

2020

# annual report

Robe Community  
Financial Services Limited

ABN 24 101 974 887

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# Chairperson's report

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For year ending 30 June 2012

This year we sponsored a new trailer for the Lions Club of Robe and District, probably one of the most worthy sponsorships that the Robe **Community Bank**<sup>®</sup> Branch has made. The Lions Club and the **Community Bank**<sup>®</sup> branch exist for the same reason – to support our community and to make contributions to important projects in town. This is a fine example of a true community partnership because the Lions Club are great supporters of Robe **Community Bank**<sup>®</sup> Branch.

Another great decision made by our Board has been to support the Bendigo Bank Scholarship program which commenced this year. This scholarship is designed to help disadvantaged students, and all country students come in to this category, in their first years at a tertiary institution. We will give a \$5,000 grant to a student from our region who is commencing their study next year and, depending on the results they achieve in their first year, they may receive a further \$5,000 grant for their second year.

Over the past 12 months we have sponsored more than \$22,000 in community activities, bringing the total of our community returns to over \$80,000 since we opened our branch.

In October we held a Community Forum to find out the most important needs of our community. The Board pledged \$20,000 for major projects identified at this Forum, and an update will be given at the AGM. Also to be announced at the AGM are the decisions for sponsorships for the forthcoming year. And as our business continues to grow we will enter into more and more partnerships with the people and organisations within the community who support Robe **Community Bank**<sup>®</sup> Branch.

Ten years ago there were less than 100 **Community Bank**<sup>®</sup> branches who had given \$500,000 to their communities. Approximately 20 new branches open every year and there are now nearly 300 **Community Bank**<sup>®</sup> branches throughout Australia who have contributed more than \$80 million to their communities. The communities who have supported their **Community Bank**<sup>®</sup> branch and contributed to the success of their local bank have reaped the benefits of seeing major projects develop in their regions.

To continue the success story for Bendigo and Adelaide Bank, international credit rating agencies Standard & Poor's, Moody's and Fitch have recently upgraded Bendigo and Adelaide Bank and Rural Bank's credit rating at A-, one of the few banks in the world to receive an upgrade since the onset of the Global Financial Crisis, a testament to the way Bendigo and Adelaide Bank has managed and continues to respond to the challenges currently facing the banking industry. Bendigo and Adelaide Bank continues to perform well and seeks out new efficiencies and implements new initiatives. These efforts have been rewarded once again.

Now the fifth largest bank in Australia and with on-going customer surveys continuing to identify Bendigo and Adelaide Bank as the most customer friendly bank in Australia, we can all feel confident that the Bank is a capable performer in the current economic climate and offers stability for its customers.

Robe Community Financial Services Limited has continued to make great progress during the financial year to June 2012, with our business portfolio increasing by 11.5% to more than \$47 million, and recording a profit of \$111,575, an increase from last year of more than \$33,000.

We have substantially reduced our debt to approximately \$175,000 at June 2012. The Board made a decision at its August meeting to defer \$150,000 of this debt to a 10-year loan, with the balance managed through our overdraft facility, thus freeing our cash flow to return more funds to shareholders and our community.

Over the past few months we have had a few staff changes. Former Branch Manager Andrew Nevins was contracted to us for two years. He stayed for two and a half and left us in May. He was very popular with staff, Board members and of course our customers and we owe him a great deal for the effort he put in to helping with our success.

## Chairperson's report (continued)

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We are very happy to welcome our new Branch Manager, Aaron Sayers, who comes to us after working for three and a half years at Port Lincoln **Community Bank**<sup>®</sup> Branch, one of the most successful branches in the **Community Bank**<sup>®</sup> network. Aaron is highly motivated and looking forward to getting out in to the community.

Libby Rains (formerly Libby Jauncey), our Customer Service Supervisor, left us in September to work in another Bendigo Bank branch in Castlemaine, Victoria. Libby had been with us for six years and has contributed a great deal to the success of the branch. We shall certainly miss her and wish her all the luck for her future.

Helen Slessar and Angela Tymmons continue to work very hard in their role as Customer Service Officers.

I want to thank our Board members for their untiring work this year. Mark Baker (Deputy Chair), Peter Darr (Secretary), Michael Slessar (Assistant Secretary), Michael Mattei (Treasurer), Ian Regnier, David Macauley and Alan Schinckel.

The theme of the Bendigo Bank National Conference this year was "Where do we want to be in 2022?" The message we took away from this was that the future of **Community Bank**<sup>®</sup> branches will be in the hands of our community's youth. We strive to continually review our recruitment and selection process to ensure we have valuable staff and Board members in order meet our business and community needs.

