Pine Rivers Community Finance Limited

ABN 14 098 199 476

ANNUAL REPORT 2013

Brendale **Community Bank®** Branch
Samford **Community Bank®** Branch

Contents

Chairman's report

For year ending 30 June 2013

It is with great pleasure I present this 12th Annual Report of Pine Rivers Community Finance Limited to shareholders.

Once again the Brendale and Samford **Community Bank®** branches have had a successful and prosperous year with record income and community contributions. During the year, the value of the banking business (loans and deposits) has increased to $159 million. The growth rate of 14% over the year (or 13% pa compounding over the last three years) is well in excess of the banking industry average.

Our staff, led by our Managers Matthew Beswick (Brendale) and Bronwyn Fitzpatrick (Samford), have continued to provide a comprehensive range of competitive banking products and services in a friendly and professional manner.

The profitability of our company has enabled direct community contributions of approximately $87,000 (a record amount for our company) to be re-invested into more than 24 local community projects and organisations.

In addition to these community contributions, we have also made an initial tax-effective contribution of $50,000 into an account held by the Bendigo abd Adelaide Bank Charitable Foundation - Community Enterprise Foundation™. Through the Board's strategic planning process, it was agreed to continue (where possible) to make annual contributions into the Foundation account, building a larger pot of funds that can be applied to a larger project or projects within our community at some point in the future.

The growth and profitability of the company has enabled shareholder dividends to be increased to 5.5 cents per share (fully franked). Over the last three financial years, aggregate dividends of 15.5 cents per share have been declared and paid.

During this financial year, we have had three Directors retire - Julie Brooks, Alix Fortescue and Melinda Fleming - and welcomed new Directors Ken Armstrong (and more recently, Tony Freeman, after the end of financial year). I personally would like to thank each and every Board member for giving their time and support. All Directors are volunteers dedicated to achieving the aims and goals of our company that are supporting a strong, successful, connected and resilient community.

Our capacity to contribute back into the Brendale, Samford and broader Pine Rivers community is not a result of philanthropy but as a result of a profitable banking business. Accordingly, I take this opportunity to sincerely thank all of our customers for their ongoing support and commitment to bank with us.

Jason Delisser
Chairman

Manager's report

For year ending 30 June 2013

We are pleased to report to the Board, shareholders and customers on a strong year's trading result at both Brendale and Samford **Community Bank®** branches for the financial year ending 2013.

Through the support from both our existing and new customers, our banking business has increased $19.7 million during the 12-month period. The increase in loans and deposits is a reflection of the fact that approximately 250 new customers (net) have commenced a relationship with the **Community Bank®** branches. Over the next 12 months, our total number of customer relationships is expected to pass beyond 3,000.

Our new customer momentum is in part related to our community engagement activities, including our half-yearly grants programme. The inaugural grants programme for Brendale was held in October 2012 to co-incide with the 10-year anniversary of the branch opening. We have had great pleasure in working closely with our community partners to deliver mutually beneficial results. Some of the community highlights over the last 12 months have included:

- Providing significant funding to local schools and education facilities at Undurba State School, Samford State School, Samford Steiner School and Mt Samson State School.
- Helping improve and construct premises of both Pine Rivers and Samford Men's Shed.
- Continuing the half yearly Youth Defensive Driving Programme at Lakeside Park in September and April.
- Supporting local sporting clubs to improve services and facilities available to their members, including Samford Stags Rugby League, Pine Central Holy Spirit Rugby League, Samford Valley Target Archers, Northside Wizards Basketball, Samford District Bowls Club and ACE Netball Club.
- Building a new Playground at Pine Rivers Neighbourhood Centre.
- Sponsoring horses used by Samford Riding for the Disabled.
- Purchasing additional medical equipment for Samford First Responder Group.
- Supporting the Albany Creek Excelsior Football Club in conjunction with a branch visit and pre-season game attended by the Brisbane Roar Football team.

We take great pleasure in maintaining close relationships with our community partners, and being able to provide much needed financial support that can make a positive difference within our community.

