



Mt Evelyn & Districts Financial Services Limited

ABN 93 096 782 240

ANNUAL REPORT 2013

Mt Evelyn **Community Bank**[®] Branch
Montrose **Community Bank**[®] Branch

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Chairman's report

For year ending 30 June 2013

As Chairman of your company, Mt Evelyn & Districts Financial Services Ltd, I take great pride in reporting on the 2013 financial year. This is our 11th year of operation and our 12th Annual Report.

Our Values

Mt Evelyn & Districts Financial Services Ltd operates by the following values:

- Commitment to exceed customer expectations
- Products relevant to our respective customers' lifestyles and needs
- Being proud to be a regional and **Community Bank**[®] branch in building long-term relationships with our customers
- Maintaining public trust by always acting in an ethical manner
- Providing convenient access to our services
- Delivering "value" and ensuring equity and fairness in pricing
- Leading and empowering our staff to make a difference
- Contributing to the communities in which we operate

Our Vision

Mt Evelyn & Districts Financial Services Ltd through its **Community Bank**[®] branch operations has continued to provide profits that underpin enterprise and encourage generational, shareholder and community support for banking services which in turn will lead to enhanced community and work environments strengthened by ethical governance.

Our Mission

We have focused on providing a level and breadth of banking services that build confidence and trust, thereby engaging the community to ensure long term sustainability and growth for the business, partnerships, community and shareholders. We have continued to achieve through excellence, equality, integrity, loyalty, respect and trust.

Our current position

The Board is always committed to exemplary company performance and ensuring that our community engagement is strong with tangible outcomes.

The company has delivered an annual net profit of \$158,628 (see enclosed financial statements). This result has been achieved through sound management by Senior Group Manager David Watt and his committed and dedicated staff. The total footings of the business have grown from \$162.071 million as at 30 June 2012 to \$185.2 million as at 30 June 2013. This represents an 8.8% increase. Our account base has grown from 7,200 to 7,365.

A dividend will be paid this year to shareholders.

I think it prudent to mention that the RBA made three .25 basis point rate cuts during this financial year period. This results in margin squeeze for our income and calls for close examination of expenditure and more exploration of business development opportunities.

Chairman's report (continued)

Your Board, in looking at business opportunities to maintain growth of the company, has identified that an opportunity exists to provide Bendigo and Adelaide Bank banking services to the Canterbury Gardens/Kilsyth region.

In keeping with sound corporate governance and under Bendigo and Adelaide Bank's guidance, we have begun a diligent study of the potentiality of opening a third branch for the company. We have undertaken a lease on the vacated NAB site within the shopping complex at Canterbury Gardens Shopping Centre, and have set up a non-transactional Office/Information Centre to ascertain the level of local banking interest and support.

We have identified that the corridor in Canterbury Road from Montrose township through to Dorset Road is not serviced by a retail bank. We see this as an opportunity to bring banking services through the establishment of a **Community Bank**[®] branch, to not only the extensive industrial sector in the Kilsyth region, but also to the highly concentrated residential area as well.

When we have determined if this is a viable expansion for our company we will prepare and provide a full report to you, our shareholders.

In the event that our investigation proves not to be viable, the property lease can be re-assigned to another interested entity with consent from the landlord.

Company Assets

As part of the Lease arrangement for the Montrose **Community Bank**[®] Branch premises, the company committed to purchase the property at the end of the two-year lease term. A settlement transpired on 1 September 2012 for the said property.

Directors

Your Board is in excellent shape to deliver sound corporate governance, monitor risks, meet all fiduciary requirements and protect the shareholders' assets.

We have seen some changes to our Board structure this year with the much regrettable resignation in June of Georgia Donovan, Director and Administration Assistant to the Board. Georgia was a wonderful help to our Company Secretary Margi Sank, assisting with the dissemination of Board documents and general Board related correspondence duties. Georgia was also a constructive advisor to the Board on youth matters. Thank you Georgia for your contribution.

Georgia along with her boyfriend, have set off to see the world on an exciting travel adventure. We wished Georgia safe travelling and our very best for her future endeavours.

I would also like to acknowledge my other fellow Directors, who bring a diverse range of skills to the Board table. Sincere thanks to Company Secretary/Treasurer Margi Sank for her excellent work in overseeing the company's financial and compliance requirements, Deputy Chair Gai Williams for her support and Jan Simmons, Craig Keithley, Gareth Little-Hales and Iain Fraser for their outstanding and constructive contribution.

Being always mindful of succession planning, the Board examines its size regularly to determine whether the number of Directors is appropriate. In this regard, the Board is currently looking for community focused local residents who are interested in being part of something quite unique.

An opportunity exists to join our Board and contribute to the prosperity and sustainability of our wonderful community in which we live.

If you are interested to know more about what is involved, please don't hesitate to call me, Chairman Jill Rule, mobile: 0403 369 774.

Chairman's report (continued)

The branch team

I cannot speak highly enough of our excellent frontline staff. Their service and enthusiasm to our shareholders and customers is exemplary.

Senior Group Manager David Watt has done an outstanding job this year in managing both branch teams, whilst continuing to look for banking business and worthy sponsorship initiatives. In what has been another challenging and difficult banking environment, David has successfully spearheaded some exciting business opportunities which have resulted in our sponsorship of larger scale community projects.

On behalf of the Board, thank you David for your dedication and outstanding efforts that you put into the growth of our company. Your tireless input definitely does not go unnoticed and is very much appreciated.

