

Annual Report 2014

Murrumbidgee Financial
Services Limited

ABN 12 118 357 467

Harden Murrumbidgee **Community Bank**[®] Branch

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Chairman's report

For year ending 30 June 2014

As our seventh year of operation enters it's final stage, Harden Murrumburrah **Community Bank**[®] Branch appears to be just warming up. The year to date has seen unprecedented growth exceeding budgeted expectations across a wide spectrum of products offered.

Jen Sheridan started with us as Manager in late January in the same week that Brooke Selwyn commenced her banking career with us. The two were warmly welcomed into the branch by Janelle, Gale and Sarah. Since then the overall footings have continued to rise each month. This is significant because it enables us to continue to increase our injection of funds back into the community for a variety of projects. The prize money offered for the Yard Dog Trial at the Harden Show attracted over 100 entrants. The usual number is 60! This was but one example of assistance that brought people to Harden from as far as Cooma and Parkes for the event with promises to return next year.

The Arts Council Annual Art Exhibition and Sale now has increased prize money for the "Any Medium" section open to members of the Harden-Murrumburrah Arts Council. We have made a commitment to partner with the Shire in the creation of a Skate Park. We are now a major sponsor of the mighty Harden Hawks Rugby League team, as well as ongoing supporters of Junior Soccer, the Gold Trail Festival and the highly successful Hilltops Spanish Food Festival. These are current examples of where we have contributed most recently and demonstrates how the strength of our **Community Bank**[®] branch provides ongoing support to our community. It is a desire of your Board to be this integral part of the community and assume the role of leader and instigator where possible.

It was with great sorrow that Julie O'Connor lost her battle with cancer in April. The hard effort she put in to her time amongst us in a variety of roles and the most upbeat personality that went with it are sorely missed within the Board and impossible to replicate. Our thoughts remain with Mark, Bronwyn and Elizabeth.

The restrictions of time establishing his new business has caused Matthew Stadtmiller to resign his position on the Board. We are sorry to see Matt depart, but understand and wish him well for a very bright future.

After a period of absence from the Board, Andrew Kennett has re-joined our ranks and is busily involved in Business Development.

To the staff may I say on behalf of the Board how pleased we are to be providing longer hours of employment in response to the business that they are generating, and the manner in which it is being provided.

Finally to the Board may I express my sincere appreciation for the hours of precious time they have invested in steering Harden Murrumburrah **Community Bank**[®] Branch through a most challenging year to be the best one to date. The future for our **Community Bank**[®] branch and shareholder is very strong and positive.



Hugh Pavitt
Chairman

Manager's report

For year ending 30 June 2014

It is my pleasure to report my first annual performance report for the Harden Murrumburrah **Community Bank**[®] Branch for the financial year ending 30 June 2014.

Within the past 12 months, the branch has seen significant changes. Indeed, banking and the economy have also experienced changes.

I commenced my role as Branch Manager January 2014 and have been getting to know the local community through both business contacts and our presence at major events including the Hilltops Spanish Festival, the Springtime Show and the Kite Festival.

Brooke Selwyn also commenced her banking career in January. Janelle Slavin was promoted as the Customer Relationship Manager, Gale Curtis moved into the full-time role as Customer Service Supervisor and Sarah Prosser has taken a greater role within the Agri-business sector whilst continuing her work as a Customer Service Officer.

It is with heartfelt gratitude that I thank my team. It is rare to find such a hard working team dedicated, as they are, to our clients and each other. It is because of this teamwork that we were twice nominated for Bendigo State Awards, winning the award in May.

As at 30 June 2014 our our footings were increasing ahead of budget with a 10% growth in funds under management supported by a 7% growth in customer numbers.

These results are attributable to consistently maintaining the importance of staying connected with our clients and maintaining our high standard of customer service.

Our clients in turn advocate the benefits of banking with us to family, friends and the community, and for this we are grateful. Word of mouth is, after all, our highest compliment.

