis.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	*Depreciation Rate*
Plant and equipment	10% - 20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

(c) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(d) Financial instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value 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.

Classification and Subsequent Measurement

i. Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii. 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 using the effective interest rate method.

iii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

v. Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

The Company does not hold any derivative instruments.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Financial Guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the Company gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The Company has not issued any financial guarantees.

(e) Impairment of assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Intangibles

Franchise fee

The franchise fee paid by the Company pursuant to a Franchise Agreement with Bendigo Bank is being amortised over the initial five (5) years period of the agreement, being the period of expected economic benefits of the franchise fee.

(g) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. 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, plus related on-costs. 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.

(h) Provisions

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

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(j) Revenue and other income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

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

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(l) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Comparative figures

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

(n) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial report 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.

Key estimates — Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of intangibles for the year ended 30 June 2013. Should the projected turnover figures be materially outside of budgeted figures incorporated in value-in-use calculations, an impairment loss would be recognised up to the maximum carrying value of intangibles at 30 June 2013 amounting to $2,581.

(o) New Accounting Standards for Application in Future Periods

At the date of this financial report the following standards, which may impact the Company in the period of initial application, have been issued but are not yet effective:

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
AASB 9	*AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and 2012-6 Amendments to Australian Accounting Standards arising from AASB 9*	This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2015 and completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch.	1 January 2015	The entity will adopt this standard from 1 July 2015 but there is no expected impact on the entity.
AASB 119	*AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)*	This revised standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments make changes to the accounting for defined benefit plans and the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. The later will require annual leave that is not expected to be wholly settled within 12 months to be discounted allowing for expected salary levels in the future period when the leave is expected to be taken.	1 January 2013	The adoption of the revised standard from 1 July 2013 is not expected to have a material impact on the entity.

The Company has decided against early adoption of these standards.

(p) Authorisation for financial report

The Financial report was authorised for issue on 28 September 2013 by the Board of Directors.

		2013 $	2012 $
2.	**Revenue**		
	Franchise margin income	496,096	509,177
	Interest revenue	3,977	2,662
		500,073	**511,839**
3.	**Expenses**		
	Advertising and marketing	12,492	41,896
	ATM leasing and running costs	8,674	9,393
	Bad debts	397	521
	Community sponsorship and donations	12,363	4,698
	Freight and postage	14,215	13,392
	Insurance	12,042	9,199
	IT leasing and running costs	18,103	21,410
	Motor vehicle costs	20,232	14,366
	Occupancy running costs	13,347	14,523
	Printing and stationery	9,501	8,660
	Rental on operating lease	12,273	12,000
	Other operating expenses	34,311	39,311
		167,950	**189,369**
	Remuneration of the auditors of the Company		
	Audit services	8,000	7,500
	Other services	5,950	7,050
		13,950	**14,550**

	2013 $	2012 $
4. Income tax expense		
a. The components of tax expense comprise:		
Current tax	10,300	8,829
Deferred tax (Note 22)	(341)	(3,698)
	9,959	**5,131**
b. The prima facie tax on profit before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit before income tax at 30% (2012: 30%)	9,959	7,415
Add:		
Tax effect of:		
— non-deductible depreciation and amortisation	-	982
— other non-allowable items	-	(3,266)
Income tax attributable to the Company	**9,959**	**5,131**

5. Key management personnel compensation

a. Names and positions

Name	*Position*
Derek Harvey Young	Chairperson
Robin James McInnes	Non-Executive Director
Brad Smoker	Director
Gregory Hadlow	Non-Executive Director
John Colin Bennier	Non-Executive Director
Graeme John Robertson	Non-Executive Director
Henry John Hodgson	Non-Executive Director

No Director of the company receives remuneration for services as a Company Director.

b. Options provided as remuneration and shares issued on exercise of such options

No options were provided as remuneration or shares issued on exercise of options.

c. Option holdings

No options over ordinary shares in the Company are held by any Director of the Company or other key management personnel, including their personally related parties.

d. Shareholdings

Number of ordinary shares held by key management personnel.

2013

	Ordinary Shares			
Directors	*Balance at beginning of period*	*Purchased during the period*	*Other changes*	*Balance at end of period*
Derek Harvey Young	1,500	-	-	1,500
Robin James McInnes	9,601	5,000	-	14,601
Gregory Hadlow	1,001	-	-	1,001
John Colin Bennier	2,610	-	-	2,610
Graeme Robertson	6,001	-	-	6,001
Henry John Hodgson	3,000	-	-	3,000
Brad Smoker	-	-	-	-
	23,713	**5,000**	**-**	**28,713**

	2013 $	**2012 $**
6. Cash and cash equivalents		
Cash at bank and in hand	**150,618**	**123,320**
Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	**150,618**	**123,320**

		2013	2012
7.	**Trade and other receivables**	**$**	**$**
	Current		
	Trade debtors	38,910	41,292
	Accrued Interest	973	1,138
	Loan receivable	-	20,000
	Tax refundable	1,802	2,220
		41,685	**64,650**
	Non Current		
	Loan receivable	**100,000**	**80,000**

a. Provision For Impairment of Receivables

Current trade and term receivables are non-interest bearing loans and generally on 30-day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is an objective evidence that an individual trade or term receivable is impaired. These amounts have been included in the other expenses item.