Branch Manager Leanne Vaytauer is doing a fantastic job in managing the day-to-day operations at Mt Evelyn **Community Bank**[®] Branch. Leanne has also been involved in various community committees and projects throughout the year that has elevated our profile and promoted the branch. Sincere thanks to Leanne for all your hard work, your support to David and wonderful leadership of your team.

I am constantly hearing praise for the friendly way in which our staff attend to our customers. We are very proud of our teams for the personalised service they deliver on a daily basis. Our sincere gratitude and appreciation to Sandra, Kaye, Lynne, Janet, Sue, Sharon, Shirleen and Bernadette. Sincere thanks also go to Kevin, Melissa, Bev and Jan for their support to David and Leanne.

We welcomed Ann Peters back to our Mt Evelyn **Community Bank**[®] Branch as Customer Relationship Officer, in early 2013. Ann has settled back in and is dedicating time each week to develop and increase banking business in the Canterbury Gardens region. Special thanks Ann.

We were also delighted to welcome Customer Service Officer Teresa Orth, who also joined the Mt Evelyn team this year. Thank you Teresa.

Bendigo and Adelaide Bank

Our partner, Bendigo and Adelaide Bank has continued to excel again this year in Australia's world of banking. The Bank continues to remain the most customer connected and focused bank and announced a profit of \$352.3 million for the full-year, which represents an increase of 80.7% on the previous year. This outstanding result has been achieved through the Bank's high ranking of industry leading customer satisfaction and brand advocacy. With the **Community Bank**[®] network in its 15th year; more than \$102 million has been returned to local communities across the network.

Bendigo and Adelaide Bank strives to stay ahead of trend and in recognising the rapid social media movement, has embraced mediums such as Facebook, Twitter and YouTube, and is also shortly to launch an exciting new look website. The bank remains one of the few banks globally to be awarded an upgraded credit rating since the onset of the Global Financial Crisis, being currently rated at A- and is ranked in the ASX Top 60.

I would like to greatly acknowledge the assistance that we receive from our State Support Centre. Area Manager David Tudor, Regional Manager Mark Nolan, and their teams who are great support not only to our branches, but for the Board as well. Their expertise and commitment to assisting us in all of our needs, is very much appreciated.

Special thanks must go to Mark Nolan.

Chairman's report (continued)

Sponsorship and grants

We have continued to look for ways to increase our community engagement with new and exciting initiatives. This year we have sponsored and provided grants to local organizations, clubs, groups and the youth with just over \$262,000. These dollars go to a wide and varied range of extremely worthwhile projects and initiatives. Without our support some of the many organizations would struggle to exist, or simply not be able to do the things that they do. The reciprocal benefits of these relationships are immeasurable. To date our company has contributed in excess of \$1.5 million to the communities of Mt Evelyn, Montrose and surrounds.

You the shareholder are part of this, and it is because you had the vision to join us in this wonderful journey, to make our "community" a better place for our children to inherit.

As part of our sponsorship arrangements, we sponsor many events throughout the year for our partners. This year these initiatives ranged from sporting, awards nights, personal development youth camps, tournaments, community events, business networking functions, charities, service provider groups projects, sponsorship of a school bus, schools and preschools, Rotary Club activities and many, many more.

These are some of the many organisations and clubs we have been delighted to assist this year:-

Sponsorships for 2012/13

Basin Basketball Club	Melba
Basin Community House	Montrose Callisthenics
Basin Football Club Inc	Montrose Cricket Club
Breast Cancer Network Australia	Montrose Football Club
Bridge Builders Youth Organisation	Montrose Soccer Club
Coldstream Cricket Club	Montrose Tennis Club
Coldstream Football Club	Montrose Vikings Basketball
Croydon Cricket Club	Morrison's Inc
Croydon Golf Club	Mount Evelyn Chamber of Commerce Inc
Doongala Riders Club	Mount Evelyn Netball Club
Dorset Golf Club	Mount Evelyn Pony Club
Eastern Volunteers	Mount Evelyn Toy Library
Eastwood Bowls Club	Mt Evelyn Football / Netball Club
Eastwood Golf Club	Mt Evelyn Meteors Basketball
Ghilgai School	Mt Lilydale Old Collegians
Hanover Ride for Home	Rotary Club of Montrose & Districts
iRespect Youth Group	Swinburne Uni Student Prize
Joy Avenue Preschool	Variety The Children's Charity
Kilsyth Basketball Club	Yarra Glen Cricket Club
Kilsyth Cobras	Yarra Glen Football / Netball Club
Lilydale Bowls Club	Yarra Hills Secondary College
Lilydale Football Club Inc	Yarra Ranges Business & Tourism
Lilydale Show	Yarra Valley Mountain District Football/ Netball League
MEEPA	Yarra Valley Umpires Association

Chairman's report (continued)

Community Grants 2013

We are committed again to our Annual Community Grants Program. At the time of writing this report, we are in the process of assessing this year's applications. I must say, we have received a wide range of interesting community projects put forward for funding assistance this year.

Summary

As Chairperson, I thank you our shareholders, for the support and faith that you have shown in your Board of Directors, in allowing us to represent you in overseeing the operations and strategic direction of our company. Make no mistake; the achievements of this company would not be possible without the support and trust provided by our customers, our shareholders and the community at large. This support and trust carries with it considerable responsibility which your Board willingly accepts. We are mindful of our duties to all who contribute to our company.