Over the next 12 months, our business priorities are to (i) further expand our number of customer relationships across both Brendale and Samford **Community Bank®** branches, (ii) grow our lending business (eg. housing loans) above system rates, and (iii) establish full transaction and account relationships with each of our new customers. To achieve these priorities, the key messages that we intend to communicate more explicitly to all of our stakeholders and non-customers include:

- How the **Community Bank®** branches makes a positive contribution within both Samford and the broader Pine Rivers Community.
- The financial support provided within our community is a direct result of individuals, families and business owners supporting the **Community Bank®** branches as customers.
- Bendigo and Adelaide Bank is Australia's fifth largest Bank providing all of the products and services you would expect from a major bank.
- The Bank's customer service is independently rated higher than any of the major banks, as all of our team pride ourselves on personal service and relationships.

Manager's report (continued)

We would like to extend our thanks to the contribution and commitment made by all of our enthusiastic, hardworking and customer focussed staff that provide an enjoyable environment for both ourselves and our customers. We have also welcomed Suzy Hill and Rebecca Carter to the team during the year.

Finally, we would like to thank our loyal customers, shareholders and community partners for their continued support of the **Community Bank®** branches. We look forward to working with you in the years to come.

Matthew Beswick
Brendale Branch Manager

Bronwyn Fitzpatrick
Samford Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2013

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

The **Community Bank®** network has grown considerably since it was first launched in 1998, in partnership with the people from the western Victorian farming towns of Rupanyup and Minyip. For these communities the **Community Bank®** model was seen as a way to restore branch banking services to the towns, after the last of the major banks closed its services. But in the years since, the **Community Bank®** model has become so much more.

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

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

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

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

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

Almost 300 communities have now partnered with Bendigo and Adelaide Bank, to not only enhance banking services, but more importantly take the profits their banking business generates and reinvest it in local groups and projects that will ultimately strengthen their community. This $100 million goes to new community facilities, improved services, more opportunities for community engagement activities and generally speaking, a more prosperous society.

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

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

Bendigo and Adelaide Bank report (continued)

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

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

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

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

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

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

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

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

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

Robert Musgrove
Executive Community Engagement

Directors' report

For the financial year ended 30 June 2013

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

Directors

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

Name and position held	Qualifications	Experience and other Directorships
Julie Brooks Non-Executive Director Board member since October 2001 Resigned 07/11/2012	Certificate III in Disability Services	Member of the Brendale Steering Committee; Member of the Management Committee of Pine Rivers Neighbourhood Assn Inc.
Robert Millar Deputy Chairman (Non-Executive Director) Board member since October 2007	Diploma Australian Institute of Company Directors (AICD); Fellow of AICD Fellow Financial Services Institute of Australia	Over 30 years experience in banking industry; Councillor Moreton Bay Regional Council since 2000 (Chairman of Corporate Services, Chairman of Audit Committee); Member Local Government Mutual Liability Pool Board since 2008; Member of Local Government Workcover Board since 2009.
Paul Outen Treasurer (Non-Executive Director) Board member since October 2010	Bachelor of Business; Member of the Association of Chartered Certified Accountants	Owner of First Class Accounts; Committee Member and Treasurer of Closeburn Rural Fire Brigade. Company Secretary from May 2011 to December 2012. Treasurer since December 2012
Alix Fortescue Non-Executive Director Board member since March 2010 Resigned 06/03/2013	Diploma of Education	Member of the Brendale Steering Committee.
Jason Delisser Chairman (Non-Executive Director) Board member since October 2010	Bachelor of Commerce, Bachelor of Laws, Graduate Diploma in Applied Finance & investment, MBA, Graduate Diploma of Financial Planning	Director F3 Financial Services Pty Ltd; Over 19 years banking and financial services experience. Treasurer to November 2012. Chairman since November 2012.