We look forward to an exciting year ahead. We are currently investigating a number of opportunities for expansion and will be providing a weekly presence in Grenfell over the next six months to gauge the level of interest there.

Our banking reviews continue with the clients experiencing the financial success and wealth creation that all members of such a wonderful community deserve.

Please do not hesitate to recommend our branch to your family, friends and the community. If you are a shareholder who does not have a relationship with our branch, please call in and discuss how you can benefit by banking with the Harden Murrumburrah **Community Bank**[®] Branch.



Jen Sheridan
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2014

The past year marked two very significant milestones for our **Community Bank**[®] network, celebrating the opening of its 300th branch while also reaching \$120 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 doors.

Sixteen years later, the model has grown into something even bigger than that. It has rapidly developed into a partnership that generates a valued, alternative source of income for a community, funding activities or initiatives that make a local town or suburb a better place to live.

In June 2014, the network welcomed its 305th branch in Penola, South Australia, and in the same week, the Victorian coastal town of Port Fairy introduced its community to our unique style of banking. These branches join a robust and maturing banking network where valued partnerships enhance banking services, taking the profits their banking business generates and reinvesting that funding into initiatives that will ultimately strengthen their community.

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 projects that make a difference to a community; improved health services, sports programs, aged care facilities, education initiatives and community events that connect communities and encourage prosperity.

Demand from communities remains strong, with about 30 **Community Bank**[®] branch sites currently in development, and 10 branches expected to open nationally in the next 12 months. The network's steady expansion demonstrates the strength and relevance of a banking model where the desire to support the financial needs of customers is equalled by the desire to realise shared aspirations by harnessing the power of community.

At the end of the financial year 2013/14 the **Community Bank**[®] network had achieved the following:

- Returns to community – \$122.2 million
- **Community Bank**[®] branches – 305
- **Community Bank**[®] branch staff – more than 1,500
- **Community Bank**[®] company Directors – 1,900
- Banking business – \$24.46 billion
- Customers – 550,000
- Shareholders – 72,000
- Dividends paid to shareholders since inception – \$36.7 million.

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 Connected Communities Enterprises that provide **Community Bank**[®] companies with further development options.

Bendigo and Adelaide Bank report (continued)

In September last year the Bank announced it would commence a comprehensive review of the **Community Bank**[®] model. The intention of the review is to rigorously explore and analyse the model, setting the vision and strategy for a sustainable and successful commercial model, regardless of changes to operational and market conditions. An update of this review will be provided at the **Community Bank**[®] National Conference in Darwin in September.

Bendigo and Adelaide Bank's vision is to be Australia's most 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 respectfully listen and respond to every customer's choice, needs and objectives. We partner for sustainable long-term outcomes and aim to be relevant, connected and valued.

To this aim, the Bank supports the Financial Systems Inquiry (FSI) which calls for an even playing field for all banks in an effort to increase customer choice. It takes a principled approach to governing, encouraging banks to consider all members of a community when they do business.

Bendigo and Adelaide Bank is a signatory to the Regional Banking submission in collaboration with Bank of Queensland, Suncorp and ME Bank, while our independent submission focuses on the important role banks play in communities.

Banks inject a high-level of capability and knowledge in the places they operate, supporting the sustainability of communities and helping to ensure they're viable. The Bank calls for a framework that incentivises banks, and the people who work for them, to be good corporate citizens, while promoting ethical decision making, innovation and better outcomes for customers and communities.

This financial year we launched our new www.bendigobank.com.au website. Packed with useful information and easy to access online services, our 1.4 million customers can easily connect with us at home, at work or on their mobile or tablet as well as learn more about our commitment to strengthening and supporting local communities.

In line with increasing demand for "anywhere, anytime" banking, we're excited about the impending introduction of our improved online banking platform to our customers later this year.