As shareholders, you are ambassadors of our **Community Bank**[®] branches and the tangible benefits they bring to our communities. We want you to spread the word and to encourage others to support the branches that support your communities. I encourage those shareholders who are not yet banking with Mt Evelyn and Montrose **Community Bank**[®] branches, that you consider doing so.

For those who are already enjoying the **Community Bank**[®] experience, we encourage you to share this with your family and friends.

In closing I would like to say, that your Board of Directors contribute generously of their time to embrace the **Community Bank**[®] philosophy and work cooperatively toward achieving our goals for your company.

We are in a strong financial position

We will continue our community engagement

We are confident of obtaining our objectives throughout 2013/14

We will continue to explore other business expansion opportunities

I look forward to our AGM with shareholders on Thursday 28 November 2013, 7.00pm at Mt Evelyn Christian School Theatre, Hawkins Road, Mt Evelyn (second entrance on left in Hawkins Road).



Jill Rule
Chairman

Senior Manager's report

For year ending 30 June 2013

Mt Evelyn **Community Bank**[®] Branch has now been open for over 10 years. Over that time, your **Community Bank**[®] company, Mt Evelyn & Districts Financial Services Ltd, has consistently met proposed business expansion levels, including the opening of the Montrose **Community Bank**[®] Branch in 2010. Currently the total group business sits at around \$180 million. The community of Mount Evelyn should be proud of the effort that went into creating its own **Community Bank**[®] branch and the way it has supported the branch since the front doors were opened back in May 2002. As a result of that inspiring support, the community of Montrose is now supporting and enjoying the benefits of its own **Community Bank**[®] branch.

I would like to thank Jill Rule and the Board of Directors, our shareholders and the Regional Office Team of the Bendigo and Adelaide Bank led by Regional Manager, Mark Nolan, for their support as our branches move forward into the future.

I cannot speak highly enough of Jill Rule, our Board Chair, whose efforts as Board Chair have produced another outstanding 12 months.

Jill, Gai Williams, Deputy Chair, and Margi Sank, Board Secretary and Treasurer, have combined with Jan Simmons, Georgia Donovan, Craig Keithley, Iain Fraser and Gareth-Little Hales to form a Board of Directors without peer.

I think it would also be remiss to not acknowledge the efforts of Margi Sank whom, along with the role of Company Treasurer also works as the Company Secretary and this massive workload has been completed without fuss and with the highest degree of expertise.

I would also like to acknowledge the efforts of our dedicated branch teams. Leanne, our Mt Evelyn **Community Bank**[®] Branch Manager, and Ann Customer Relationship Manager, at Mount Evelyn **Community Bank**[®] Branch, lead an excellent team. Kevin, our Montrose **Community Bank**[®] Branch Supervisor, and Melissa, our Mount Evelyn **Community Bank**[®] Branch Supervisor, along with Sandra, Lynne, Jan, Susan, Kaye, Janet, Shirleen, Sharon, Bernadette and Teresa keep both branches ticking along on a daily basis and have set an example of service clearly above and beyond the call of duty.

I thank all the team for their dedication to the task at hand, and no less thanks goes to our Senior Lender Bev who continues to work tirelessly behind the scenes assisting myself and Leanne with our more complicated lending files.

In addition, we are currently investigating a potential third site at the Canterbury Gardens Shopping Centre. Once our investigations reach a conclusion our findings will be reported to you, our shareholders.

This is an exciting opportunity as banking services are in demand in the Canterbury Gardens area, but only after an exhaustive assessment will we be ready to make our recommendation.

Our branches continue to work through an exciting time of consolidated steady business growth which will allow the expansion of our Community Sponsorship and our Annual Community Grant Program. We have already returned significant funds back to our community, and will look to increase this over many years to come.

One of the strengths of the **Community Bank**[®] model is the support of our Board of Directors and the shareholders. Please continue to play your part in the growth of your branches by spreading the word about the very personal banking service provided by both your **Community Bank**[®] branches.



David Watt
Senior Manager

Directors' report

For the financial year ended 30 June 2013

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

Directors

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

Name and position held	Qualifications	Experience and other Directorships
<p>Jillian Rule Board member since 2001 Chairman</p>	Dip. Fashion Design Drawing & Drafting	Business owner, now semi-retired. A Steering Committee Member of Mt Evelyn & Districts Community Bank [®] Branch and a prior Vice-Chairperson of the Board. Previously a President of the Mt Evelyn Chamber of Commerce. Proactive in Steering Committee for the establishment of Montrose Community Bank [®] Branch
<p>Margaret Sank Board member since 2001 Treasurer & Company Secretary</p>	CPA, Bachelor of Business	Past Director of a successful Accounting and Business Advisory Practice and over 30 years experience with small to medium sized entities. Significant and continuing leadership roles in various community organisations.
<p>Janette Simmons Board member since 2001 Director</p>	Post Grad. Dip. Community Education	CEO of local community education centre. Original Steering Committee Member. Jan spearheaded the development of the Mt Evelyn Township Strategic Plan and Township Planning Days.
<p>Craig Keithley Board member since 2002 Director</p>	Dip. Frontline Management, Dip. Project Management	Police Officer who has been the Officer in Charge of the Mt Evelyn Police Station since 2001. Has worked both as a uniformed member and detective.
<p>Gareth Little-Hales Board member since 2008 Director</p>	Bachelor of Science, (Honours) Environmental Health, Dip. Business	Environmental Health Officer. Emigrated from the UK in 2002 where he was a Fellow of the Institute of Home Safety. Has served on a number of community boards in UK and Australia. Past president Montrose Township Group and prior Chair of Montrose Community Bank [®] Branch Steering Committee.
<p>Gai Williams Board member since 2009 Director</p>	Bachelor of Pharmacy, M.P.S. A.F.A.I.P.M	Pharmacy owner since 1992. A former Chairperson of the Board of Guardian Pharmacies Australia. Past member of the Montrose Community Bank [®] Branch Steering Committee, and an active member of various community organisations.