As more and more people throughout Australia realise what banking with their **Community Bank**<sup>®</sup> branch means for their community I will be most surprised if Bendigo and Adelaide Bank are still only Australia's fifth largest bank in 2022!

Kind regards,



**Marilyn Paxton**  
**Chairperson**

# Manager's report

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For year ending 30 June 2012

I joined the Robe **Community Bank**<sup>®</sup> Branch at the start of June. I have **Community Bank**<sup>®</sup> experience having come from the Port Lincoln **Community Bank**<sup>®</sup> Branch where I worked as the Customer Service Supervisor for a number of years.

Working in the Port Lincoln **Community Bank**<sup>®</sup> Branch with Cummins next door has allowed me to see and experience first hand the benefits of a successful **Community Bank**<sup>®</sup> Branch with Cummins having contributed over \$1.3 million to its community of 600 people and Port Lincoln having contributed over \$190,000 in four years to the community including most recently a \$40,000 car which was given to the Red Cross.

I come with a passion and enthusiasm to see the Robe **Community Bank**<sup>®</sup> Branch continue to be successful and continue to move forwards and in turn, investing more into the community.

However at the end of the day what makes a **Community Bank**<sup>®</sup> branch successful is a community willing to support it and transfer their business. It starts with you!

I look forward to the opportunity to assist in your banking requirements and am confident my team can deliver a high level of customer service. We pride ourselves on our customer service and going above and beyond for our customers. We can offer everything the major banks can offer and all at highly competitive rates.

Most importantly I look forward to becoming involved in the wonderful Robe community.



**Aaron Sayers**  
**Branch Manager**

# Bendigo and Adelaide Bank report

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For year ending 30 June 2012

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

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

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

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

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

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

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

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

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

## Bendigo and Adelaide Bank report (continued)

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

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

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

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

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

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

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

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



**Russell Jenkins**  
**Executive Customer and Community**

# Directors' report

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For the financial year ended 30 June 2012

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

The names of the Directors in office at anytime during or since the end of the year are:

Meryllyn Paxton  
Peter Darr  
Ian Robert Regnier  
Mark Andrew Baker  
David Philip Macauley  
Michael Mattei  
Alan Schinckel  
Michael William Slessar  
Kylie Michelle Peel (appointed 15/03/2012)

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

The net profit of the company for the financial year after providing for income tax amounted to \$111,575.

A review of the operations of the company during the financial year and the results of those operations are as follows:

During the year the company continued to increase its revenue with a 16% increase whilst expenditure increased with a 8% rise.

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

The principal activities of the company during the financial year were:

- to provide a banking and financial service to Robe and the surrounding districts.

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

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

Likely developments 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.

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

Notwithstanding the deficiency of net tangible assets, the financial report has been prepared on a going concern basis as the Directors have received a guarantee of financial support and the Directors believe that such financial support will continue to be made available.

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

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.

No indemnities have been given, during or since the end of the financial year, for any person who is or has been an Officer or Auditor of the company. The Directors are covered by a policy to a limit of \$100,000,000 covering comprehensive crime and professional indemnity which is paid by the company.



## Directors' report (continued)

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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 part of those proceedings.

The company was not a party to any such proceedings during the year.

### **Auditor's independence declaration**

A copy of the Auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is attached to this financial report.

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



**Merylyn Paxton**  
**Director**

20 September 2012

# Auditor's independence declaration

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## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

### TO THE DIRECTORS OF ROBE COMMUNITY FINANCIAL SERVICES LTD

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

- (i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.

**Mark Stephen Edwards**  
Chartered Accountant  
172 Smith Street  
Naracoorte, SA, 5271



Registered Auditor: Mark Edwards

Naracoorte

20th September 2012

# Financial statements

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## Income statement for the year ended 30 June 2012

	Note	2012 \$	2011 \$
Revenue	2	447,565	386,761
Employee benefits expense		(142,332)	(120,267)
Depreciation and amortisation expenses		(17,379)	(16,531)
Finance costs		(17,245)	(24,713)
Other expenses		(159,035)	(146,815)
<b>Profit before income tax expense</b>		<b>111,575</b>	<b>78,434</b>
Income tax benefit (expense)	3	(33,464)	191,190
<b>Profit attributable to member of the company</b>		<b>78,112</b>	<b>269,624</b>

The accompanying notes form part of these financial statements.