There is no provision for impairment of receivables.

		2013	2012
		$	**$**
8.	**Other assets**		
	Current		
	Prepayments	**4,387**	**821**
	Non current		
	Shares in Bendigo Bank	**200**	**200**

	2013	2012
	$	$
9. Plant and equipment		
Fittings and Equipment		
Cost	78,381	81,325
Accumulated depreciation	(45,856)	(42,864)
	32,525	**38,461**
Leasehold Improvements		
Cost	46,241	33,497
Accumulated depreciation	(26,113)	(24,030)
	20,128	**9,467**
Total Property, Plant & Equipment	**52,653**	**47,928**

Reconciliation of the carrying value for each class of plant and equipment are set out below:

	2013	2012
Fittings and Equipment		
Balance at the beginning of the year	38,460	30,691
Additions	-	12,722
Depreciation expense	(5,935)	(4,952)
Carrying amount at the end of the year	**32,525**	**38,461**
Leasehold Improvements		
Balance at the beginning of the year	9,467	10,747
Additions	12,744	-
Depreciation expense	(2,083)	(1,280)
Carrying amount at the end of the year	**20,128**	**9,467**

		2013	2012
		$	$
10.	**Intangible assets**		
	Franchise fee		
	Cost	10,000	10,000
	Accumulated amortisation	(7,149)	(5,149)
		2,581	**4,581**

Pursuant to a five year franchise agreement with Bendigo and Adelaide Bank Ltd, the Company operates a branch of Bendigo and Adelaide Bank Ltd, providing a core range of banking products and services.

		2013	2012
11.	**Trade and other payables**		
	Trade creditors and accruals	9,952	11,046
	GST payable	6,786	7,137
	PAYG payable	5,528	4,968
		22,266	**23,151**
12.	**Provisions**		
	Current		
	Provision for employee entitlements	**25,578**	**22,712**
	Non current		
	Provision for employee entitlements	**8,418**	**6,950**
	Number of employees at year end	**4**	**3**
13.	**Equity**		
	328,910 (2012: 328,910) fully paid ordinary shares	328,910	328,910
	Cost of raising equity	(6,247)	(6,247)
		322,663	**322,663**

	2013 $	2012 $

14. Cash flow information

a. Reconciliation of cash flow from operations with profit after tax

	2013 $	2012 $
Profit after tax	23,239	19,584
Depreciation and amortisation	10,019	8,230
Movement in assets and liabilities		
Receivables	2,547	9,000
Other assets	(3,566)	(6,727)
Payables	(885)	3,417
Deferred tax asset	(341)	(3,092)
Provisions	4,334	4,405
Current tax liability	4,695	-
Deferred tax liability	-	(28,661)
Net cash provided by operating activities	**40,042**	**6,156**

b. Credit Standby Arrangement and Loan Facilities

The Company does not operate a bank overdraft facility or have any loan facilities.

15. Related party transactions

The related parties have not entered into a transaction with the Company during the financial years ended 30 June 2012 and 30 June 2013.

16. Leasing commitments

Non cancellable operating lease commitment contracted for but not capitalised in the financial statements

	2013 $	2012 $
Payable		
Not longer than 1 year	12,731	12,000
Longer than 1 year but not longer than 5 years	39,350	48,000
	51,710	**60,000**

	2013 $	2012 $
17. Dividends		
Distributions paid	-	-
a. Balance of franking account at beginning of year for franking credits arising from:	55,762	19,296
- payment of provision for income tax	12,552	36,466
- dividends paid	-	-
Balance of franking account at end of year	**68,314**	**55,762**

18. Financial risk management

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans, bills and leases.

The directors' overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

a. Financial risk management policies

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for Company operations.

The Company does not have any derivative instruments at 30 June 2013.

b. Financial risk exposures and management

The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

i. Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt.

Ii. Liquidity risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

iii. Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

There are no material amounts of collateral held as security at 30 June 2013.

The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

Credit risk is managed reviewed regularly by the Board of Directors. It arises from exposures to customers as well as through deposits with financial institutions.