Directors' report (continued)

Directors (continued)

Iain Fraser Board member since 2010 Director	Dip. Public Safety (Policing), Cert. International Relations, Cert. Risk Assessment and Emergency Planning	Police Sergeant based in Melbourne CBD. Past member of the Montrose Community Bank [®] Branch Steering Committee, and an active member of various community organisations.
Georgia Donovan Board member since 2011 Director Resigned June 25, 2013	Cert. IV Property Services (Real Estate)	Officer Manager at a local Real Estate business. Has been involved with Rotary Exchange Programs both as a student and a mentor.

Directors were in office for this entire year unless otherwise stated.

No Directors have material interests in contracts or proposed contracts with the company.

Principal activities

The principal activities of the company during the course of the financial year were in providing **Community Bank**[®] services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

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

Review of operations

The profit of the company for the financial year after providing for income tax was \$158,628 (2012: \$162,071), which is a 2.6% decrease as compared with the previous year.

The net assets of the company have increased to \$1,909,297 (2012: \$1,824,171).

Dividends

	Year ended 30 June 2013	
	Cents per share	\$
Dividends paid in the year (final dividend):	2.5	73,502

Significant changes in the state of affairs

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

Events subsequent to reporting date

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 financial years.

Remuneration report

Remuneration policy

The remuneration policy of Mt Evelyn & Districts Financial Services Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives. The Board believe the remuneration policy to be appropriate and effective. The following criteria is applied to determine the remuneration of the Directors, Office Bearers, and Senior Management:

Directors' report (continued)

Remuneration report (continued)

Remuneration policy (continued)

(a) The Board policy for determining the nature and amount of remuneration is as follows:

- i. Attends a minimum of 6 face-to-face Board and/or committee meetings;
- ii. Attends the Annual General Meeting and / or one other **Community Bank**[®] forum; and
- iii. Directors will only receive payments after 6 months of service

(b) The prescribed details in relation to the remuneration of:

- i. Each Director of the company receives \$2,311, and
- ii. Vice-chair to receive \$5,778, Secretary-Treasurer to receive \$22,116 and Chair to receive \$27,641

These amounts are indexed in accordance with staff review increments.

Remuneration benefits and payments

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

Jillian Rule owns the premises situated at Shop 6-17 Wray Crescent, Mt Evelyn. The premises are rented on normal commercial terms as administration offices and Board suite. During the year ended 30 June, 2013 \$18,770 (2012:\$18,039) was paid in relation to this lease.

Director's fees	Primary Benefits Salary & Fees 2013	Primary Benefits Salary & Fees 2012
	\$	\$
Jillian Rule	27,641	27,206
Margaret Sank	22,116	21,220
Janette Simmons	2,311	2,275
Craig Keithley	2,311	2,275
Gareth Little-Hales	2,311	2,275
Gai Williams	5,778	5,687
Iain Fraser	2,311	2,275
Georgia Donovan	2,618	2,100

Directors' report (continued)

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 incurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the company or in or arising out of the discharge of the Officer's duties.

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

Directors' meetings

The number of Directors' meetings held during the year were 10. Attendances by each Director during the year were as follows:

Director	Board meetings#	Audit committee meetings#
Janette Simmons	9 (10)	N/A
Margaret Sank	9 (10)	4 (4)
Craig Keithley	8 (10)	N/A
Jillian Rule	10 (10)	4 (4)
Gareth Little-Hales	6 (10)	N/A
Gai Williams	9 (10)	N/A
Iain Fraser	8 (10)	N/A
Georgia Donovan	8 (10)	3 (4)

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

Your Board in looking at increased business opportunities to maintain growth of the company, has identified that an opportunity exists to provide Bendigo banking services to the Canterbury Gardens/Kilsyth region. In keeping with sound corporate governance and under Bendigo Bank's guidance, we have begun a diligent study of the potential of opening a third branch for the company. We have undertaken a lease on the vacated NAB site within the shopping complex at Canterbury Gardens Shopping Centre, and have set up a non-transactional office/information centre to ascertain the level of local banking interest and support. In the event that our investigation proves not to be viable, the property lease can be re-assigned to another interested entity.

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

Directors' report (continued)

Environmental regulations

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

Proceedings on behalf of company

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

Company Secretary

Margi Sank has been Company Secretary since 2011. She has been a Director of the company since incorporation on May 2001 and held the position of Company Secretary for the company's first two years of operation. Margi has over 30 years of experience in running an accounting practice and has extensive skills in advising small and medium sized enterprises. She holds a Bachelor of Business and is a Certified Practicing Accountant, a Registered Tax Agent and has held membership of other professional and community organisations.

Non audit services

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

- all non audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the Auditor; and
- the nature of the services provided does not compromise the general principles relating to Auditor independence in accordance with APES 110 "Code of Ethics for Professional Accountants" set by the Accounting Professional and Ethical Standards Board.

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 13 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 Mt Evelyn, Victoria on 23 September 2013.



