

# Annual Report 2015

Murrimboola Financial  
Services Limited

ABN 12 118 357 467

Harden Murrumburrah **Community Bank**<sup>®</sup> Branch

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# Chairman's report

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For year ending 30 June 2015

The 2014/15 financial year has been another year of changes and developments for our Harden Murrumburrah **Community Bank**<sup>®</sup> Branch. Our first sponsorship for 2015 was the Australia Day Breakfast in Newson Park.

The branch has been a hive of activity during the year under Jen Sheridan's management. The amount of banking has been quite amazing and has been reflected in the figures in the Regional Manager's monthly reports. We have been consistently in the top three positions within the region for every category of our banking activities. One stand out example has been a 400% increase over budget in insurance written. ATM usage has increased, but not by the same figure and both deposits and loans have climbed by a more modest 6.5% from December 2014 until this report was prepared.

To this end to improve their ever-increasing level of knowledge all the staff have regularly attended training days as well as Board members attending both State and National Conferences. These opportunities have been so valuable to ask questions, have informal discussions and network with peers as well as hear leaders in their field speak.

Our sponsorship into the community to date has pushed past \$132,000 mark. Our \$10,000 commitment to the newly approved and funded Skate Park will be a most anticipated facility by the youth in Harden. Construction should begin shortly. The Yard Dog Trials at the Harden Show grew from 100 entries last year to a huge 130 entries this year. The event was well organised, well run and well received by all those competing. This event was only rivalled by the Kennel Club on possibly the coldest week end of the year in July.

Our quest to grow and improve the business has developed into the opening of an agency in Grenfell. The agency will be domiciled in Aston and Joyce, a well respected and familiar business to everyone in Grenfell, having previously been an agent for another bank.

This year we have been joined on the Board by Brad Thorsby, who brings valuable knowledge of both banking and farming as well as Erica Glover who is about to complete her first year on the Board after being elected at last year's Annual General Meeting.

On a sadder note we are sorry to be losing the wise counsel and valuable input of Jim Wright as our Company Secretary. We are grateful for Jim's efforts during his time with us and of course wish him every good wish for the future.

I take this opportunity to thank the staff for the work they have done and the manner in which they have embraced the huge volume of it with such good grace and excellent outcomes.

To the Board may I offer my sincere thanks for the time and energy they have invested during the year. The workload associated with the move into Grenfell especially has been enormous and I have no doubt that as a consequence of the co-ordinated efforts of the Board and staff, very positive results will transpire during this coming year. Consequently, the next 12 months looks so exciting and full of promise for our **Community Bank**<sup>®</sup> branch, our shareholders and the customers who make it happen.



**Hugh Pavitt**  
**Chairman**

# Manager's report

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For year ending 30 June 2015

It is my pleasure to report the annual performance report for the Harden Murrumburrah **Community Bank**<sup>®</sup> Branch for the financial year ending 30 June 2015.

Over the past 12 months, the branch has enjoyed continued growth whilst in a period of lower interest rates.

Within my role as Branch Manager, I have continued to enjoy being a part of the local community through both business and community event interactions, including the Shop Local Christmas campaign 2014, Harden Hawks Debutante Ball, The Springtime Show and the Kite Festival, to name a few.

The team; Janelle Slavin - Customer Relationship Manager, Gale Curtis - Customer Service Supervisor, Sarah Prosser - newly appointed Customer Relationship Officer and Brooke Selwyn - Customer Service Officer, have continually worked at a high level, exceeding expectations of the branch and the community consistently.

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 triple State nominees at the State Branch Manager conference in 2015. A tribute to each team member for their valuable efforts.

I also thank the efforts of the Murrumbidgee Financial Services Limited Board of Directors for their support during the year. All of the Directors give their time and commitment voluntarily with a view to creating a successful **Community Bank**<sup>®</sup> branch and thereby assisting in building a successful community. A fantastic and appreciated team effort.

As at 30 June 2015, our footings were increasing ahead of budget with a 9% growth in funds under management supported by 11% 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. This year we look forward to not only continuing to exceed expectations within our own community, we will also open an agency in Grenfell which will widen our footprint and increase our funds under management.

Our banking reviews and conversations continue with our 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**<sup>®</sup> Branch.