Directors (continued)

John Goddard Secretary (Non-Executive Director) Board member since July 2011		40 years banking experience; Retired Chief Operating Officer of Bendigo Bank of Qld; Non Executive Chairman of Cooper Property Group; The Eidos Institute and SE Qld Community Telco. Mr Goddard also has a diverse range of strategic consulting clientelle and is a past Director of Careflight Qld, Powerlink Qld, The Qld and Torres Strait Islander Foundation, The Australian Finance Conference and Opera Foundation Australia. Company Secretary since December 2012.
Michael Clahsen Non-Executive Director Board member since April 2012		Over 30 years experience in the software industry; 16 years at ASX listed Technology One Pty Ltd and owner of Majestri Pty Ltd; Board member and volunteer of BrAshA-T Limited since 2007; Former committee member and president of Samford Sporting Association (Samford Rangers Football Club 2004-2010)
Melinda Fleming Non-Executive Director Board member since 2012 Resigned 30/06/2013	Applied Sciences (Counselling), Community Services Management and Australian Institute of Management membership	Last 14 years within community at Pine Rivers Neighbourhood Centre, holding position of Director since 2006. Earlier career in banking and finance.
Kenneth Armstrong Non-Executive Director Appointed 22/03/2013		Major, retired, British Army RA. Retired Managing Director of a major military procurement organisation in the Middle East (15 years in Oman) and inaugural president of the Arts Alliance of Pine Rivers (now a local Arts Council). Past president of the Rotary Club of Albany Creek and remaining as a Board member. Currently managing Director of Armex Pty Ltd.

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

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

Principal activities

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

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

Review of operations

The profit of the company for the financial year after provision for income tax was $64,790 (2012: $123,284), which is a 47% decrease as compared with the previous year.

The net assets of the company have decreased to $818,637 (2012: $869,558).

Dividends

	Year ended 30 June 2013	
	Cents per share	**$**
Dividends paid in the year (final dividend 2012):	5	55,100
Dividends declared in the year (final dividend 2013):	5.5	60,611

Significant changes in the state of affairs

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

Events subsequent to reporting date

No matters or circumstances have arisen since the end of the financial year that significantly affect or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company, in future financial years.

Remuneration report

Remuneration policy

There has been no remuneration policy developed as Director positions are held on a voluntary basis and Directors are not remunerated for their services.

Remuneration benefits and payments

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

Indemnifying Officers or Auditor

The company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The company also has Officers Insurance for the benefit of Officers of the company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the company or in or arising out of the discharge of the Officer's duties.

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

Directors' meetings

The number of Directors' meetings held during the year were 11. Attendances by each Director during the year were as follows:

Director	Board Meetings #	Marketing Committee #	Finance, Audit, Governance Committee #	Governance & Staffing Committee #
Julie Brooks (resigned 07/11/2012)	5 (5)	N/A	N/A	N/A
Robert Millar	10 (11)	N/A	N/A	7 (7)
Paul Outen	8 (11)	N/A	8 (9)	N/A
Alix Fortescue (resigned 06/03/2013)	5 (7)	5 (5)	4 (4)	4 (4)
Jason Delisser	9 (11)	5 (5)	3 (3)	N/A
John Goddard	8 (11)	3 (8)	N/A	5 (7)
Michael Clahsen	10 (11)	7 (8)	N/A	N/A
Melinda Fleming (resigned 30/06/2013)	9 (11)	N/A	N/A	7 (7)
Kenneth Armstrong (appointed 22/03/2013)	2 (4)	N/A	2 (5)	3 (3)

The first number is the meetings attended while in brackets is the number of meetings eligible to attend.
N/A - not a member of that Committee.

Likely developments

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

Environmental regulations

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

Proceedings on behalf of company

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

Company Secretary

Paul Outen has been the Company Secretary of Pine Rivers Community Finance Limited since May 2011 and resigned December 2012. This role is now undertaken by John Goddard who has been a Company Director since July 2011.

