Harden Murrumburrah **Community Bank**® Branch

2012

annual report

Murrimboola Financial Services Limited

ABN 12 118 357 467

Contents

Chairman's report

For year ending 30 June 2012

It gives me great pleasure to present this, my fourth Annual Report as your Chairman.

Murrimboola Financial Services has now completed five years of trading and continues to demonstrate steady progress each year. Our banking business at Harden Murrrumburrah **Community Bank®** Branch has grown to be in excess of $54 million.

A huge milestone was reached when in April we were able to purchase our premises in Neill Street. Not to have taken this step would have left us in the uncertain position of having a new landlord who may well have had other plans for the site.

The combined financial imposts of purchasing the premises and renewing our franchise agreement with Bendigo and Adelaide Bank have put on hold for the present, the payment of dividends to our shareholders.

In the last financial year we have made investments in our community totalling almost $12,500. Included In this amount is contributions to the Harden-Murrumburrah Showground Trust, the Jugiong Rural Fire Brigade, the Harden Hawks, Junior Soccer, Jugiong Public School, The Gold Trail, Touch Football , Chamber of Commerce Business Awards, Southern All Breeds Heifer Show and many others. As the community brings more business to Harden Murrumburrah **Community Bank®** Branch our contributions to the community will grow also.

Our decision to open an agency in Junee has been well vindicated and the profits from the agency have enhanced our book, as well as providing extra income for Glen and Jane Harbrow at their Bi-Rite Electrical store.

The success of this venture has inspired us to open another agency in time, and some steps have already been taken to find a suitable agent in another nearby town.

Not only does our Board constantly seek new ways to assist the Harden Murrumburrah and district community financially, but our Board members also maintain their individual involvement with many local organisations including The Chamber of Commerce and Team Harden. I believe a strong community needs strong community engagement.

In conclusion I would like to thank and congratulate our staff, Ralph, Jannelle, Gale and Sarah, and also our Board of Directors for the excellent and sustained effort they put in for our branch and therefore for our community.

B L Sargent

Barbara Sargent
Chairman

Manager's report

For year ending 30 June 2012

The past financial year has seen the business footings of Harden Murrumburrah **Community Bank®** Branch increase by $9.3 million or 20.5%.

We finished the year with business footings just shy of $55 million.

The above is an excellent result with the efforts and assistance of Janelle, Gale, Sarah and the Board greatly appreciated.

The willingness of our customers to seek solutions to more of their financial needs from their **Community Bank®** branch and to advocate to their family and friends the benefits of banking with us is also greatly appreciated as well as being a major factor in our growth.

The numbers of accounts operating at the branch are now in excess of 1800, an increase of 14.6%.

Our Agency at Junee has achieved its first $1 million of business footings with steady growth expected over the next financial year.

The next 12 months will again be extremely challenging. Business growth will be dependent on the advocacy of existing customers and shareholders as well as maintaining the excellent customer service enjoyed by all our existing customers. Please do not hesitate to recommend your **Community Bank®** branch to family and friends.

If you are a shareholder who does not have a banking relationship with your **Community Bank®** branch, please call in and discuss how you can benefit by banking with your local **Community Bank®** branch.

Ralph Hawkins
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2012

Thanks to your support as shareholders the **Community Bank®** network has achieved a significant milestone this year, contributing more than $80 million to support the communities these unique companies operate within.

This figure was almost unimaginable when the **Community Bank®** model was first launched in 1998, in partnership with the people from the small Victorian wheat farming towns of Rupanyup and Minyip. For these communities the **Community Bank®** model was seen as a way to restore branch banking services to the towns, after the last of the major banks closed its services. However, in the years since the **Community Bank®** model has become so much more.

In the past financial year a further 20 **Community Bank®** branches have opened, this growth is in-line with our forecast and consistent with what we have seen in recent years. Demand for the model remains strong and there are currently another 32 **Community Bank®** sites in development, with many more conversations happening with communities Australia wide.

At the end of the financial year 2011/12 the **Community Bank®** network had achieved the following:

- Returns to community – $80 million
- **Community Bank®** branches – 295
- **Community Bank®** branch staff – more than 1,400
- **Community Bank®** branch Directors – 1,905
- Volume footings – $21.75 billion
- Customers – 500,000
- Shareholders – 71,197
- Dividends paid to shareholders – $28.8 million

Almost 300 communities have now partnered with Bendigo and Adelaide Bank, so they can not only enhance banking services, but more importantly aggregate the profits their banking business generates and reinvest it in local groups and projects that will ultimately strengthen their community.