As **Community Bank**[®] shareholders you are part of something special, a unique banking movement founded on a whole new way of thinking about banking and the role it plays in modern society.

The **Community Bank**[®] model is the ultimate example of a win/win partnership and 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 2014

Your Directors present their report on the company for the financial year ended 30 June 2014.

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: 16 of 16
Qualifications	Businessman	
Experience	5 years as Director, 2 year as Chairman	
Special Responsibilities	Chairman's Duties	
Evelyn Shea	Deputy Chairman	Meetings attended: 13 of 16
Qualifications	Health Revenue Manager	
Experience	5 years as Director	
Special Responsibilities	Budget & Finance, Governance & Audit, HR, Events & Newsletter Committee, Marketing & Sponsorship	
Catherine Sanderson	Secretary	Meetings attended: 13 of 16
Qualifications	Active Community Involvement	
Experience	4 years as Director	
Special Responsibilities	Governance & Audit, HR, Events & Newsletter Committees	
Julie O'Connor	Director	Meetings attended: 13 of 16
Qualifications	Active Community Involvement	
Experience	5 years as Director	
Special Responsibilities	Business Development & Marketing, Events & Newsletter Committees	
Susan McCarthy	Treasurer	Meetings attended: 16 of 16
Qualifications	Farm Office Manager	
Experience	7 years as Director	
Special Responsibilities	Governance & Audit, Budget & Finance, Events & Newsletter Committees	
Barbara Sargent	Director	Meetings attended: 7 of 9
Qualifications	Active Community Involvement	
Experience	6 years as Director, 4 years as Chair	
Special Responsibilities	Business Development & Marketing, Property Committees	
Brenden Robert McKay	Director	Meetings attended: 15 of 16
Qualifications	Businessman	
Experience	7 years as Director, 1 year as Chair	
Special Responsibilities	Business Development, HR, Property Committees	

Directors' report (continued)

Information of Directors (continued)

Dr Yusufali Khalfan	Director	Meetings attended: 9 of 16
Qualifications	Medical Practitioner	
Experience	7 years as Director	
Special Responsibilities	Budget & Finance Committee	
Geoffrey Buckland	Director	Meetings attended: 12 of 16
Qualifications	Active Community Involvement	
Experience	5 years as Director	
Special Responsibilities	Marketing & Sponsorship, Property, Events & Newsletter Committees	
Matthew Stadtmiller	Director (appointed 16/08/2012)	Meetings attended: 10 of 16
Qualifications	Print Sales Manager	
Experience	2nd year as Director	
Special Responsibilities	Marketing & Sponsorship, Events & Newsletter Committees	
Andrew Kennett	Director appointed 05/02/2014	Meetings attended: 3 of 4
Qualifications	Agricultural Commodities Trader	
Experience	Original Steering Committee member and Director now re-appointed	
Special Responsibilities	Business Development	

Julie O'Connor passed away in April 2014 and Barbara Sargent resigned in November 2013. All other Directors have been in office since the start of the financial year to the date of this report.

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 March 2008.

Operating results

The profit of the company after providing for income tax amounted to \$35,041.

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.

Events after the reporting date

The Board resolved at its August 2014 meeting to pay an unfranked dividend of 4 cents per share. This will be announced at the AGM on 20 November 2014 and paid on 30 January 2015.

Directors' report (continued)

Events after the reporting date (continued)

Apart from those mentioned above, 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.

Dividends

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

	2014	2013
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	Evelyn Shea	Catherine Sanderson	Julie O'Connor
Susan McCarthy	Barbara Sargent	Brenden Robert McKay	Dr Yusufali Khalfan
Geoffrey Buckland	Matthew Stadtmiller	Andrew Kennett	

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.

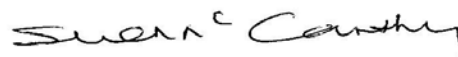
Auditors' independence declaration

A copy of the Auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 9.