Non audit services

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

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

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 12 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

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

Jason Delisser
Chairman

24 October 2013

Auditor's independence declaration

Richmond Sinnott & Delahunty
Chartered Accountants

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24 October 2013

The Directors
Pine Rivers Community Finance Limited
PO Box 7081
BRENDALE QLD 4500

Dear Directors

To the Directors of Pine Rivers Community Finance Limited

Auditor's Independence Declaration under section 307C of the Corporations Act 2001

I declare that to the best of my knowledge and belief, during the year ended 30 June 2013 there has 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.

P. P. Delahunty
Partner
Richmond Sinnott & Delahunty

Financial statements

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

	Notes	2013 $	2012 $
Revenue	2	1,342,061	1,236,412
Employee benefits expense	3	(689,150)	(584,046)
Depreciation and amortisation expense	3	(50,928)	(53,568)
Finance costs	3	(2)	-
Bad and doubtful debts expense	3	(1,579)	(2,397)
Rental expense		(120,827)	(110,937)
Other expenses		(250,239)	(257,842)
Operating profit before charitable donations & sponsorships		**229,336**	**227,622**
Charitable donations and sponsorships		(143,995)	(65,828)
Profit before income tax expense		**85,341**	**161,794**
Tax expense	4	20,551	38,510
Profit for the year		**64,790**	**123,284**
Other comprehensive income		-	-
Total comprehensive income		**64,790**	**123,284**
Profit attributable to:			
Members of the company		64,790	123,284
Total		**64,790**	**123,284**
Earnings per share (cents per share)			
- basic for profit for the year	20	5.88	11.19
- diluted for profit for the year	20	5.88	11.19

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2013

	Notes	2013 $	2012 $
Assets			
Current assets			
Cash and cash equivalents	6	571,587	601,671
Trade and other receivables	7	141,972	122,708
Current tax receivable	4	19,604	-
Total current assets		**733,163**	**724,379**
Non-current assets			
Property, plant and equipment	8	190,250	199,244
Intangible assets	9	58,594	82,148
Total non-current assets		**248,844**	**281,392**
Total assets		**982,007**	**1,005,771**
Liabilities			
Current liabilities			
Trade and other payables	10	102,759	117,063
Current tax liability	4	-	19,150
Provisions	11	60,611	-
Total current liabilities		**163,370**	**136,213**
Total liabilities		**163,370**	**136,213**
Net assets		**818,637**	**869,558**
Equity			
Issued capital	12	916,808	916,808
Retained earnings	13	(98,171)	(47,250)
Total equity		**818,637**	**869,558**

The accompanying notes form part of these financial statements.

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

	Notes	Issued Capital $	Retained Earnings $	Total Equity $
Balance at 1 July 2011		**916,808**	**(170,534)**	**746,274**
Total comprehensive income for the year		-	123,284	123,284
Transactions with owners, in their capacity as owners				
Dividends paid or provided	21	-	-	-
Balance at 30 June 2012		**916,808**	**(47,250)**	**869,558**
Balance at 1 July 2012		**916,808**	**(47,250)**	**869,558**
Total comprehensive income for the year		-	64,790	64,790
Transactions with owners, in their capacity as owners				
Dividends paid or provided	21	-	(115,711)	(115,711)
Balance at 30 June 2013		**916,808**	**(98,171)**	**818,637**

The accompanying notes form part of these financial statements.

Statement of cash flows
for the year ended 30 June 2013

	Notes	2013 $	2012 $
Cash flows from operating activities			
Receipts from clients		1,423,678	1,317,485
Payments to suppliers and employees		(1,356,590)	(1,208,796)
Income tax paid		(59,306)	(13,341)
Borrowing costs		(2)	(247)
Interest received		35,616	26,118
Net cash flows from operating activities	**14b**	**43,396**	**121,219**
Cash flows from investing activities			
Purchase of property, plant & equipment		(18,380)	(8,591)
Payments for intangible assets		-	(57,768)
Net cash flows used in investing activities		**(18,380)**	**(66,359)**
Cash flows from financing activities			
Dividends paid		(55,100)	-
Repayment of borrowings		-	(1,432)
Net cash flows used in financing activities		**(55,100)**	**(1,432)**
Net increase/(decrease) in cash held		**(30,084)**	**53,428**
Cash and cash equivalents at start of year		601,671	548,243
Cash and cash equivalents at end of year	**14a**	**571,587**	**601,671**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2013

The financial statements and notes represent those of Pine Rivers Community Finance Limited.