Jill Rule
Director

Auditor's independence declaration



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Auditor's Independence Declaration under section 307C of the Corporations Act 2001 to the Directors of Mt Evelyn & Districts 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


P. P. Delahunty
Partner

Bendigo
Dated at Bendigo, 23 September 2013

Richmond Sinnott & Delahunty
ABN 60 616 244 309
Liability limited by a scheme

Partners:
Warren Sinnott
Cara Hall
Philip Delahunty
Kathie Teasdale

Financial statements

Statement of profit or loss and other comprehensive income for the year ended 30 June 2013

	Notes	2013 \$	2012 \$
Revenue	2	1,809,781	1,720,259
Employee benefits expense	3	(790,687)	(726,055)
Depreciation and amortisation expense	3	(71,477)	(72,277)
Finance costs	3	(4,495)	(21)
Bad and doubtful debts expense	3	(6,147)	(4,842)
Rental expense		(45,351)	-
Other expenses		(402,197)	(419,721)
Operating profit before charitable donations & sponsorships		489,427	497,343
Charitable donations and sponsorships		(262,173)	(264,527)
Profit before income tax expense		227,254	232,816
Tax expense	4	68,626	70,745
Profit for the year		158,628	162,071
Other comprehensive income		-	-
Total comprehensive income		158,628	162,071
Profit attributable to:			
Members of the company		158,628	162,071
Total		158,628	162,071
Earnings per share (cents per share)			
- basic for profit for the year	21	5.40	5.51
- diluted for profit for the year	21	5.40	5.51

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of financial position as at 30 June 2013

	Notes	2013 \$	2012 \$
Assets			
Current assets			
Cash and cash equivalents	6	647,493	1,055,568
Trade and other receivables	7	191,724	191,081
Total current assets		839,217	1,246,649
Non-current assets			
Property, plant and equipment	8	1,146,752	1,030,643
Deferred tax asset	4	26,113	29,723
Intangible assets	9	79,740	112,362
Total non-current assets		1,252,605	1,172,728
Total assets		2,091,822	2,419,377
Liabilities			
Current liabilities			
Trade and other payables	10	78,266	450,952
Current tax payable	4	19,013	47,795
Borrowings	11	1,304	281
Provisions	12	83,942	96,178
Total current liabilities		182,525	595,206
Total liabilities		182,525	595,206
Net assets		1,909,297	1,824,171
Equity			
Issued capital	13	1,527,561	1,527,561
Retained earnings	14	381,736	296,610
Total equity		1,909,297	1,824,171

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of changes in equity for the year ended 30 June 2013

	Notes	Issued Capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2011		1,527,561	178,640	1,706,201
Total comprehensive income for the year		-	162,071	162,071
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	22	-	(44,101)	(44,101)
Balance at 30 June 2012		1,527,561	296,610	1,824,171
Balance at 1 July 2012		1,527,561	296,610	1,824,171
Total comprehensive income for the year		-	158,628	158,628
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	22	-	(73,502)	(73,502)
Balance at 30 June 2013		1,527,561	381,736	1,909,297

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of cash flows for the year ended 30 June 2013

	Notes	2013 \$	2012 \$
Cash flows from operating activities			
Receipts from clients		1,876,777	1,772,211
Payments to suppliers and employees		(1,995,439)	(1,529,027)
Income tax paid		(93,798)	(22,555)
Interest paid		(4,495)	(21)
Interest received		36,323	33,968
Net cash flows from/(used in) operating activities	15b	(180,632)	254,576
Cash flows from investing activities			
Purchase of property, plant & equipment		(154,964)	(4,392)
Payments for intangible assets		-	(57,768)
Net cash flows from/(used in) investing activities		(154,964)	(62,160)
Cash flows from financing activities			
Proceeds from borrowings		1,023	(2,479)
Dividends paid		(73,502)	(44,101)
Net cash flows from/(used in) financing activities		(72,479)	(46,580)
Net increase/(decrease) in cash held		(408,075)	145,836
Cash and cash equivalents at start of year		1,055,568	909,732
Cash and cash equivalents at end of year	15a	647,493	1,055,568

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2013

The financial statements and notes represent those of Mt Evelyn & Districts Financial Services Limited.

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

The financial statements were authorised for issue by the Directors on 23 September 2013.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

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

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

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, 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.

(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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(c) Property, plant and equipment (continued)

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

Class of asset	Depreciation rate
Buildings	2.5%
Building improvements	2.5%
Plant & Equipment	2.5-40%

Impairment

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

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

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

Revaluations

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

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

(d) Impairment of assets

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

(e) Goods and services tax

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(f) Employee benefits

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

(g) Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the Statement of Comprehensive Income.