**Jen Sheridan**  
**Branch Manager**

# Bendigo and Adelaide Bank report

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For year ending 30 June 2015

In the 2015 financial year, the **Community Bank**<sup>®</sup> network opened its 310th branch and community contributions since the model's inception exceed \$130 million. Both of these achievements could not have been achieved without your ongoing support as a shareholder, customer and advocate of what is a truly unique way of banking for the benefit of your local community.

Local communities continue to embrace the **Community Bank**<sup>®</sup> model, a banking movement founded on the simple belief that successful customers and successful communities create a successful bank.

Seventeen years later communities are still approaching us and the model is as robust and relevant as ever, however a review of what we were doing, why and how we could do it better was timely.

During an 18 month period the Bank, in partnership with the **Community Bank**<sup>®</sup> network, undertook a comprehensive review of the **Community Bank**<sup>®</sup> model. Project Horizon was the largest single engagement process ever undertaken by our organisation.

As a result, a focus for the next 18 months will be the implementation of 64 recommendations. What was overwhelmingly obvious is that our **Community Bank**<sup>®</sup> network, and our Bank, care deeply about what has been developed and in what the future holds for the network.

In the early days of **Community Bank**<sup>®</sup> development, the **Community Bank**<sup>®</sup> model was seen as a way to restore branch banking services to rural towns, regional cities and metropolitan suburbs after the last of the banks closed their doors.

Today, although the focus is still about providing banking services, there is perhaps an even greater interest in the way in which the model creates a successful community enterprise used to effectively, and sustainably, build community capacity.

In October 2014, we welcomed **Community Bank**<sup>®</sup> branches in Bacchus Marsh, Kilmore, Maffra, Kwinana and Nubeena. All of these branches join a strong and mature banking network where valued partnerships enhance banking services, taking the profits their banking business generates and reinvesting that funding into initiatives to ultimately strengthen their community.

Following consultation with local residents and business owners responding to other banks reducing their branch presence, Aldinga Beach **Community Bank**<sup>®</sup> Branch opened the Willunga Customer Service Centre in April 2015, providing a full banking service to local people five days a week.

The **Community Bank**<sup>®</sup> model is a great example of shared value and was centre stage at an international Shared Value conference in the United States earlier this year.

Funding generated by **Community Bank**<sup>®</sup> branches support projects that make a difference to a community. But no matter how big or small the place people call home, the **Community Bank**<sup>®</sup> network recognises that when they act as one, powered by the good that money can bring, bigger things can happen for local towns, regions and states.

In WA, a \$125,000 commitment to Ronald McDonald House by Collie & Districts **Community Bank**<sup>®</sup> Branch resulted in a further \$125,000 from 21 branches (both community and company owned) in the state.

In QLD, Longreach farming families are now feeding their stock thanks to a dedicated Rotary Club and financial contributions from 16 **Community Bank**<sup>®</sup> (and company) branches.

Across regional and rural NSW, young people are today better drivers thanks to a driver education program supported by **Community Bank**<sup>®</sup> branches and across Australia, 58 young people headed off to their first year of university with the help of a **Community Bank**<sup>®</sup> scholarship.

## Bendigo and Adelaide Bank report (continued)

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Interest in the **Community Bank**<sup>®</sup> model remains strong, with 20 **Community Bank**<sup>®</sup> sites currently in development and a further six **Community Bank**<sup>®</sup> branches expected to open nationally during 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 support the community with the good that money can bring.

By the end of the financial year 2014/15 the **Community Bank**<sup>®</sup> network achieved the following:

- Returns to community – over \$130 million since the model's inception
- **Community Bank**<sup>®</sup> branches – 310
- **Community Bank**<sup>®</sup> branch staff – more than 1,500
- **Community Bank**<sup>®</sup> company Directors – 1,946
- Banking business – \$28.79 billion
- Customers – 699,000
- Shareholders – 74,393
- Dividends paid to shareholders since inception – \$38.6 million

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

In Bendigo and Adelaide Bank, your **Community Bank**<sup>®</sup> company has a committed and strong partner and over the last financial year our company has continued its solid performance. 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.

Our **Community Bank**<sup>®</sup> partners played an integral role in the Bank's involvement in the Financial Systems Inquiry, lobbying their local Federal Government representatives and calling for a level playing field.