Pine Rivers Community Finance Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 24 October 2013.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

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

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

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, were applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

(b) Income tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

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

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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

(c) Property, plant and equipment

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation.

Note 1. Summary of significant accounting policies (continued)

(c) Property, plant and equipment (continued)

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

Class of asset	Depreciation rate
Plant & equipment	2.5-40%
Office furniture & equipment	7.1-37.5%
Furniture and fittings	5-20%

Impairment

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

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

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

Revaluations

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

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

(d) Impairment of assets

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

(e) Goods and services tax

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable.

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

The GST components of investing and financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(f) Employee benefits

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

(g) Intangibles

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

(h) Cash

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

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

(i) Revenue

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

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

(j) Receivables and payables

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

(k) New accounting standards and interpretations not yet adopted

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company.

The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in the future reporting periods is set below:

Note 1. Summary of significant accounting policies (continued)

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

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

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

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

(ii) AASB 13 Fair Value Measurement (2011)

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

(iii) AASB 119 Employee Benefits (2011)

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

(l) Loans and borrowings

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

(m) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which is probable that the outflow of economic benefits will result and the outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

(n) Share capital

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(o) Comparative figures

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

Note 1. Summary of significant accounting policies (continued)

(p) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

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

Income tax

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

Impairment

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

(q) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to the profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost.

Fair value represents the amount for which an asset would be exchanged or a liability settled, between

knowledgeable willing parties. Where available quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are applied to determine the fair value.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less repayments and any reduction for impairment and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Note 1. Summary of significant accounting policies (continued)

(q) Financial instruments (continued)

Classification and subsequent measurement (continued)

(i) Loans and receivables

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

(ii) Financial liabilities

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

Impairment

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

Derecognition of financial instruments

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

Note 2. Revenue and other income

	2013 $	2012 $
Revenue		
- services commissions	331,513	326,500
- profit share	973,248	883,389
- other revenue	1,684	405
	1,306,445	**1,210,294**
Other revenue		
- interest received	35,616	26,118
	35,616	**26,118**
Total revenue	**1,342,061**	**1,236,412**

	2013 $	2012 $

Note 3. Expenses

	2013 $	2012 $
Employee benefits expense		
- wages and salaries	496,564	430,902
- superannuation costs	48,083	39,944
- workers compensation	5,142	3,578
- payroll tax	28,186	-
- other costs	111,175	109,622
	689,150	**584,046**
Depreciation of non-current assets:		
- plant and equipment	25,380	29,290
- leasehold improvements	1,994	1,994
Amortisation of non-current assets:		
- intangible assets	23,554	22,284
	50,928	**53,568**
Finance costs:		
- Interest paid	2	-
Bad debts	1,579	2,397

Note 4. Tax expense

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

	2013 $	2012 $
Prima facie tax on profit before income tax at 30% (2012: 30%)	25,602	48,538
Add tax effect of:		
- Prior year over/(under) provision for tax	-	(12,000)
- Deductible expenses	(17,324)	(12,155)
- Non-deductible expenses	12,273	14,127
Current income tax expense	**20,551**	**38,510**
Income tax attributable to the entity	**20,551**	**38,510**
The applicable weighted average effective tax rate is	24.08%	23.80%
Income tax liability		
Current tax liability/(receivable)	**(19,604)**	**19,150**

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

Notes to the financial statements (continued)

	2013 $	2012 $

Note 5. Auditors' remuneration

Remuneration of the Auditor for:

- Audit or review of the financial report	4,150	3,900
- Share registry services	3,822	1,650
	7,972	**5,550**

Note 6. Cash and cash equivalents

Term Deposits	550,105	570,000
Cash at bank and on hand	21,482	31,671
	571,587	**601,671**

Note 7. Trade and other receivables

Current

Trade debtors	124,357	113,362
Other assets	11,145	100
Prepayments	6,470	9,246
	141,972	**122,708**

Credit risk

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

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

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be high credit quality.