In the past 14 years we have witnessed the **Community Bank®** network's returns to communities grow exponentially each year, with $470,000 returned within the first five years, $8.15 million within the first eight and $22.58 million by the end of the first decade of operation.

Today that figure is an astonishing $80 million and with the continued growth and popularity of the **Community Bank®** model, returns should top $100 million by the end of 2013. These dollars add up to new community facilities, improved services, more opportunities for community engagement activities and generally speaking, a more prosperous society.

The communities we partner with also have access to Bendigo and Adelaide Bank's extensive range of other community building solutions including Community Enterprise Foundation™ (philanthropic arm), Community Sector Banking (banking service for not-for-profit organisations), Generation Green™ (environment and sustainability initiative), Community Telco (telecommunications solution), sponsorships, scholarships and Community Enterprises that provide **Community Bank®** companies with further development options.

In Bendigo and Adelaide Bank, your **Community Bank®** company has a committed and strong partner and over the last financial year our company has also seen much success.

Bendigo and Adelaide Bank report (continued)

Last December, our Bank joined the ranks of Australia's A-rated banks following an upgrade announced by Standard & Poor's. Its decision to raise our long-term rating from BBB+ to A– means the Bank (and its **Community Bank®** partners) are now rated 'A' by all three of the world's leading credit rating agencies. This is a huge boost to the Bank and will allow us to access new funding opportunities. It will also enable our group to service supporters who were precluded from banking with us because we were not A rated.

The rating upgrade is a welcome boost for the Bank and its partners at a time when funding is expensive and likely to remain so, margins have been eroded across the industry, credit growth is sluggish at best and subsequently, the profitability of banks remains under pressure.

Not surprisingly, these factors continue to place pressure on our Bank's margin and as **Community Bank®** margin share is still in part based on fixed trails, this is continuing to reflect a skew in margin share between the Bank and its **Community Bank®** partners.

We've been working with the **Community Bank®** network to take action to reduce this imbalance (which is in favour of the **Community Bank®** partners) and see the share of revenue on core banking products closely aligned to the key principal of 50/50 revenue share. Recent market developments are challenging this goal, but the Bank and its partners remain committed to addressing this.

It's Bendigo and Adelaide Bank's vision to be Australia's leading customer-connected bank. We believe our strength comes from our focus on the success of our customers, people, partners and communities. We take a 100-year view of our business; we listen and respect every customer's choice, needs and objectives. We partner for sustainable long-term outcomes and aim to be relevant, connected and valued.

This is what drives each and every one of our people and we invite you as **Community Bank®** shareholders to support us as we work with our partners to deliver on our goals and ensure our sustained and shared success.

As **Community Bank®** shareholders you are part of something special, a unique banking movement which has evolved into a whole new way of thinking about banking and the role it plays in modern society.

We thank you all for the part you play in driving this success.

Russell Jenkins
Executive Customer and Community

Directors' report

For the financial year ended 30 June 2012

Your Directors present their report on the company for the financial year ended 30 June 2012.

Directors

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

Name	Position	Occupation	Meetings attended
Barbara Sargent	Chairman	Retired	12 of 13
Susan McCarthy	Treasurer	Farm Office Manager	13 of 13
Julie O'Connor	General Secretary	Home duties	8 of 8
Catherine Sanderson	Director, Secretary	Home duties	11 of 13
Tony Campbell	Director	Agriculture Business	7 of 10
Brenden Robert McKay	Director	Businessman	10 of 13
Hugh Pavitt	Director	Businessman	13 of 13
Evelyn Shea	Director	Health Revenue Manager	11 of 13
Dr Yusufali Khalfan	Director	Medical Practitioner	7 of 13
Geoffrey Buckland	Director	Retired	11 of 13

Tony Campbell resigned as a Director in March 2012. All other Directors have been in office since the start of the financial year to the date of this report.

Review of operations

The profit of the company for the financial year after providing for income tax amounted to $4,970.

Significant changes in the state of affairs

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

Principal activities

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

No significant change in the nature of these activities occurred during the year.

Events subsequent to the end of the reporting period

No matters or circumstances have arisen since the end of the financial year which 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.

Likely developments and expected results of operations

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.

Environmental regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

No dividends were paid during the year and no recommendation is made as to the dividends.