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



Hugh Pavitt



Susan McCarthy

Dated 16 October 2014

Auditor's independence declaration



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 2014 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

A handwritten signature in black ink, appearing to be 'Steven J Watson', written over a horizontal line.

Name of Director: _____
Steven J Watson

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

Dated this 16th day of October 2014

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 Profit or Loss and Other Comprehensive Income for the year ended 30 June 2014

	Note	2014 \$	2013 \$
Revenue	2	549,314	540,227
Auditors' remuneration	3	(5,000)	(6,000)
Bad and doubtful debt expenses		(2,395)	(419)
Depreciation and amortisation expenses		(41,550)	(41,418)
Donations		(650)	(7,650)
Employee benefits expenses		(253,308)	(261,411)
Finance costs		(7,996)	(12,979)
Other expenses		(187,192)	(156,414)
Profit before income tax	4	51,223	53,936
Income tax expense	5	(16,182)	(5,652)
Profit for the year		35,041	48,284
Total comprehensive income for the year		35,041	48,284
Total comprehensive income attributable to members of the entity		35,041	48,284
Earnings per share (cents per share)			
- basic for profit for the year		5.09	7.01
- diluted for profit for the year		5.09	7.01

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Financial Position as at 30 June 2014

	Note	2014 \$	2013 \$
Assets			
Current assets			
Cash and cash equivalents	6	8,555	-
Trade and other receivables	7	48,611	48,808
Other current assets	8	6,940	5,422
Total current assets		64,106	54,230
Non-current assets			
Property, plant and equipment	9	180,095	204,314
Intangible assets	10	34,303	51,633
Tax assets	11	180,604	196,786
Total non-current assets		395,002	452,733
Total assets		459,108	506,963
Liabilities			
Current liabilities			
Trade and other payables	12	89,825	111,625
Borrowings	13	9,624	61,185
Total current liabilities		99,449	172,810
Non-current liabilities			
Borrowings	13	68,576	78,461
Provisions	14	19,375	19,026
Total non-current liabilities		87,951	97,487
Total liabilities		187,400	270,297
Net assets		271,708	236,666
Equity			
Issued capital	15	688,108	688,108
Accumulated losses	16	(416,400)	(451,442)
Total equity		271,708	236,666

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Changes in Equity for the year ended 30 June 2014

	Note	Retained earnings/ (Accumulated losses) \$	Total equity \$
Balance at 1 July 2012		(499,726)	(499,726)
Profit attributable to equity shareholders		48,284	48,284
Balance at 30 June 2013		(451,442)	(451,442)
Profit attributable to equity shareholders		35,041	35,041
Balance at 30 June 2014		(416,400)	(416,400)
Issued capital	15		688,108

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2014

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Cash receipts in the course of operations		549,511	535,042
Cash payments in the course of operations		(471,514)	(412,455)
Interest paid		(7,996)	(12,979)
Net cash flows from/(used in) operating activities	17	70,001	109,608
Cash flows from investing activities			
Payments for property, plant and equipment		-	(4,536)
Payment for franchise fee		-	(14,085)
Net cash flows from/(used in) investing activities		-	(18,621)
Cash flows from financing activities			
Repayment of borrowings		(261)	-
Net cash flows from/(used in) financing activities		(261)	-
Net increase/(decrease) in cash held		69,740	90,986
Cash at beginning of financial year		(61,185)	(152,171)
Cash at end of financial year	6	8,555	(61,185)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2014

Note 1. Summary of significant accounting policies

The financial statements cover Murrumbidgee Financial Services Limited as an individual entity. Murrumbidgee 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 of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

These financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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 these 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.

Income tax

The tax expense recognised in the statement of profit or loss and other comprehensive income relates to current income tax expense plus deferred tax expense (being the movement in deferred tax assets and liabilities and unused tax losses during the year).

