



Murrumbidgee Financial
Services Limited

ABN 12 118 357 467

**ANNUAL
REPORT
2013**

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Chairman's report

For year ending 30 June 2013

As my first term as your Chairman of Murrumboola Financial Services Limited comes to a close it has by any measure been a year of unprecedented loss, gains efforts and rewards.

The untimely death of Ralph Hawkins, our founding Manager posthumously awarded "Harden Citizen of the Year for 2013, and Rotary Paul Harris Fellow", shocked our community to the core. A full outline of the contribution Ralph made to our community would require another page at least, and of course our thoughts remain with Sharon.

Janelle, Gale, Sarah and Julie stepped up when thrust into greater prominence and responsibility so that the overall business footings continued upwards, rather than suffer, with enormous assistance from the Regional Office. As a result on Monday 3 June, when Matthew Bolger commenced as our new Branch Manager of Harden Murrumburrah **Community Bank**[®] Branch, it was in good shape. Since then Matt has been able to steer the business footings to where they currently sit.

The Junee agency has moved and re-opened in the hands of Jenny and Robbie Barrett at their PRD Nationwide Branch. We wish them well for the future and thank Glen and Jane Harbrow for their previous agency in Bi-Rite Electrical Junee.

The Board of Murrumboola Financial Services Limited has continued to support and initiate a broad range of local projects and events and to date has returned in excess of \$75,000 back into both our community, and in Junee. As the volume of business increases in the branch, so does our ability to respond to suitable projects and events with assistance. It also gives great joy to the Board to see the success of the Kennel Club's events, the growth of the Kite Festival, the construction of a toilet block at the showground and the third undefeated year of the mighty u10 Soccer team to name but a few.

To conclude, may I firstly take this opportunity to thank my predecessor, Barb Sargent who is retiring from our Board for her years of contribution and wise council and of course to the whole Board for the time, effort and contribution they have made during what has been a massive year. To Cathy Sanderson, our Secretary and my mentor, I am extremely appreciative of all her efforts. Thank you also to Ev Shea, our Deputy Chairman, who has stepped in whilst I have been absent on several occasions. Finally to Matt, Janelle, Gale, Sarah And Julie may I express the Boards thanks and congratulations for a job well done.



Hugh Pavitt
Chairman

Manager's report

For year ending 30 June 2013

It is indeed my pleasure to report my first annual performance for the Harden Murrumburrah **Community Bank**[®] Branch for the financial year ending June 2013.

The business has undergone significant change within this time.

My heartfelt thanks goes to Janelle, Gale, Julie and Sarah for their commitment, resolve and patience during this time. I also thank the support staff from Wagga and other areas in the region for their support during this transition.

I commenced the role in the last month of the financial year, and am proud to announce our year on year achievements:

- Business footings: Increase of \$8.2 million or 15% to be \$63.1 million
- Accounts: 2,577 up 8%
- Customers: 1,237 up 9%.

This is a fantastic achievement.

The Agency at Junee is experiencing great support. This community is very fortunate to have our Agency Staff at PRD passionate and committed to the growth of the **Community Bank**[®] concept in this wonderful town. Footings continue to be around the \$1 million mark, and I look forward to working with Robbie and Jen and staff in the 2013/14 financial year for ongoing growth.

Our business is clearly on a path of growth, I see much potential in our great community, and with your support, I along with my Board and staff will be doing all we can to support you, our customer with your banking and financial needs.

Our pipeline is looking very strong, and with our budget now clearly in place, I believe we will all achieve great things in 2013/14. My good wishes to all farming families for a bountiful harvest, as I write, a 8mm fall has kept a great season ticking over.

Thanks again to my staff for carrying this business through what has been a very challenging period. Thankyou to you, our customers and shareholders, for your ongoing support, it is greatly appreciated.



Matt Bolger
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2013

This year has marked two very significant milestones for our **Community Bank**[®] network, celebrating its 15th anniversary of operation while also reaching \$100 million in community contributions. Both achievements could not have been accomplished without your ongoing support as shareholders and customers.