(h) Cash

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

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

(i) Revenue

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

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

(j) Receivables and payables

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

(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:

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(k) New accounting standards and interpretations not yet adopted (continued)

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

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

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

(ii) AASB 13 Fair Value Measurement (2011)

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

(iii) AASB 119 Employee Benefits (2011)

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

(l) Loans and borrowings

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

(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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(p) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

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

Income tax

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

Impairment

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

(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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(q) Financial instruments (continued)

(i) Loans and receivables

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

(ii) Financial liabilities

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

Impairment

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

Derecognition of financial instruments

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

	2013 \$	2012 \$
Note 2. Revenue and other income		
Revenue		
- services commissions	1,788,076	1,680,244
	1,788,076	1,680,244
Other revenue		
- interest received	21,705	40,015
	21,705	40,015
Total revenue	1,809,781	1,720,259

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 3. Expenses		
Employee benefits expense		
- wages and salaries	697,237	652,227
- superannuation costs	76,755	66,497
- workers compensation	2,216	2,640
- payroll tax	14,385	-
- other costs	94	4,691
	790,687	726,055
Depreciation of non-current assets:		
- buildings	6,159	6,159
- buildings improvements	4,793	4,792
- plant and equipment	27,903	29,543
Amortisation of non-current assets:		
- intangible assets	32,622	31,783
	71,477	72,277
Finance costs:		
- Interest paid	4,495	21
Bad debts	6,147	4,842

Note 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%)	68,176	69,845
Add tax effect of:		
- Origination and reversal of temporary differences	-	(2,577)
- Non-deductible expenses	450	3,477
Current income tax expense	68,626	70,745
Income tax attributable to the entity	68,626	70,745
The applicable weighted average effective tax rate is	30.20%	30.39%

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 4. Tax expense (continued)		
Deferred tax asset		
Future income tax benefits arising from tax losses and timing differences are recognised at reporting date as realisation of the benefit is regarded as probable.	26,113	29,723
Tax liabilities		
Current tax payable	19,013	47,795

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

Note 5. Auditors' remuneration

Remuneration of the Auditor for:

- Audit or review of the financial report	4,433	3,900
- Share registry services	4,012	4,433
	8,445	8,333

Note 6. Cash and cash equivalents

Cash at bank and on hand	647,493	1,055,568
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Note 7. Trade and other receivables

Current

Commission Receivables	161,913	161,550
Rental Bond	15,000	-
Interest receivable	7,493	22,111
Prepayments	7,318	7,420
	191,724	191,081

Credit risk

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

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

Notes to the financial statements (continued)

2013
\$ **2012**
\$

Note 7. Trade and other receivables (continued)

Credit risk (continued)

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	161,913	-	-	-	-	161,913
Other receivables	7,493	-	-	-	-	7,493
Total	169,406	-	-	-	-	169,406
2012						
Trade receivables	161,550	-	-	-	-	161,550
Other receivables	22,111	-	-	-	-	22,111
Total	183,661	-	-	-	-	183,661

2013
\$ **2012**
\$

Note 8. Property, plant and equipment

Land at cost	118,611	118,611
Buildings		
At cost	734,841	706,418
Less accumulated depreciation	(64,153)	(57,994)
	670,688	648,424
Building improvements		
At cost	189,663	189,663
Less accumulated depreciation	(21,797)	(17,004)
	167,866	172,659
Plant and equipment		
At cost	391,094	265,336
Less accumulated depreciation	(201,507)	(174,387)
	189,587	90,949
Total written down amount	1,146,752	1,030,643

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 8. Property, plant and equipment (continued)		
Movements in carrying amounts		
Buildings		
Balance at the beginning of the reporting period	648,424	652,093
Additions	28,423	2,490
Disposals	-	-
Depreciation expense	(6,159)	(6,159)
Balance at the end of the reporting period	670,688	648,424
Movements in carrying amounts		
Building improvements		
Balance at the beginning of the reporting period	172,659	183,451
Additions	-	-
Disposals	-	(6,000)
Depreciation expense	(4,793)	(4,792)
Balance at the end of the reporting period	167,866	172,659
Plant and equipment		
Balance at the beginning of the reporting period	90,949	112,590
Additions	126,541	7,902
Disposals	-	-
Depreciation expense	(27,903)	(29,543)
Balance at the end of the reporting period	189,587	90,949

Note 9. Intangible assets

Preliminary costs

At cost	126,136	126,136
Less accumulated amortisation	(92,759)	(73,691)
	33,377	52,445

Franchise renewal fees

At cost	67,768	67,768
Less accumulated amortisation	(21,405)	(7,851)
	46,363	59,917
Total intangible assets	79,740	112,362

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 9. Intangible assets (continued)		
Movements in carrying amounts		
Preliminary costs		
Balance at the beginning of the reporting period	52,445	71,513
Additions	-	-
Disposals	-	-
Amortisation expense	(19,068)	(19,068)
Balance at the end of the reporting period	33,377	52,445
Franchise renewal fees		
Balance at the beginning of the reporting period	59,917	14,862
Additions	-	57,768
Disposals	-	-
Amortisation expense	(13,554)	(12,713)
Balance at the end of the reporting period	46,363	59,917

Note 10. Trade and other payables

Current

Unsecured liabilities:

Trade creditors	26,055	25,459
Other creditors and accruals	52,211	425,493
	78,266	450,952

Note 11. Borrowings

Current

Bank Loan	1,304	281
	1,304	281

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 12. Provisions		
Employee benefits	83,942	96,178
Movement in employee benefits		
Opening balance	96,178	87,789
Additional provisions recognised	55,490	53,851
Amounts utilised during the year	(67,726)	(45,462)
Closing balance	83,942	96,178
Current		
Employee benefits	83,942	96,178
	83,942	96,178

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.

Any 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 \$
Note 13. Share capital		
2,940,081 Ordinary shares fully paid of \$1 each	1,527,561	1,527,561
Less: Equity raising costs	-	-
	1,527,561	1,527,561
Share capital comprises:		
- 695,010 shares initial capital	695,010	695,010
- 7,500 shares issued for no consideration on incorporation	-	-
- 1,405,020 bonus 2:1 issue of shares in 2009	-	-
- 832,551 shares for additional capital in 2010 for Montrose branch	832,551	832,551
At the end of the reporting period	1,527,561	1,527,561

Notes to the financial statements (continued)

Note 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%.