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax consequences relating to a non-monetary asset carried at fair value are determined using the assumption that the carrying amount of the asset will be recovered through sale.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

Income tax (continued)

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

Property, plant and equipment

Classes of property, plant and equipment are measured using the cost model.

Assets are carried at cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Land and buildings

Land and buildings are measured using the cost model.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

The depreciable amount of all property, plant and equipment, except for freehold land is depreciated on a straight line method from the date that management determine that the asset is available for use.

Assets held under a finance lease and leasehold improvements are depreciated over the shorter of the term of the lease and the assets useful life.

Financial instruments

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. Summary of significant accounting policies (continued)

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.

Impairment of non-financial assets

At the end of each reporting period the company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the assets is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

Employee benefits

Provision is made for the company's liability for employee benefits arising from 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 expected to be settled more than twelve months after the end of the reporting period 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 satisfy vesting requirements. Cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the statement of financial position if the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

Notes to the financial statements (continued)

Note 1. Summary 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.

Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

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.

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.

Comparative amounts

Comparatives are consistent with prior years, unless otherwise stated.

Where a change in comparatives has also affected the opening retained earnings previously presented in a comparative period, an opening statement of financial position at the earliest date of the comparative period has been presented.

Loans and borrowings

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

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.

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.

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.

	2014	2013
	\$	\$

Note 2. Revenue and other income

Revenue

Service commissions	450,624	437,461
Other revenue	98,690	102,766
Total revenue	549,314	540,227

Note 3. Auditors' remuneration

Auditor's remuneration

Accounting standards	5,000	6,000
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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	24,219	24,087
Depreciation of intangibles	17,331	17,331
Interest paid	7,996	12,423
Bad debts	2,395	419

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 5. Income tax expense		
The components of tax expense comprise:		
Income tax expense	16,182	5,652

Note 6. Cash and cash equivalents

Bendigo and Adelaide Bank Limited account	8,555	-
Reconciliation of cash		
Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:		
Cash and cash equivalents	8,555	-
Bank overdraft (Note 13)	-	(61,185)
	8,555	(61,185)

Note 7. Trade and other receivables

Current

Trade debtors	48,611	48,808
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The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short term nature of the balances.

Note 8. Other non-financial assets

Current

Prepayments	6,940	5,422
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Note 9. Property, plant and equipment

Land

At cost	30,000	30,000
Buildings and improvements		
At cost	323,635	323,635
Less accumulated depreciation	(179,096)	(155,737)
	144,539	167,898

Notes to the financial statements (continued)

	2014 \$	2013 \$
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Note 9. Property, plant and equipment (continued)

Plant and equipment:

At cost	30,156	30,156
Accumulated depreciation	(24,600)	(23,740)
Total plant and equipment	5,556	6,416
Total property, plant and equipment	180,095	204,314

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 2013	30,000	167,898	6,416	204,314
Additions	-	-	-	-
Depreciation	-	-	-	-
Disposals	-	(23,359)	(860)	(24,219)
Carrying amount at June 2014	30,000	144,539	5,556	180,095

	2014 \$	2013 \$
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Note 10. Intangible assets

Franchise fee	69,680	69,680
Less accumulated amortisation	(35,378)	(18,047)
Net carrying amount	34,303	51,633

Note 11. Tax

Assets

Future income tax benefit	180,604	196,786
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Note 12. Trade and other payables

Current

Other creditors and accruals	12,708	15,585
Trade creditors	36,041	32,131
Franchise fee payable	31,690	49,295
Provision for annual leave	9,386	14,614
	89,825	111,625

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 13. Borrowings		
Current		
Bendigo and Adelaide Bank Limited account	-	61,185
Loans - Bank	9,624	-
Total current borrowings	9,624	61,185
Non-current		
Loans - Bank	68,576	78,461
Total borrowings	78,200	188,941

Note 14. Provisions

Provision for long service leave	19,375	19,026
Total provisions	19,375	19,026
Analysis of Total Provisions		
Non-current	19,375	19,026
	19,375	19,026

Note 15. 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.