The **Community Bank**[®] network has grown considerably since it was first launched in 1998, in partnership with the people from the western Victorian 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. But in the years since, the **Community Bank**[®] model has become so much more.

The **Community Bank**[®] network has returned more than \$20 million in contributions to local communities in this financial year alone. Our branches have been able to fund health services, sports programs, aged care facilities, education initiatives, community events and much more.

These contributions have come at a time of continued economic uncertainty, and shows the high level of support the **Community Bank**[®] model has in the communities in which it operates.

While our established branches grow their business at a healthy rate, demand for the model in other communities continues to be strong. There are currently another 40 **Community Bank**[®] sites in development, and 15 new branches are expected to open in the next 12 months.

At the end of the financial year 2012/13 the **Community Bank**[®] network had achieved the following:

- Returns to community – \$102 million
- **Community Bank**[®] branches – 298
- **Community Bank**[®] branch staff – more than 1,460
- **Community Bank**[®] company Directors – 1,925
- Banking business – \$24.46 billion
- Customers – 640,159
- Shareholders – 72,062
- Dividends paid to shareholders since inception – \$30.88 million.

Almost 300 communities have now partnered with Bendigo and Adelaide Bank, to not only enhance banking services, but more importantly take the profits their banking business generates and reinvest it in local groups and projects that will ultimately strengthen their community. This \$100 million goes 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 the 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), tertiary education 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 continued its solid performance.

Bendigo and Adelaide Bank report (continued)

Bendigo and Adelaide Bank remains one of the few banks globally to be awarded an upgraded credit rating since the onset of the Global Financial Crisis. Our Bank continues to be rated at least “A-” by Standard & Poor’s, Moody’s and Fitch in recognition of its strong performance in the face of what continues to be a challenging economic environment.

While continued ratings affirmation is a welcome boost for the Bank and its partners, trading conditions are still difficult, with consumer confidence and demand for credit remaining low, and competition remaining very strong for retail deposits.

Not surprisingly, these factors continue to place pressure on the 50/50 margin share agreement between the Bank and our **Community Bank**[®] partners. As a result some **Community Bank**[®] companies are receiving much more than 50 per cent of revenue earned.

In April, the Bank took a further step to restore this balance, ensuring that the **Community Bank**[®] model produced a more appropriate balance of return for all stakeholders within this partnership model. The Bank will continue to review this remuneration model to ensure it is fair and equitable for all parties and is as resilient as possible to the fast changing economic environment.

It continues to be 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 your community 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.

With the community’s support, there really is no limit to what can be achieved under the **Community Bank**[®] model, and I look forward to seeing what the next 15 years will bring.

I thank you for your important support of your local **Community Bank**[®] branch.



Robert Musgrove
Executive Community Engagement

Directors' report

For the financial year ended 30 June 2013

Your Directors present their report on the company for the financial year ended 30 June 2013.

Information of Directors

The names of each person who has been a Director during the year and to the date of this report are:

Hugh Pavitt

Chairman

Meetings attended: 12 of 13

Qualifications: Businessman

Experience: 4 years as Director, 1 year as Chairman

Special Responsibilities: Chairman's Duties

Everlyn Shea

Deputy Chairman

Meetings attended: 11 of 13

Qualifications: Health Revenue Manager

Experience: 4 years as Director

Special Responsibilities: Budget & Finance, Governance & Audit, HR, Events & Newsletter Committee

Catherine Sanderson

Secretary

Meetings attended: 13 of 13

Qualifications: Active Community Involvement

Experience: 4 years as Director

Special Responsibilities: Governance & Audit, HR, Events & Newsletter Committees

Julie O'Connor

Director

Meetings attended: 9 of 13

Qualifications: Active Community Involvement

Experience: 5 years as Director

Special Responsibilities: Business Development & Marketing, Events & Newsletter Committees

Susan McCarthy

Treasurer

Meetings attended: 13 of 13

Qualifications: Farm Office Manager

Experience: 6 years as Director

Special Responsibilities: Governance & Audit, Budget & Finance, Events & Newsletter Committees

Barbara Sargent

Director

Meetings attended: 11 of 13

Qualifications: Active Community Involvement

Experience: 6 years as Director, 4 years as Chair

Special Responsibilities: Business Development & Marketing, Property Committees

Directors' report (continued)