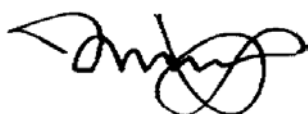
Recent APRA announcements regarding changes to risk weights on mortgages will positively impact our Bank – providing customers with a level playing field by giving them more choice from a wider variety of financial providers.

Thanks to the efforts of our people, our peers and **Community Bank**<sup>®</sup> partners, we're starting to see the benefits. In continuing to take a collaborative approach, we act as one network driving positive outcomes for all Australians.

As **Community Bank**<sup>®</sup> company shareholders you are part of a unique banking movement.

The model offers an alternative way to think about banking and the role banks play in modern society, and because of your support there really is no limit to what can be achieved for local people and the communities in which you live.

Thank you for your ongoing support of your local **Community Bank**<sup>®</sup> branch.



**Robert Musgrove**  
**Executive Community Engagement**

# Directors' report

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For the financial year ended 30 June 2015

Your Directors present their report on the company for the financial year ended 30 June 2015.

## Information of Directors

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

<b>Hugh Pavitt</b>	Chairman	Meetings attended: 12 of 12
Qualifications	Businessman	
Experience	6 years as Director, 3 year as Chairman	
Special Responsibilities	Chairman's Duties	
<b>Evelyn Shea</b>	Deputy Chairman	Meetings attended: 11 of 12
Qualifications	Health Revenue Manager	
Experience	6 years as Director	
Special Responsibilities	Budget & Finance, Governance & Audit, HR, Events & Newsletter Committee, Marketing & Sponsorship	
<b>Catherine Sanderson</b>	Secretary	Meetings attended: 12 of 12
Qualifications	Active Community Involvement	
Experience	5 years as Director	
Special Responsibilities	Governance & Audit, HR, Events & Newsletter Committees	
<b>Susan McCarthy</b>	Treasurer	Meetings attended: 12 of 12
Qualifications	Farm Office Manager	
Experience	8 years as Director	
Special Responsibilities	Governance & Audit, Budget & Finance, Events & Newsletter Committees	
<b>Brenden Robert McKay</b>	Director	Meetings attended: 12 of 12
Qualifications	Businessman	
Experience	8 years as Director, 1 year as Chair	
Special Responsibilities	Business Development, HR, Property Committees	
<b>Dr Yusufali Khalfan</b>	Director	Meetings attended: 5 of 12
Qualifications	Medical Practitioner	
Experience	8 years as Director	
Special Responsibilities	Budget & Finance Committee	
<b>Geoffrey Buckland</b>	Director	Meetings attended: 8 of 12
Qualifications	Active Community Involvement	
Experience	6 years as Director	
Special Responsibilities	Marketing & Sponsorship, Property, Events & Newsletter Committees	
<b>Matthew Stadtmiller</b>	Director (resigned 21/8/2014)	Meetings attended: 1 of 1
Qualifications	Print Sales Manager	
Experience	2 years as Director	
Special Responsibilities	Marketing & Sponsorship, Events & Newsletter Committees	

# Directors' report (continued)

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## Information of Directors

<b>Andrew Kennett</b>	Director appointed February 2014 Director elected November 2014	Meetings attended: 7 of 12
Qualifications	Agricultural Commodities Trader	
Experience	Original Steering Committee member and Director for 1 year	
Special Responsibilities	Business Development	
<b>Erica Glover</b>	Director appointed 13/11/2014	Meetings attended: 8 of 8
Qualifications	Early Childhood Teacher	
Experience	Actively involved in a number of community organisations	
Special Responsibilities	Marketing and sponsorship, Budget and Finance, and events and Newsletter	

## 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 loss of the company after providing for income tax amounted to \$41,086

## 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**<sup>®</sup> branch 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

Murrumbula Financial Services Ltd entered into an Agency Agreement with Ashton & Joyce Pty Ltd to establish an Agency at 124 Main Street, Grenfell. The Agency opened for business on 28th September 2015. The Board undertook this expansion in order to maximise the range and income of our business.

Other than the 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.

## 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.



# Directors' report (continued)

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## 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

Dividends were paid during the year as follows:

	2015	2014
Final dividends recommended	Nil	Nil
Dividends paid in the year:		
- Interim for the year	Nil	Nil
- As recommended in the prior year report	27,524	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	Erica Glover
Susan McCarthy	Andrew Kennet	Brenden Robert McKay	Dr Yusufali Khalfan
Geoffrey Buckland	Matthew 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.