Note 16. Accumulated losses

Accumulated losses at the beginning of the financial year	(451,441)	(499,726)
Net profit attributable to members of the company	35,041	48,284
Accumulated losses at the end of the financial year	(416,400)	(451,442)

Note 17. Cash flow information

Reconciliation of cash flow from operations with profit after income tax

Profit after income tax	35,041	48,284
Non-cash items		
- Depreciation	24,219	24,087
- Amortisation	17,331	17,331

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 17. Cash flow information (continued)		
Changes in assets and liabilities		
(increase)/decrease in receivables	197	(5,185)
(Increase)/decrease in prepayments	(1,518)	(301)
(Increase)/decrease in tax asset	16,182	5,652
Increase/(decrease) in payables	(21,800)	18,442
Increase/(decrease) in provisions	349	1,298
Net cash flows from/(used in) operating activities	70,001	109,608

Note 18. Financial risk management

The company is exposed to a variety of financial risks through its use of financial instruments.

This note discloses the company's objectives, policies and processes for managing and measuring these risks.

The company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The company does not speculate in financial assets.

The company does not have any derivative instruments at 30 June 2014.

Objectives, policies and processes

Risk management is carried out by the company's risk management committee under the delegated power from the Board of Directors. The Finance Manager has primary responsibility for the development of relevant policies and procedures to mitigate the risk exposure of the company, these policies and procedures are then approved by the risk management committee and tabled at the Board meeting following their approval.

Reports are presented at each Board meeting regarding the implementation of these policies and any risk exposure which the Risk Management Committee believes the Board should be aware of.

Specific information regarding the mitigation of each financial risk to which company is exposed is provided below.

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

The other classes of receivables do not contain impaired assets.

Note 19. Company details

Murrumbidgee 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

Notes to the financial statements (continued)

Note 20. Subsequent events

The Board resolved at its August 2014 meeting to pay an unfranked dividend of 4 cents per share. This will be announced at the AGM on 20 November 2014 and paid on 30 January 2015.

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

Note 21. Contingent liabilities

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

Note 22. 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 \$35,343.

Note 23. Other related party transactions

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.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

Note 24. Key management personnel compensation

Details of key management personnel

The names of each person who is classified as key management personnel of Murrumboola Financial Services Limited during the financial year were:

Name	Position
Jennifer Sheridan	Branch Manager
Matt Bolger	Branch Manager

	2014 \$
Total key personnel remuneration	74,749

Directors' declaration

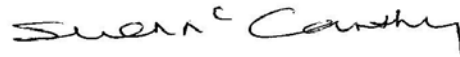
The Directors of the company declare that:

1. The financial statements and notes, as set out on pages 10 to 23, for the year ended 30 June 2014 are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards– Reduced Disclosure Requirements; and
 - (b) give a true and fair view of the financial position and performance 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 16 October 2014

Independent audit report



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 2014 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the 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 of the financial report that gives a true and fair view 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 time of this auditor's report.

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

Adelaide | Brisbane | Canberra | Gold Coast | Melbourne | Newcastle | Sydney | Wagga Wagga www.twomeys.com.au

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Independent audit report (continued)



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 Murrumbula 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 2014 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 2014 the company's current liabilities exceed its total current assets by \$35,343.

These conditions along with other matters set forth in Note 22, 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

A handwritten signature in black ink, appearing to be 'Steven J Watson', written over a horizontal line.

Name of Director: _____
Steven J Watson

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

Dated this 16th day of October 2014

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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Harden Murrumburrah **Community Bank**[®] Branch
23 Neill Street, Harden NSW 2587
Phone: (02) 6386 5083

Franchisee: Murrumbolla Financial Services Limited
23 Neill Street, Harden NSW 2587
Phone: (02) 6386 5083
ABN: 12 118 357 467

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