Information of Directors (continued)

Brenden Robert McKay

Director

Meetings attended: 10 of 13

Qualifications: Businessman

Experience: 6 years as Director, 1 year as Chair

Special Responsibilities: Business Development & Marketing, HR, Property Committees

Dr Yusufali Khalfan

Director

Meetings attended: 7 of 13

Qualifications: Medical Practitioner

Experience: 6 years as Director

Special Responsibilities: Budget & Finance Committee

Geoffrey Buckland

Director

Meetings attended: 6 of 13

Qualifications: Active Community Involvement

Experience: 4 years as Director

Special Responsibilities: Business Development & Marketing, Property, Events & Newsletter Committees

Mathew Stadmiller

Director (appointed 16/08/2012)

Meetings attended: 8 of 11

Qualifications: Print Sales Manager

Experience: 1st year as Director

Special Responsibilities: Business Development & Marketing, Events & Newsletter Committees

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

James Alexander Wright (Businessman)

James Wright was appointed Company Secretary on 19.03.2008.

Operating results

The profit of the company after providing for income tax amounted to \$48,284.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the company 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 Limited.

No significant changes in the nature of the company's activity occurred during the financial year.

Directors' report (continued)

Events after the reporting date

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.

Future developments and results

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 issues

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

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.

Dividends

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

The Directors do not recommend the payment of a dividend.

	2013	2012
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

Indemnification and insurance of Officers and Auditors

During or since the end of the financial year the company has given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The company has paid premiums to insure each of the following Directors against liabilities for cost and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director or the company, other than conduct involving a wilful breach of duty in relation to the company.

Hugh Pavitt	Everlyn Shea	Catherine Sanderson	Julie O'Connor
Susan McCarthy	Barbara Sargent	Brenden Robert McKay	Dr Yusufali Khalfan
Geoffrey Buckland	Mathew Stadmiller		

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.

Directors' report (continued)

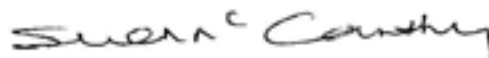
Auditors' independence declaration

A copy of the Auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 10.

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



Hugh Pavitt



Susan McCarthy

Dated 10 October 2013

Auditor's independence declaration



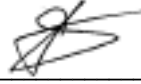
Directors:
Steven Watson
Michael Twomey

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 2013 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: Twomeys National Audit Pty Ltd
Authorised Audit Company

Name of Director: 
Steven J Watson

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

Dated this 10th day of October 2013

1/185 Morgan Street, PO Box 6056, Wagga Wagga NSW 2650
T (02) 6927 0500 F (02) 6925 8550 E audit@twomeys.com.au

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Financial statements

Statement of comprehensive income for the year ended 30 June 2013

	Note	2013 \$	2012 \$
Revenue	2	540,227	439,034
Auditors' remuneration	3	(6,000)	(6,200)
Bad and doubtful debt expenses		(419)	(59)
Depreciation and amortisation expenses		(41,418)	(29,214)
Donations		(7,650)	(100)
Employee benefits expenses		(261,411)	(254,965)
Finance costs		(12,979)	(10,252)
Other expenses		(156,414)	(127,244)
Profit before income tax	4	53,936	11,000
Income tax expense	5	(5,652)	(6,030)
Profit for the year after income tax		48,284	4,970
Total comprehensive income for the year		48,284	4,970
Total comprehensive income attributable to members of the entity		48,284	4,970
Earnings per share (cents per share)			
- basic for profit for the year		7.01	0.72
- diluted for profit for the year		7.01	0.72

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of financial position as at 30 June 2013

	Note	2013 \$	2012 \$
Assets			
Current assets			
Trade and other receivables	6	48,808	43,623
Other current assets	7	5,422	5,121
Total current assets		54,230	48,744
Non-current assets			
Property, plant and equipment	8	204,314	223,865
Intangible assets	9	51,633	5,584
Tax assets	10	196,786	202,438
Total non-current assets		452,733	431,887
Total assets		506,963	480,631
Liabilities			
Current liabilities			
Trade and other payables	11	111,625	43,888
Borrowings	12	61,185	152,171
Total current liabilities		172,810	196,059
Non-current liabilities			
Borrowings	12	78,461	78,461
Provisions	13	19,026	17,728
Total non-current liabilities		97,487	96,189
Total liabilities		270,297	292,248
Net assets		236,666	188,383
Equity			
Issued capital	14	688,108	688,108
Accumulated losses	15	(451,442)	(499,725)
Total equity		236,666	188,383

The accompanying notes form part of these financial statements.