	2012	2011
Final dividends recommended:	Nil	Nil
Dividends paid in the year:		
• Interim for the year	Nil	Nil
• As recommended in the prior year report	Nil	Nil

Options

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

Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an Officer or Auditor of the company.

Proceedings on behalf of the 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.

Auditors' Independence Declaration

A copy of the Auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

Signed in accordance with a resolution of the Board of Directors:

B L Sargent

Barbara Sargent
Chairman

Susan McCarthy

Susan McCarthy
Treasurer

Dated 15 October 2012

Auditor’s independence declaration

HMA TWOMEY PATTERSON
AUDIT PTY. LTD.

Authorised Audit Company No: 325055

Directors:
Steven Watson
Geoffrey Twomey
Michael Twomey

www.hmatp.com.au

AUDITORS' INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
MURRIMBOOLA FINANCIAL SERVICES LIMITED

We declare, that to the best of our knowledge and belief, during the year ended 30 June 2012 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Name of Firm: HMA Twomey Patterson Audit Pty Ltd
Authorised Audit Company

Name of Director: ______________________________
Steven J Watson CA

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Dated this 15th day of October 2012

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Financial statements

Statement of comprehensive income for the year ended 30 June 2012

	Note	2012 $	2011 $
Revenue	2	439,034	372,986
Auditors' remuneration	3	(6,200)	(6,400)
Bad and doubtful debt expenses		(59)	(34)
Depreciation and amortisation expenses		(29,214)	(34,466)
Donations		(100)	(1,205)
Employee benefits expenses		(254,965)	(209,436)
Finance costs		(10,252)	(11,426)
Other expenses		(127,244)	(105,168)
Profit before income tax	**4**	**11,000**	**4,851**
Income tax expense	5	(6,030)	(1,913)
Profit for the year		**4,970**	**2,938**
Total comprehensive income for the year		**4,970**	**2,938**
Total comprehensive income attributable to members of the entity		4,970	2,938
Earnings per share (cents per share)			
-basic for profit/(loss) for the year		0.72	0.43
-diluted for profit/(loss) for the year		0.72	0.43

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2012

	Note	2012 $	2011 $
Assets			
Current assets			
Trade and other receivables	6	43,623	40,888
Other current assets	7	5,121	-
Total current assets		**48,744**	**40,888**
Non-current assets			
Property, plant and equipment	8	223,865	129,488
Intangible assets	9	5,584	3,096
Tax assets	10	202,438	208,468
Total non-current assets		**431,887**	**341,052**
Total assets		**480,631**	**381,940**
Liabilities			
Current liabilities			
Trade and other payables	11	43,888	47,907
Borrowings	12	152,171	150,620
Total current liabilities		**196,059**	**198,527**
Non-current liabilities			
Borrowings	12	78,461	-
Provisions	13	17,728	-
Total non-current liabilities		**96,189**	**-**
Total liabilities		**292,248**	**198,527**
Net assets		**188,383**	**183,413**
Equity			
Issued capital	14	688,108	688,108
Accumulated losses	15	(499,725)	(504,695)
Total equity		**188,383**	**183,413**

The accompanying notes form part of these financial statements.

Statement of changes in equity
for the year ended 30 June 2012

	Note	Retained earnings/ (accumulated losses) $	Total $
Balance at 1 July 2010		(507,633)	(507,633)
Profit attributable to equity shareholders		2,938	2,938
Balance at 30 June 2011		**(504,695)**	**(504,695)**
Profit attributable to equity shareholders		4,970	4,970
Balance at 30 June 2012		**(499,725)**	**(499,725)**
Issued capital	**14**		**688,108**

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2012

	Note	2012 $	2011 $
Cash flows from operating activities			
Cash receipts in the course of operations		436,299	368,023
Cash payments in the course of operations		(379,980)	(319,976)
Interest paid		(10,252)	(11,426)
Net cash flows from/(used in) operating activities	**16**	**46,067**	**36,621**
Cash flows from investing activities			
Payments for property, plant and equipment		(120,137)	(2,322)
Payment for franchise fee		(5,942)	
Net cash flows from/(used in) investing activities		**(126,079)**	**(2,322)**
Cash flows from financing activities			
Proceeds from borrowings		78,461	-
Net cash flows from/(used in) financing activities		**78,461**	**-**
Net increase/(decrease in cash held		**(1,551)**	**34,299**
Cash at beginning of financial year		(150,620)	(184,919)
Cash at end of financial year	**16**	**(152,171)**	**(150,620)**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2012

Note 1. Statement of significant accounting policies

The financial statements cover Murrimboola Financial Services Limited as an individual entity. Murrimboola Financial Services Limited is a company limited by shares, incorporated and domiciled in Australia.