Note 7. Trade and other receivables (continued)

Credit risk (continued)

	Gross amount	Past due and impaired	Past due but not impaired			Not past due
			< 30 days	31-60 days	> 60 days	
2013						
Trade receivables	124,357	-	-	-	-	124,357
Other receivables	11,145	-	-	-	-	11,145
Total	**135,502**	**-**	**-**	**-**	**-**	**135,502**
2012						
Trade receivables	113,362	-	-	-	-	113,362
Other receivables	100	-	-	-	-	100
Total	**113,462**	**-**	**-**	**-**	**-**	**113,462**

Note 8. Property, plant and equipment

	2013 $	2012 $
Plant and equipment		
At cost	333,146	314,766
Less accumulated depreciation	(209,520)	(184,140)
	123,626	**130,626**
Leasehold improvements		
At cost	79,757	79,757
Less accumulated depreciation	(13,133)	(11,139)
	66,624	**68,618**
Total written down amount	**190,250**	**199,244**
Plant and equipment		
Balance at the beginning of the reporting period	130,626	151,325
Additions	18,380	8,591
Disposals	-	-
Depreciation expense	(25,380)	(29,290)
Balance at the end of the reporting period	**123,626**	**130,626**

	2013 $	2012 $

Note 8. Property, plant and equipment (continued)

Leasehold improvements		
Balance at the beginning of the reporting period	68,618	70,612
Additions	-	-
Disposals	-	-
Depreciation expense	(1,994)	(1,994)
Balance at the end of the reporting period	**66,624**	**68,618**

Note 9. Intangible assets

Franchise fee		
At cost	167,767	167,767
Less accumulated amortisation	(109,173)	(85,619)
	58,594	**82,148**
Borrowing costs		
At cost	1,644	1,644
Less accumulated amortisation	(1,644)	(1,644)
	-	**-**
Movements in carrying amounts		
Franchise fee		
Balance at the beginning of the reporting period	82,148	46,417
Additions	-	57,767
Disposals	-	-
Amortisation expense	(23,554)	(22,036)
Balance at the end of the reporting period	**58,594**	**82,148**

Note 10. Trade and other payables

Current		
Unsecured liabilities:		
Trade creditors	92,468	94,498
Accrued expenses	10,172	17,927
GST Refundable	(4,941)	(3,069)
Unclaimed dividends	4,217	4,973
Other	843	2,734
	102,759	**117,063**

	2013 $	2012 $

Note 11. Provisions

(a) Dividends

Dividend payable	**60,611**	**-**

(b) Employee entitlements

All staffing requirements are provided by permanently seconded employees of Bendigo and Adelaide Bank Limited.

Note 12. Share capital

1,102,010 Ordinary Shares each fully paid #	960,308	960,308
Less: Equity raising costs	(43,500	(43,500)
	916,808	**916,808**

\# 544,708 fully paid shares were issued on 24 June 2002 at $1.00 each 27,300 bonus shares were issued on a one for one basis on 8 July 2002 to certain shareholders for no consideration.

114,402 bonus shares were issued on a one for five basis on 8 May 2009 for no consideration.

415,600 fully paid shares were issued on 16 October 2009 at $1.00 each pursuant to the prospectus dated 25 June 2009.

Movements in share capital

Fully paid ordinary shares:		
At the beginning of the reporting period	1,102,010	1,102,010
Shares issued during the year	-	-
At the end of the reporting period	**1,102,010**	**1,102,010**

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands.

The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Statement of Financial Position.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the Distribution Limit.