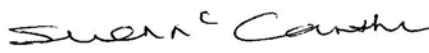
## Auditors' independence declaration

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 15 October 2015

# Auditor's independence declaration

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**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 2015 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:** Countplus 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 16<sup>th</sup> day of October 2015**

1/185 Morgan Street, PO Box 6056, Wagga Wagga NSW 2650 | T: 1300 734 707 | F: (02) 6925 8550 | E: info@audits.com.au

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# Financial statements

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## Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2015

	Note	2015 \$	2014 \$
Revenue	2	537,022	549,314
Auditors' remuneration	3	(7,200)	(5,000)
Bad and doubtful debt expenses		(877)	(2,395)
Depreciation and amortisation expenses		(41,571)	(41,550)
Donations		(4,400)	(650)
Employee benefits expenses		(334,043)	(253,308)
Finance costs		(5,856)	(7,996)
Other expenses		(187,869)	(187,192)
<b>(Loss)/profit before income tax</b>	<b>4</b>	<b>(44,794)</b>	<b>51,223</b>
Income tax credit/(expense)	5	3,708	(16,182)
<b>(Loss)/profit for the year</b>		<b>(41,086)</b>	<b>35,041</b>
<b>Total comprehensive (loss)/income for the year</b>		<b>(41,086)</b>	<b>35,041</b>
Total comprehensive (loss)/income attributable to members of the entity		(41,086)	35,041
Loss per share (cents per share)			
- basic for loss for the year		(5.96)	5.09
- diluted for loss for the year		(5.96)	5.09

The accompanying notes form part of these financial statements.

# Financial statements (continued)

## Statement of Financial Position as at 30 June 2015

	Note	2015 \$	2014 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	-	8,555
Trade and other receivables	7	53,155	48,611
Other current assets	8	6,805	6,940
<b>Total current assets</b>		<b>59,960</b>	<b>64,106</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	157,170	180,095
Intangible assets	10	16,972	34,303
Tax assets	11	184,311	180,604
<b>Total non-current assets</b>		<b>358,453</b>	<b>395,002</b>
<b>Total assets</b>		<b>418,413</b>	<b>459,108</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	12	52,450	80,439
Borrowings	13	61,472	9,624
Provisions	14	11,731	9,386
<b>Total current liabilities</b>		<b>125,653</b>	<b>99,449</b>
<b>Non-current liabilities</b>			
Borrowings	13	65,204	68,576
Provisions	14	24,459	19,375
<b>Total non-current liabilities</b>		<b>89,663</b>	<b>87,951</b>
<b>Total liabilities</b>		<b>215,316</b>	<b>187,400</b>
<b>Net assets</b>		<b>203,096</b>	<b>271,708</b>
<b>Equity</b>			
Issued capital	15	688,108	688,108
Accumulated losses	16	(485,011)	(416,400)
<b>Total equity</b>		<b>203,096</b>	<b>271,708</b>

The accompanying notes form part of these financial statements.

# Financial statements (continued)

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## Statement of Changes in Equity for the year ended 30 June 2015

	Note	Retained earnings/ (Accumulated losses) \$	Total \$
Balance at 1 July 2013		(451,442)	(451,442)
Profit attributable to equity shareholders		35,041	35,041
<b>Balance at 30 June 2014</b>		<b>(416,400)</b>	<b>(416,400)</b>
Profit attributable to equity shareholders		(41,086)	(41,086)
Dividends paid		(27,524)	(27,524)
<b>Balance at 30 June 2015</b>		<b>(485,011)</b>	<b>(485,011)</b>
<b>Issued capital</b>	<b>15</b>		<b>688,108</b>

The accompanying notes form part of these financial statements.

## Financial statements (continued)

### Statement of Cash Flows for the year ended 30 June 2015

	Note	2015 \$	2014 \$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		532,479	549,511
Cash payments in the course of operations		(554,814)	(471,514)
Interest paid		(5,856)	(7,996)
<b>Net cash flows from/(used in) operating activities</b>	<b>17</b>	<b>(28,191)</b>	<b>70,001</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(1,315)	-
<b>Net cash flows from/(used in) investing activities</b>		<b>(1,315)</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(3,864)	(261)
Dividends paid		(27,524)	-
<b>Net cash flows from/(used in) financing activities</b>		<b>(31,388)</b>	<b>(261)</b>
Net increase/(decrease) in cash held		(60,895)	69,740
Cash at beginning of financial year		8,555	(61,185)
<b>Cash at end of financial year</b>	<b>6(a)</b>	<b>(52,340)</b>	<b>8,555</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

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For year ended 30 June 2015

## 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)

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## 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.