Financial statements (continued)

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

	Note	Retained earnings/ (Accumulated losses) \$	Total \$
Balance at 1 July 2011		(504,695)	(504,695)
Profit attributable to equity shareholders		4,970	4,970
Balance at 30 June 2012		(499,725)	(499,725)
Profit attributable to equity shareholders		48,284	48,284
Balance at 30 June 2013		(451,442)	(451,442)
Issued Capital	14		688,108

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of cash flows for the year ended 30 June 2013

	Note	2013 \$	2012 \$
Cash flows from operating activities			
Cash receipts in the course of operations		535,042	436,299
Cash payments in the course of operations		(412,455)	(379,980)
Interest paid		(12,979)	(10,252)
Net cash flows from/(used in) operating activities	16	109,608	46,067
Cash flows from investing activities			
Payments for property, plant and equipment		(4,536)	(120,137)
Payment for franchise fee		(14,085)	(5,942)
Net cash flows from/(used in) investing activities		(18,621)	(126,079)
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)		90,986	(1,551)
Cash at beginning of financial year		(152,171)	(150,620)
Cash at end of financial year	16	(61,185)	(152,171)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2013

Note 1. Statement of significant accounting policies

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

Basis of preparation

Murrumboola Financial Services Limited has elected to early adopt the Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements. Accordingly, the entity has also early adopted AASB 2011–2: Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements and AASB 2012–7: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements in respect of AASB 2010–6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets and AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. 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 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 10 October 2013 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 the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of reporting year. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax 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.

Notes to the financial statements (continued)

Note 1. Statement of Significant Accounting Policies (continued)

Income tax (continued)

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

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

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where:

- (a) 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.

Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated in 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 Group.

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.

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

In the periods when the freehold land and buildings are not subject to an independent valuation, the Directors conduct Directors' valuations to ensure the land and building's carrying amount is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are recognised against fair value reserves directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Notes to the financial statements (continued)

Note 1. Statement of Significant Accounting Policies (continued)

Property, plant and equipment (continued)

Plant and equipment

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.

The cost of fixed assets constructed within the company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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.

Depreciation

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.

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.

Notes to the financial statements (continued)

Note 1. Statement of Significant Accounting Policies (continued)

Impairment of non-financial 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.

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.

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.

Notes to the financial statements (continued)

Note 1. Statement of Significant Accounting Policies (continued)

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.

Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Rendering of services

Revenue in relation to rendering of services is recognised depends on whether the outcome of the services can be measured reliably. If this is the case then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period. If the outcome cannot be reliably measured then revenue is recognised to the extent of expenses recognised that are recoverable.

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.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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 with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or 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)

	2013 \$	2012 \$
Note 2. Revenue and other income		
Revenue		
Service commissions	437,461	355,944
Other revenue	102,766	83,090
Total revenue	540,227	439,034

Note 3. Auditors' remuneration

Auditor's remuneration		
Accounting standards	6,000	6,200

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	24,087	25,760
Depreciation of intangibles	17,331	3,454
Bad debts	419	59
Interest paid	12,423	10,252

Note 5. Income tax expense

The components of tax expense comprise:

Income tax expense	5,652	6,030
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Note 6. Trade and other receivables

Current

Trade debtors	48,808	43,623
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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	5,422	5,121
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Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 8. Property, plant and equipment		
Land		
At cost	30,000	30,000
Buildings and improvements		
At cost	323,635	319,099
Less accumulated depreciation	(155,737)	(132,578)
	167,898	186,521
Plant and equipment:		
At cost	30,156	30,156
Accumulated depreciation	(23,740)	(22,812)
Total plant and equipment	6,416	7,344
Total property, plant and equipment	204,314	223,865

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.