Note 12. Share capital (continued)

Capital management (continued)

(i) the Distribution Limit is the greater of:

(a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and

(b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

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

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

	2013 $	2012 $
Note 13. Accumulated losses		
Balance at the beginning of the reporting period	(47,250)	(170,534)
Dividends paid	(55,100)	
Dividends payable	(60,611)	-
Profit after income tax	64,790	123,284
Balance at the end of the reporting period	**(98,171)**	**(47,250)**

Note 14. Statement of cash flows

(a) Cash and cash equivalents balances as shown in the statement of financial position can be reconciled to that shown in the statement of cash flows as follows		
As per the statement of financial position	571,587	601,671
As per the statement of cash flow	**571,587**	**601,671**
(b) Reconciliation of profit after tax to net cash provided from/(used in) operating activities		
Profit after income tax	64,790	123,284
Non cash items		
- Depreciation	27,374	29,291
- Amortisation	23,554	24,277

Notes to the financial statements (continued)

	2013 $	2012 $

Note 14. Statement of cash flows (continued)

Changes in assets and liabilities

- (Increase) decrease in receivables	(19,264)	(12,692)
- (Increase) decrease in deferred tax asset	-	25,169
- Increase (decrease) in income tax payable	(36,144)	-
- Increase (decrease) in payables	(14,304)	(68,110)
- Increase (decrease) in provisions	-	-
Net cash flows from/(used in) operating activities	**46,006**	**121,219**

Note 15. Related party transactions

The company's main related parties are as follows:

(a) Key management personnel

Any person(s) having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company is considered key management personnel.

(b) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(c) Transactions with key management personnel and related parties

Other than detailed below, no key management personnel or related party has entered into any contracts with the company. No Director fees have been paid as the positions are held on a voluntary basis.

(d) Key management personnel shareholdings

The number of ordinary shares in Pine Rivers Community Finance Limited held by each key management personnel of the company during the financial year is as follows:

	2013	2012
Julie Brooks	3,501	3,501
Robert Millar	3,500	3,500
Paul Outen	-	-
Alix Fortescue	2,400	2,400
Jason Delisser	3,200	3,200

Note 15. Related party transactions (continued)

(d) Key management personnel shareholdings (continued)

	2013	2012
John Goddard	-	-
Michael Clahsen	12,000	5,000
Melinda Fleming	-	-
Kenneth Armstrong	-	-

Each share held has a paid up value of $1 and is fully paid.

(e) Other key management transactions

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

Note 16. Events after the reporting period

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

Note 17. Contingent liabilities and assets

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

Note 18. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one geographic area being Brendale and Samford, Queensland. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2012: 100%).

Note 19. Company details

The registered office & principle place of business is: Shop 4 Brendale 7-Day Shopping Centre
Kremzow Road
Brendale QLD 4500

Note 20. Earnings per share

Basic earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

Notes to the financial statements (continued)

	2013 $	2012 $

Note 20. Earnings per share (continued)

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2013 $	2012 $
Profit after income tax expense	**64,790**	**123,284**
Weighted average number of ordinary shares for basic and diluted earnings per share	**1,102,010**	**1,102,010**

Note 21. Dividends paid or provided for on ordinary shares

	2013 $	2012 $
(a) Dividends paid during the year		
2012 Final		
Fully franked dividend - 5 cents per share	**55,100**	**-**
(b) Dividends provided for during the year		
Current year final		
Fully franked dividend - 5.5 cents per share	**60,611**	**-**

Note 22. Financial risk management

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

	Note	2013 $	2012 $
Financial assets			
Cash & cash equivalents	6	571,587	601,671
Trade and other receivables	7	124,357	113,362
Total financial assets		**695,944**	**715,033**
Financial liabilities			
Trade and other payables	10	107,700	120,132
Total financial liabilities		**107,700**	**120,132**

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

Note 22. Financial risk management (continued)

Specific financial risk exposure and management

The company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments. There have been no substantive changes in the types of risks the company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the company it arises from receivables and cash assets.