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

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

	2013	2012
	\$	\$
Note 14. Retained earnings		
Balance at the beginning of the reporting period	296,610	178,640
Dividends payable	(73,502)	(44,101)
Profit after income tax	158,628	162,071
Balance at the end of the reporting period	381,736	296,610

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 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	647,493	1,055,568
less Bank overdraft	-	-
As per the statement of cash flow	647,493	1,055,568
(b) Reconciliation of profit after tax to net cash provided from/(used in) operating activities		
Profit after income tax	158,628	162,071
Non cash items		
- Depreciation	38,855	40,494
- Amortisation	32,622	31,783
Changes in assets and liabilities		
- (Increase) decrease in receivables	(643)	(26,744)
- (Increase) decrease in deferred tax asset	3,610	396
- Increase (decrease) in payables	(372,686)	(9,608)
- Increase (decrease) in payables	(28,782)	47,795
- Increase (decrease) in provisions	(12,236)	8,389
Net cash flows from/(used in) operating activities	(180,632)	254,576

(c) Credit standby arrangement and loan facilities

The company has a bank overdraft and commercial bill facility amounting to \$0 (2012: \$0).

Note 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.

Notes to the financial statements (continued)

Note 16. Related party transactions (continued)

(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.

Jillian Rule owns the premises situated at Shop 6-17 Wray Crescent, Mt Evelyn. The premises are rented on normal commercial terms as administration offices and Board suite. During the year ended 30 June, 2013 \$18,770 (2012:\$18,039) was paid in relation to this lease.

Director's fees	Primary Benefits Salary & Fees 2013 \$	Primary Benefits Salary & Fees 2012 \$
Jillian Rule	27,641	27,206
Margaret Sank	22,116	21,220
Janette Simmons	2,311	2,275
Craig Keithley	2,311	2,275
Gareth Little-Hales	2,311	2,275
Gai Williams	5,778	5,687
Iain Fraser	2,311	2,275
Georgia Donovan (resigned 25 June 2013)	2,618	2,100

(d) Key management personnel shareholdings

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

	2013	2012
Jillian Rule	83,628	83,628
Margaret Sank	25,003	25,003
Janette Simmons	8,690	8,690
Craig Keithley	3,000	3,000
Gareth Little-Hales	1,500	1,500
Gai Williams	26,500	26,500
Iain Fraser	3,500	3,500
Georgia Donovan (resigned 25 June 2013)	-	-

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.

Notes to the financial statements (continued)

Note 16. Related party transactions (continued)

(e) Other key management transactions

There has been no other transactions involving equity instruments other than those described above.

Note 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.

Note 18. Contingent liabilities and assets

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

Note 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 Mt Evelyn, Victoria. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2012: 100%).

Note 20. Company details

The registered office & principle place of business is: 37 Wray Crescent Mt Evelyn VIC 3796.

2013	2012
\$	\$

Note 21. Earnings per share

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	158,628	162,071
Weighted average number of ordinary shares for basic and diluted earnings per share	2,940,081	2,940,081

Notes to the financial statements (continued)

	2013 \$	2012 \$
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Note 22. Dividends paid or provided for on ordinary shares

(a) Dividends provided for during the year

Current year final		
Franked dividend - 2.5 cents per share (2012: 1.5 cents)	73,502	44,101

(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	186,774	124,477
- Franking credits that will arise from the payment / (refund) of income tax payable as at the end of the financial year	19,013	47,795
	205,787	172,272

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

Note 23. Financial risk management

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

	Note	2013 \$	2012 \$
Financial assets			
Cash & cash equivalents	6	647,493	1,055,568
Trade and other receivables	7	191,724	183,661
Total financial assets		839,217	1,239,229
Financial liabilities			
Trade and other payables	10	78,266	450,952
Bank loan	11	1,304	281
Total financial liabilities		79,570	451,233

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.

Notes to the financial statements (continued)

Note 23. Financial risk management (continued)

(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.

	2013 \$	2012 \$
Cash and cash equivalents:		
A rated	647,493	1,055,568

(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.

Notes to the financial statements (continued)

Note 23. Financial risk management (continued)

(b) Liquidity risk (continued)

Financial liability and financial asset maturity analysis:

	Note	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
30 June 2013					
Financial liabilities due					
Trade and other payables	10	78,266	78,266	-	-
Loans and borrowings	11	1,304	1,304	-	-
Total expected outflows		79,570	79,570	-	-
Financial assets - realisable					
Cash & cash equivalents	6	647,493	647,493	-	-
Trade and other receivables	7	191,724	191,724	-	-
Total anticipated inflows		839,217	839,217	-	-
Net (outflow)/inflow financial instruments		759,647	759,647	-	-

	Note	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
30 June 2012					
Financial liabilities due					
Trade and other payables	10	450,952	450,952	-	-
Loans and borrowings	11	281	281	-	-
Total expected outflows		451,233	451,233	-	-
Financial assets - realisable					
Cash & cash equivalents	6	1,055,568	1,055,568	-	-
Trade and other receivables	7	183,661	183,661	-	-
Total anticipated inflows		1,239,229	1,239,229	-	-
Net (outflow)/inflow financial instruments		787,996	787,996	-	-

Notes to the financial statements (continued)

Note 23. Financial risk management (continued)

(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	5.24%	4.60%

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)	6,462	6,462
	6,462	6,462
Year ended 30 June 2012		
+/- 1% in interest rates (interest income)	10,553	10,553
	10,553	10,553

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.