The Board of Directors monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and
- customers that do not meet the company's strict credit policies may only purchase in cash or using recognised credit cards.

The trade receivables balances at 30 June 2013 and 30 June 2012 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

c. Financial instrument composition and maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the statement of financial position.

2013

		Variable	Fixed			
	Weighted Average Effective Interest Rate	Floating Interest Rate	Within 1 Year	Within 1 to 5 Years	Non Interest Bearing	Total
Financial Assets						
Cash and cash equivalents	0.01%	50,762	-	-	-	50,762
Investments	3.9%	99,856	-	-	-	99,856
Loans and receivables		-	-	-	141,685	141,685
Total Financial Assets		**150,618**	**-**	**-**	**141,685**	**292,303**
Financial Liability		-	-	-	-	-
Trade and other payables		-	-	-	22,266	22,266
Total Financial Liabilities		**-**	**-**	**-**	**22,266**	**22,266**

2012

	Weighted Average Effective Interest Rate	Variable Floating Interest Rate	Fixed Within 1 Year	Fixed Within 1 to 5 Years	Non Interest Bearing	Total
Financial Assets						
Cash and cash equivalents	0.01%	27,603	-	-	-	27,603
Investments	4.9%	95,717	-	-	-	95,717
Loans and receivables		-	-	-	144,650	144,650
Total Financial Assets		**123,320**	**-**	**-**	**144,650**	**267,970**
Financial Liability						
Trade and other payables		-	-	-	23,151	23,151
Total Financial Liabilities		**-**	**-**	**-**	**23,151**	**23,151**

	2013 $	2012 $
Trade and sundry payables are expected to be paid as followed:		
Less than 6 months	**22,266**	**23,151**

d. Net Fair Values

The net fair values of investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the Company intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

Fair values are materially in line with carrying values.

e. Sensitivity Analysis

i. Interest Rate Risk

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

ii. Interest Rate Sensitivity Analysis

At 30 June 2013, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

2013

		-2 %		+ 2%	
	Carrying Amount $	Profit $	Equity $	Profit $	Equity $
Financial Assets					
Cash and cash equivalents	150,618	(3,012)	(3,012)	3,012	3,012

2012

		-2 %		+ 2%	
	Carrying Amount $	Profit $	Equity $	Profit $	Equity $
Financial Assets					
Cash and cash equivalents	123,320	(2,466)	(2,466)	2,466	2,466

19. Operating Segments

Types of products and services by segment

The Company operates in the financial services sector as a branch of Bendigo and Adelaide Bank Ltd in Western Australia.

Major customers

The Company operates under the terms of a franchise agreement with Bendigo and Adelaide Bank Ltd, which accounts for all of the franchise margin income.

20. Events after the balance sheet date

No matters or circumstances have arisen since the end of the financial year that significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

21. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets at the reporting date.

	2013 $	2012 $
22. Tax		
a. Liability		
Current		
Income tax	-	-
b. Assets		
Current tax asset	2,252	6,529
Deferred tax assets comprise:		
Provisions	7,273	8,293
Other	4,177	2,816
	11,450	**11,109**
c. Reconciliations		
i. Gross Movements		
The overall movement in the deferred tax account is as follows:		
Opening balance	11,109	7,411
Statement of comprehensive income	341	3,698
Closing balance	**11,450**	**11,109**
ii. Deferred Tax Assets		
The movement in deferred tax assets for each temporary difference during the year is as follows:		
Provisions		
Opening balance	8,293	4,193
Statement of comprehensive income	(1,020)	4,100
Closing balance	**7,273**	**8,293**
Other		
Opening balance	2,816	3,218
Statement of comprehensive income	1,361	(402)
Closing balance	**4,177**	**2,816**

23. Company details

The registered office and principal place of business of the Company is:

Shop 1, Lot 157 Bull Street

Kulin WA 6365

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the accompanying financial statements and notes are in accordance with the *Corporations Act 2001* and:
   a. comply with Australian Accounting Standards; and
   b. give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the Company;
2. the financial statements and notes thereto also comply with International Financial Reporting Standards, as disclosed in Note 1; and
3. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

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

Director ______________________

Dated this 28th day of September 2013

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

KULIN COUMMUNITY FINANCIAL SERVICES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Kulin Community Financial Services Limited ("the company"), which comprises the statement of financial position as at *30 June 2013*, and the statement of comprehensive income, statement of changes in equity and 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.

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 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.*

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

RSM Bird Cameron Partners

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 Kulin Community Financial Services Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Kulin 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 and the *Corporations Regulations 2001*; and

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

RSM Bird Cameron Partners.

RSM BIRD CAMERON PARTNERS

D J WALL
Partner

Perth, WA
Dated: 3 OCTOBER 2013