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards Reduced Disclosure Requirements (including Australian Accounting Interpretations) of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards Reduced Disclosure Requirements set out accounting policies that the AASB has concluded would result in a financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the 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. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 15 October 2012 by the Directors of the company.

Accounting policies

Income tax

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

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax assets 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 profit or loss when the tax relates to items that are recognised outside 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 and 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:

Note 1. Statement of significant accounting policies (continued)

Accounting policies (continued)

Income tax (continued)

(a) a legally enforceable right of set-off exists; and

(b) 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.

Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

<u>Property</u>

Freehold land and buildings are shown at their cost less accumulated depreciation for buildings.

<u>Plant and equipment</u>

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses.

In the event the carrying value of plant and equipment is greater than the estimated recoverable amount, the carrying value is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present.

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 statement of comprehensive income during the financial period in which they are incurred.

<u>Depreciation</u>

The depreciation method and useful life used for items of property, plant and equipment (excluding freehold land) reflects the pattern in which their future economic benefits are expected to be consumed by the company. Depreciation commences from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The depreciation method and useful life of assets is reviewed annually to ensure they are still appropriate.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 recognised in profit or loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

Accounting policies (continued)

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 (i.e. trade date accounting adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Impairment of assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that Standard.

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.

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

Intangibles

Franchise fees

Franchise fees are recognised at cost of acquisition. Franchise fees have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Franchise fees are amortised over their useful life of 5 years.

Trade and other receivables

Trade receivables are recognised initially at the transaction price (i.e. cost) and are subsequently measured at cost less provision for impairment. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

At the end of each reporting period, the carrying amount of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in statement of comprehensive income.

Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees at 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.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

Accounting policies (continued)

Employee benefits (continued)

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 vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

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.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Revenue and other income

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

Trade and other payables

Trade and other payables represent the liabilities at the end of the reporting period for goods and services received by the company that remain unpaid.

Trade payables are recognised at their transaction price. Trade payables are obligations on the basis of normal credit terms.

Comparative figures

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

Loans and borrowings

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

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.

	2012 $	2011 $

Note 2. Revenue and other income

Revenue		
Service commissions	355,944	300,958
Other revenue	83,089	72,028
Total revenue	**439,034**	**372,986**

Note 3. Auditors' remuneration

Auditor's remuneration		
Accounting standards	**6,200**	**6,400**

Note 4. Profit for the year

Profit before income tax from continuing operations includes the following specific expenses:

Expenses		
Depreciation of property, plant and equipment	25,760	26,901
Depreciation of intangibles	3,454	7,565
Bad debts	59	34
Interest paid	10,252	11,426

Note 5. Income tax expense

The components of tax expense comprise:

Income tax expense	6,030	1,913

Note 6. Trade and other receivables

Current		
Trade debtors	**43,623**	**40,888**

The company does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

Note 7. Other current assets

Current		
Prepayments	**5,121**	**-**

	2012 $	2011 $

Note 8. Property, plant and equipment

	2012 $	2011 $
Land		
At cost	**30,000**	**-**
Buildings and improvements		
At cost	319,099	228,962
Less accumulated depreciation	(132,578)	(108,443)
	186,521	**120,519**
Plant and equipment:		
At cost	30,156	30,156
Accumulated depreciation	(22,812)	(21,187)
Total plant and equipment	**7,344**	**8,969**
Total property, plant and equipment	**223,865**	**129,488**

Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land $	Buildings & improvements $	Plant & equipment $	Total $
Carry amount at July 2010	-	145,661	8,408	154,069
Additions	-	-	2,320	2,320
Depreciation	-	(25,142)	(1,759)	(26,901)
Disposals	-	-	-	-
Carrying amount at June 2011	**-**	**120,519**	**8,969**	**129,488**
Additions	30,000	90,137	-	120,137
Depreciation	-	(24,135)	(1,625)	(25,760)
Disposals	-	-	-	-
Carrying amount at June 2012	**30,000**	**186,521**	**7,344**	**223,865**