Directors' declaration

In accordance with a resolution of the Directors of Mt Evelyn & Districts Financial Services Limited, the Directors of the company declare that:

- 1 the financial statements and notes of the company as set out on pages 14 to 37 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.



Jill Rule
Director

Signed at Mt Evelyn on 23 September 2013.

Independent audit report



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MT EVELYN & DISTRICTS FINANCIAL SERVICES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Mt Evelyn & Districts Financial Services Limited, which comprises the statement of financial position as at 30 June 2013, the statement of 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 entity comprising the company and the entities it controlled at the year's end.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

Richmond Sinnott & Delahunty
ABN 60 616 244 309

Liability limited by a scheme
approved under Professional
Standards Legislation

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

Independent audit report (continued)

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Mt Evelyn & Districts 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 on the Financial Report

In our opinion:

- (a) the financial report of Mt Evelyn & Districts 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 the International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Accounting Standards.

Auditor's Opinion

In our opinion, the remuneration report of Mt Evelyn & Districts Financial Services Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.

RICHMOND SINNOTT & DELAHUNTY

Chartered Accountants



P. P. Delahunty

Partner

Dated at Bendigo, 23 September 2013

NSX report

Mt Evelyn & Districts Financial Services Limited is a public company incorporated in Australia and listed on the National Stock Exchange of Australia (NSX).

Shareholding

The following table shows the number of shareholders, broken into various categories showing the total number of shares held.

Number of shares held	Number of shareholders	Number of shares held
1 to 1,000	167	113,015
1,001 to 5,000	249	650,250
5,001 to 10,000	62	452,484
10,001 to 100,000	68	1,724,332
100,001 and over	0	-
Total shareholders	546	2,940,081

Equity Securities

Each of the above shareholders are entitled to 1 vote, irrespective of the number of shares held.

There are no substantial shareholders (holding more than 5% of voting rights) as each shareholder is entitled to 1 vote. Normally holding more than 5% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the company.

There are 42 shareholders holding less than a marketable parcel of shares (\$500 in value).

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to \$1 per share. There are no unquoted equity securities.

Ten Largest shareholders

The following table shows the 10 largest shareholders.

Shareholder	Number of fully paid shares held	Percentage of issued capital
Scipio Nominees Pty Ltd	91,000	3%
Richard Everett Thorne	80,000	3%
Lloyd Albert Harrington	76,000	3%
Guiliano Sciore & Maria Sciore	75,000	3%
Jillian Rule ATF The Rule Superannuation Fund	60,000	2%
Eda Paige	60,000	2%
John Schneider ATF Schneider Family Superannuation Fund	39,000	1%
Timothy Brendan Herlihy & Paula Ruth Herlihy	30,001	1%

NSX report (continued)

Ten Largest shareholders (continued)

Shareholder	Number of fully paid shares held	Percentage of issued capital
Eileen Hillary Bowen	30,000	1%
Erwin Reschke & Karen Agnethe Reschke	30,000	1%
	571,001	20%

Registered office and principal administrative office

The registered office of the company is located at:

37 Wray Crescent,
Mt Evelyn VIC 3796
Phone: (03) 9737 1833

The principal administrative office of the company is located at:

37 Wray Crescent,
Mt Evelyn VIC 3796
Phone: (03) 9737 1833

Security register

The security register (share register) is kept at:

Richmond Sinnott & Delahunty Pty Ltd
Level 2, 10-16 Forest Street
Bendigo VIC 3552
Phone: (03) 5445 4200

Company Secretary

Margi Sank took over the role of Company Secretary on 22 June 2011 which was previously held by James Chapman. She has been a Director of the company since incorporation on May 2001 and held the position of Company Secretary for the company's first two years of operation. Margi has over 30 years of experience in running an accounting practice and has extensive skills in advising small and medium sized enterprises. She holds a Bachelor of Business and is a Certified Practising Accountant, a Registered Tax Agent and has held membership of other professional and community organisations.

Corporate governance

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

- (a) The establishment of an audit committee. Members of the audit committee are Margi Sank, Jill Rule and David Watt.
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

NSX report (continued)

Annexure 3

There are no material differences between the information in the company's Annexure 3 and the information in the financial documents in its Annual Report.

5 Year Summary of Performance

		2009	2010	2011	2012	2013
Gross Revenue	\$	1,090,930	1,276,410	1,550,001	1,720,259	1,809,781
Net profit before tax	\$	179,218	221,742	65,264	232,816	227,254
Total assets	\$	945,896	1,890,175	2,257,310	2,419,377	2,091,822
Total liabilities	\$	129,601	155,257	551,109	595,206	182,525
Total equity	\$	816,295	1,734,918	1,706,201	1,824,171	1,909,297



Mt Evelyn **Community Bank**® Branch
 Shop 2, 35-39 Wray Crescent, Mt Evelyn VIC 3796
 Phone: (03) 9737 1833 Fax: (03) 9737 1844

Montrose **Community Bank**® Branch
 7/926-930 Mt Dandenong Tourist Road, Montrose VIC 3765
 Phone: (03) 9728 3177 Fax: (03) 9728 3952

Franchisee: Mt Evelyn & Districts Financial Services Limited
 Shop 2, 35-39 Wray Crescent, Mt Evelyn VIC 3796
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