Asset 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)

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## 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)

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## 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 entity.

	2015 \$	2014 \$
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## Note 2. Revenue and other income

### Revenue

Service commissions	429,507	450,624
Other revenue	107,515	98,690
<b>Total revenue</b>	<b>537,022</b>	<b>549,314</b>

## Note 3. Auditors' remuneration

### Auditor's remuneration

<b>Accounting standards</b>	<b>7,200</b>	<b>5,000</b>
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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	24,240	24,219
Amortisation of intangibles	17,331	17,331
Interest paid	5,856	7,996
Bad debts	877	2,395

## Notes to the financial statements (continued)

	2015 \$	2014 \$
<b>Note 5. Income tax expense</b>		
The components of tax expense comprise:		
<b>Income tax expense/(credit)</b>	<b>(3,708)</b>	<b>16,182</b>

### Note 6. Cash and cash equivalents

<b>Bendigo and Adelaide Bank Limited account</b>	-	<b>8,555</b>
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#### (a) 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)	(52,340)	-
	<b>(52,340)</b>	<b>8,555</b>

### Note 7. Trade and other receivables

#### Current

<b>Trade debtors</b>	<b>53,155</b>	<b>48,611</b>
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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

<b>Prepayments</b>	<b>6,805</b>	<b>6,940</b>
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### Note 9. Property, plant and equipment

#### Land

At cost	30,000	30,000
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#### Buildings and improvements

At cost	323,635	323,635
Less accumulated depreciation	(202,455)	(179,096)
	<b>121,180</b>	<b>144,539</b>

## Notes to the financial statements (continued)

	2015 \$	2014 \$
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Note 9. Property, plant and equipment (continued)

### Plant and equipment:

At cost	31,471	30,156
Accumulated depreciation	(25,481)	(24,600)
<b>Total plant and equipment</b>	<b>15,990</b>	<b>5,556</b>
<b>Total property, plant and equipment</b>	<b>157,170</b>	<b>180,095</b>

### 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 2014	30,000	144,539	5,556	180,095
Additions	-	-	1,315	1,315
Depreciation	-	(23,389)	(881)	(24,240)
<b>Carrying amount at June 2015</b>	<b>30,000</b>	<b>121,180</b>	<b>5,990</b>	<b>157,170</b>

	2015 \$	2014 \$
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### Note 10. Intangible assets

Franchise fee	69,322	69,680
Less accumulated amortisation	(52,350)	(35,378)
<b>Net carrying amount</b>	<b>16,972</b>	<b>34,303</b>

### Note 11. Tax

#### Assets

<b>Future income tax benefit</b>	<b>184,311</b>	<b>180,604</b>
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## Notes to the financial statements (continued)

	2015 \$	2014 \$
<b>Note 12. Trade and other payables</b>		
<b>Current</b>		
Other creditors and accruals	12,811	12,708
Trade creditors	29,075	36,041
Franchise fee payable	10,564	31,690
	<b>52,450</b>	<b>80,439</b>

## Note 13. Borrowings

<b>Current</b>		
Bendigo and Adelaide Bank Limited account	52,340	-
Loans - Bank	9,132	9,624
<b>Total current borrowings</b>	<b>61,472</b>	<b>9,624</b>
<b>Non-current</b>		
Loans - Bank	65,204	68,576
<b>Total borrowings</b>	<b>126,676</b>	<b>78,200</b>

Bendigo and Adelaide Bank Limited have approved a bank overdraft limit of \$250,000. This amount was not exceeded during the year.