Notes to the financial statements (continued)

	2012 $	2011 $

Note 9. Intangible assets

Franchise fee		
Franchise fee	5,942	-
Less: accumulated amortisation	(358)	-
Closing carrying value at 30 June 2012	**5,584**	**-**
Preliminary expenses		
Preliminary expenses	30,951	30,951
Less: accumulated amortisation	(30,951)	(27,855)
Closing carrying value at 30 June 2012	**-**	**3,096**

Note 10. Tax

Assets		
Future income tax benefit	**202,438**	**208,468**

Note 11. Trade and other payables

Current		
Other creditors and accruals	10,965	17,334
Trade creditors	8,905	12,513
Provision for annual leave	24,018	18,060
	43,888	**47,907**

Note 12. Borrowings

Current		
Bendigo Bank overdraft account	**152,171**	**150,620**
Non-current		
Loans - bank	**78,461**	**-**
Total borrowings	**230,632**	**150,620**

	2012 $	2011 $

Note 13. Provisions

Provision for long service leave	17,728	-
Total provisions	**17,728**	**-**
Analysis of total provisions		
Non-current	17,728	-
	17,728	**-**

Note 14. Issued capital

Issued and paid up capital	**688,108**	**688,108**

There are no externally imposed capital requirements.

There have been no changes in the strategy adopted by management to control the capital of the company since the prior year.

Note 15. Accumulated losses

Accumulated losses at the beginning of the financial year	(504,695)	(507,633)
Net profit attributable to members of the company	4,970	2,938
Accumulated losses at the end of the financial year	**(499,725)**	**(504,695)**

Note 16. Cash flow information

Reconciliation of cash at the end of the financial year		
Bank overdraft	152,171	150,620
	152,171	**150,620**
Reconciliation of cash flow from operations with profit after income tax		
Profit/(loss) after income tax	4,970	2,938
Non-cash items		
- Depreciation	25,760	26,901
- Amortisation	3,454	7,565
Changes in assets and liabilities		
(increase)/decrease in receivables	(2,735)	(4,930)
(Increase)/decrease in prepayments	(5,121)	(3,278)
(Increase)/decrease in tax asset	6,030	-
Increase/(decrease) in payables	(4,019)	3,503
Increase/(decrease) in provisions	17,728	3,922
Net cash flows from/(used in) operating activities	**46,067**	**36,621**

Notes to the financial statements (continued)

Note 17. 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 to and from subsidiaries, bills and leases.

Financial risk management policies

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

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These included 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 2012.

Note 18. Company details

Murrimboola Financial Services Limited is a company limited by shares incorporated in Australia.

The registered office and principal place of business is:
23 Neill Street, Harden NSW 2587

Note 19. Subsequent events

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

Note 20. Contingent liabilities

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

Directors' declaration

The Directors of the company declare that:

1. The financial statements and notes, as set out on pages 9 to 21, 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 2012 and of the performance for the year ended on that date of the company.
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 declaration is made in accordance with a resolution of the Board of Directors.

Barbara Sargent
Chairman

Susan McCarthy
Treasurer

Dated 15 October 2012

Independent audit report

HMA TWOMEY PATTERSON
AUDIT PTY. LTD.
Authorised Audit Company No: 325055

Directors:
Steven Watson
Geoffrey Twomey
Michael Twomey

www.hmatp.com.au

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MURRIMBOOLA FINANCIAL SERVICES LIMITED

ABN 12 118 357 467

Report on the Financial Report

We have audited the accompanying financial report of Murrimboola Financial Services Limited which comprises the statement of financial position as at 30 June 2012 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory information and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' 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 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 auditors' judgment, 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 auditors consider 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.

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 the company, would be in the same terms if given to the directors as at the date of this auditor's report.

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AUDIT PTY. LTD.
Authorised Audit Company No: 325055

Directors:
Steven Watson
Geoffrey Twomey
Michael Twomey

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MURRIMBOOLA FINANCIAL SERVICES LIMITED
ABN 12 118 357 467

Auditors' Opinion

In our opinion:

(a) the financial report of Murrimboola 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 2012 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the Corporations Regulations 2001.

Name of Firm: HMA Twomey Patterson Audit Pty Ltd
Authorised Audit Company

Name of Director: ______________________________
Steven J Watson CA

Address: 1/185 Morgan Street, WAGGA WAGGA NSW 2650

Dated this 15th day of October 2012

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