Credit risk is managed through maintaining procedures that ensure, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness and their financial stability is monitored and assessed on a regular basis. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the statement of financial position.

The company's exposure to credit risk is limited to Australia by geographic area. The majority of receivables are due from Bendigo and Adelaide Bank Limited.

None of the assets of the company are past due (2012: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

The company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Limited and therefore credit risk is considered minimal.

	2013 $	2012 $
Cash and cash equivalents:		
A rated	**571,587**	**601,671**

(b) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Note 22. Financial risk management (continued)

(b) Liquidity risk (continued)

Financial liability and financial asset maturity analysis:

	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
30 June 2013					
Financial liabilities due					
Trade and other payables	10	107,700	107,700	–	–
Total expected outflows		**107,700**	**107,700**	**–**	**–**
Financial assets - realisable					
Cash & cash equivalents	6	571,587	571,587	–	–
Trade and other receivables	7	124,357	124,357	–	–
Total anticipated inflows		**695,944**	**695,944**	**–**	**–**
Net (outflow)/inflow financial instruments		**588,244**	**588,244**	**–**	**–**

	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
30 June 2012					
Financial liabilities due					
Trade and other payables	10	120,132	120,132	–	–
Total expected outflows		**120,132**	**120,132**	**–**	**–**
Financial assets - realisable					
Cash & cash equivalents	6	601,671	601,671	–	–
Trade and other receivables	7	113,362	113,362	–	–
Total anticipated inflows		**715,033**	**715,033**	**–**	**–**
Net (outflow)/inflow financial instruments		**594,901**	**594,901**	**–**	**–**

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Note 22. Financial risk management (continued)

(c) Market risk (continued)

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company reviews the exposure to interest rate risk as part of the regular Board meetings.

The weighted average interest rates of the company's interest-bearing financial assets are as follows:

Financial assets	**2013** **%**	**2012** **%**
Cash and cash equivalents (net of bank overdrafts)	4.01%	5.14%

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit **$**	**Equity** **$**
Year ended 30 June 2013		
+/- 1% in interest rates (interest income)	5,716	5,716
	5,716	**5,716**
Year ended 30 June 2012		
+/- 1% in interest rates (interest income)	6,017	6,017
	6,017	**6,017**

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Fair values

The fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. Fair value is the amount at which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. The company does not have any unrecognised financial instruments at year end.

Directors’ declaration

In accordance with a resolution of the Directors of Pine Rivers Community Financial Services Limited, the Directors of the company declare that:

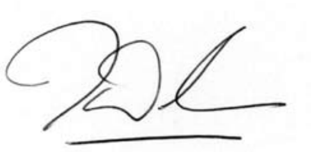
1 the financial statements and notes of the company as set out on pages 13 to 34 are in accordance with the Corporations Act 2001 and:

   (i) comply with Australian Accounting Standards, which as stated in accounting policy Note 1(a) to the financial statements constitutes compliance with International Financial Reporting Standards (IFRS); and

   (ii) give a true and fair view of the company’s financial position as at 30 June 2013 and of the performance for the year ended on that date;

2 in the Directors’ opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This resolution is made in accordance with a resolution of the Board of Directors.



Jason Delisser
Director

Signed on 24 October 2013.

Richmond
Sinnott &
Delahunty
Chartered Accountants

Level 2, 10-16 Forest Street
Bendigo, Victoria
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PINE RIVERS COMMUNITY FINANCE LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Pine Rivers Community Finance Limited, which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company at the year's end.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Richmond Sinnott & Delahunty
ABN 60 616 244 309
Liability limited by a scheme approved under Professional Standards Legislation

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

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 Pine Rivers Community Finance Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

Auditor's Opinion

In our opinion:

(a) the financial report of Pine Rivers Community Finance Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

P. P. Delahunty
Partner

Dated at Bendigo, 24 October 2013

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Kremzow Road, Brendale QLD 4500
Phone: (07) 3881 0720

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Phone: (07) 3289 6710

Franchisee: Pine Rivers Community Finance Limited
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Bendigo Bank