## Note 14. Provisions

<b>Current</b>		
<b>Provision for annual leave</b>	<b>11,731</b>	<b>9,386</b>
<b>Non-current</b>		
<b>Provision for long service leave</b>	<b>24,459</b>	<b>19,375</b>
<b>Total provisions</b>	<b>36,190</b>	<b>28,761</b>

## Note 15. Issued capital

<b>Issued and paid up capital</b>	<b>688,108</b>	<b>688,108</b>
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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)

	2015 \$	2014 \$
<b>Note 16. Accumulated losses</b>		
Accumulated losses at the beginning of the financial year	(416,400)	(451,441)
Net (loss)/profit attributable to members of the company	(41,086)	35,041
Less: Dividends paid	(27,524)	-
<b>Accumulated losses at the end of the financial year</b>	<b>(485,011)</b>	<b>(416,400)</b>

## Note 17. Cash flow information

### Reconciliation of Cash Flow from Operations with Profit after Income Tax

Profit/(loss) after income tax	(41,086)	35,041
Non-cash items		
- Depreciation	24,240	24,219
- Amortisation	17,331	17,331
Changes in assets and liabilities		
(increase)/decrease in receivables	(4,544)	197
(Increase)/decrease in prepayments	135	(1,518)
(Increase)/decrease in tax asset	(3,707)	16,182
Increase/(decrease) in payables	(27,989)	(21,800)
Increase/(decrease) in provisions	7,429	349
<b>Net cash flows from/(used in) operating activities</b>	<b>(28,191)</b>	<b>70,001</b>

## 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 2015.

### Objectives, policies and processes

Risk Management is monitored by the Governance and Audit Committee under the delegated power from the Board of Directors.

Risk Management is reviewed at each Board meeting.

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.

# Notes to the financial statements (continued)

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## Note 19. 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 20. Subsequent events

Murrumbula Financial Services Ltd entered into an Agency Agreement with Ashton & Joyce Pty Ltd to establish an Agency at 124 Main Street, Grenfell. The Agency opened for business on 28th September 2015. The Board undertook this expansion in order to maximise the range and income of our business.

Other than the above, there have been no 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. Commitments

On the 10th of July 2014 Murrumbula Financial Services Limited had committed to contribute \$10,000 for the building of the Harden Skate Park facility. At the date of this report, no contribution has been made to the Harden Skate Park Committee.

## Note 23. Going concern

Notwithstanding the \$65,693 deficiency of current net assets in the company at year end, the financial report of the company has been prepared on a going concern basis. All accounts are guaranteed by Bendigo and Adelaide Bank Limited as per their Franchise Agreement. Therefore in the event Murrumbula Financial Services Limited would not be able to pay their debts as and when they fall due they are able to rely on this agreement and utilise their current overdraft facility of \$250,000.

## Note 24. 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.

The following related party transactions occurred during the year:

- A Director is on the Harden Skate Park Committee and the company has committed \$10,000 to assist in the build of the facility as disclosed in Note 22 above.
- A Director is on the Harden Shire Council and a donation of \$200 was made.
- A Director is on the Harden Gold Trial Committee and \$1,000 was made to them for sponsorship.

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



## Notes to the financial statements (continued)

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### Note 25. Key management personnel compensation

#### Details of key management personnel

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

<b>Name</b>	<b>Position</b>
Jennifer Sheridan	Branch Manager

	<b>2015</b>
	<b>\$</b>
Total key personnel remuneration	86,700

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# Directors' declaration

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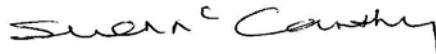
The Directors of the company declare that:

1. The financial statements and notes, as set out on pages 10 to 24, for the year ended 30 June 2015 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 15 October 2015

# Independent audit report

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## INDEPENDENT AUDITORS' 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 2015 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: 1300 734 707 | F: (02) 6925 8550 | E: info@audits.com.au

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# Independent audit report (continued)

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## INDEPENDENT AUDITORS' 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 2015 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 2015 the company's current liabilities exceed its total current assets by \$65,693

These conditions along with other matters set forth in Note 23, 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:** Countplus National Audit Pty Ltd  
Authorised Audit Company



**Name of Director:** \_\_\_\_\_  
Steven J Watson

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

**Dated this 16th day of October 2015**

Harden Murrumburrah **Community Bank**<sup>®</sup> Branch  
23 Neill Street, Harden NSW 2587  
Phone: (02) 6386 5083 Fax: (02) 6386 5110

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

[www.bendigobank.com.au/harden\\_murrumburrah](http://www.bendigobank.com.au/harden_murrumburrah)  
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