	Freehold Land \$	Buildings \$	Plant and equipment \$	Total \$
Carrying amount at June 2012	30,000	186,521	7,344	223,865
Additions	-	4,536	-	4,536
Depreciation	-			
Disposals	-	(23,159)	(928)	(24,087)
Carrying amount at June 2013	30,000	167,898	6,416	204,314

	2013 \$	2012 \$
Note 9. Intangible assets		
Franchise fee		
Franchise fee	69,680	5,942
Less: accumulated amortisation	(18,047)	(358)
Closing carrying value at 30 June 2013	51,633	5,584

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 10. Tax		
Assets		
Future income tax benefit	196,786	202,438

Note 11. Trade and other payables

Current		
Other creditors and accruals	47,716	19,870
Provision for annual leave	14,614	24,018
Franchise fee payable	49,295	-
	111,625	43,888

Note 12. Borrowings

Current		
Bendigo and Adelaide Bank Limited overdraft account	61,185	152,171
Non-current		
Loans - bank	78,461	78,461
Total borrowings	139,646	230,632

Note 13. Provisions

Provision for long service leave	19,026	17,728
Total provisions	19,026	17,728
Analysis of total provisions		
Non-current	19,026	17,728
	19,026	17,728

Note 14. Issued capital

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

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 15. Accumulated losses		
Accumulated losses at the beginning of the financial year	(499,726)	(504,695)
Net profit attributable to members of the company	48,284	4,970
Accumulated losses at the end of the financial year	(451,442)	(499,725)

Note 16. Cash flow information

Reconciliation of cash at the end of the financial year

Bank overdraft	61,185	152,171
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Reconciliation of cash flow from operations with profit after income tax

Profit after income tax	48,284	4,970
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Non-cash items

- Depreciation	24,087	25,760
- Amortisation	17,331	3,454

Changes in assets and liabilities

(increase)/decrease in receivables	(5,185)	(2,735)
(Increase)/decrease in prepayments	(301)	(5,121)
(Increase)/decrease in tax asset	5,652	6,030
Increase/(decrease) in payables	18,442	(4,019)
Increase/(decrease) in provisions	1,298	17,728
Net cash flows from/(used in) operating activities	109,608	46,067

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.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements are as follows:

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 2013.

Notes to the financial statements (continued)

Note 18. Company details

Murrumbula 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.

Note 21. Going concern

Notwithstanding the deficiency of current net assets in the company, the financial report of the company has been prepared on a going concern basis. This basis has been applied as the Directors have received a guarantee of continuing financial support from Bendigo and Adelaide Bank Limited and it is the Directors' belief that such financial support will continue to be made available.

At balance date the company had a deficiency of current assets of \$118,580.

Directors' declaration

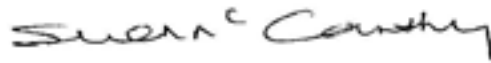
The Directors of the company declare that:

1. The financial statements and notes, as set out on pages 11 to 24, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
 - (b) give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the company.
2. 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.



Hugh Pavitt



Susan McCarthy

Dated 10 October 2013

Independent audit report



Directors:
Steven Watson
Michael Twomey

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 Murrumbula Financial Services Limited which comprises the statement of financial position as at 30 June 2013 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

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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Independent audit report (continued)



Directors:
Steven Watson
Michael Twomey

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 Murrumbolla 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 – Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the Corporations Regulations 2001.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the Statement of Financial Position as at 30 June 2013 the company's current liabilities exceed its total current assets by \$118,580.

These conditions along with other matters set forth in Note 21, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business. However, Notwithstanding the deficiency of current net assets in the company, the financial report of the company has been prepared on a going concern basis. This basis has been applied as the directors have received a guarantee of continuing financial support from Bendigo and Adelaide Bank Limited and it is the directors' belief that such financial support will continue to be made available.

Name of Firm: Twomeys National Audit Pty Ltd
Authorised Audit Company

Name of Director: 
Steven J Watson

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

Dated this 10th day of October 2013

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