# Financial statements (continued)

## Balance sheet as at 30 June 2012

	Note	2012 \$	2011 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	294	367
Trade and other receivables	7	34,760	29,381
Other current assets	8	3,512	-
<b>Total current assets</b>		<b>38,566</b>	<b>29,748</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	41,379	48,085
Intangibles	10	11,477	22,954
Deferred tax assets	11	161,917	195,381
Other	8	-	1,148
<b>Total non-current assets</b>		<b>214,773</b>	<b>267,568</b>
<b>Total assets</b>		<b>253,340</b>	<b>297,316</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	12	11,394	9,279
Financial liabilities	13	43,477	33,926
Short-term provisions	14	12,939	14,069
<b>Total current liabilities</b>		<b>67,810</b>	<b>57,273</b>
<b>Non-current liabilities</b>			
Financial liabilities	13	150,000	282,625
<b>Total non-current liabilities</b>		<b>150,000</b>	<b>282,625</b>
<b>Total liabilities</b>		<b>217,810</b>	<b>339,898</b>
<b>Net assets (liabilities)</b>		<b>35,530</b>	<b>(42,583)</b>
<b>Equity</b>			
Issued capital	15	427,989	427,989
Retained profits (accumulated losses)		(392,459)	(470,571)
<b>Total equity (deficit)</b>		<b>35,530</b>	<b>(42,583)</b>

The accompanying notes form part of these financial statements.

## Financial statements (continued)

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### Statement of changes in equity as at 30 June 2012

	Share capital \$	Retained earnings \$	Total \$
Balance at 1 July 2010	427,989	(740,195)	(312,207)
Profit attributable to equity shareholders		269,624	269,624
<b>Balance at 30 June 2011</b>	<b>427,989</b>	<b>(470,571)</b>	<b>(42,583)</b>
Profit attributable to equity shareholders		78,112	78,112
<b>Balance at 30 June 2012</b>	<b>427,989</b>	<b>(392,459)</b>	<b>35,530</b>

The accompanying notes form part of these financial statements.

## Financial statements (continued)

### Cash flow statement for the year ended 30 June 2012

	Note	2012 \$	2011 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		446,540	423,063
Payments to suppliers & employees		(333,511)	(331,566)
Interest received		7	176
Trade creditors		(6,727)	-
GST		970	-
PAYG Withholding		1,146	-
Debtors		(5,398)	-
<b>Net cash provided by operating activities</b>	<b>19</b>	<b>103,027</b>	<b>91,673</b>
<b>Cash flows from investing activities</b>			
Plant purchases/adjustments		804	(7,661)
<b>Net cash provided by (used in) investing activities</b>		<b>804</b>	<b>(7,661)</b>
<b>Cash flows from financing activities</b>			
Repayments of borrowings		(120,000)	(130,000)
<b>Net cash provided by (used in) financing activities</b>		<b>(120,000)</b>	<b>(130,000)</b>
Net increase (decrease) in cash held		(16,169)	(45,988)
Cash at beginning of financial year		(8,502)	37,485
<b>Cash at end of financial year</b>	<b>19</b>	<b>(24,671)</b>	<b>(8,503)</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

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For year ended 30 June 2012

## Note 1. Statement of significant accounting policies

This financial report covers Robe Community Financial Services Ltd as an individual entity. Robe Community Financial Services Ltd is a company limited by shares, incorporated and domiciled in Australia.

### **Basis of preparation**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

### **(a) Income tax**

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

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balance during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the assets is realised or the liability settled, based on tax rates enacted or substantively enacted at reporting date. There measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

# Notes to the financial statements (continued)

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## Note 1. Statement of significant accounting policies (continued)

### **(a) Income tax (continued)**

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

### **(b) Property, plant and equipment**

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

#### Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount related to the revalued amount of the asset.

#### Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate assets, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charges against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

#### Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on a straight line basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.



# Notes to the financial statements (continued)

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## Note 1. Statement of significant accounting policies (continued)

### **(b) Property, plant and equipment (continued)**

#### Depreciation (continued)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

### **(c) Financial instruments**

#### Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs, where the instrument is not classified at fair value through profit or loss. Transactions costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

#### Classification and subsequent measurement

##### (i) Financial assets at fair value through profit and loss

Financial assets are classified at fair value through profit or loss where they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

##### (ii) 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 using the effective interest rate method.

##### (iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

##### (iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

##### (v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method

# Notes to the financial statements (continued)

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## Note 1. Statement of significant accounting policies (continued)

### **(c) Financial instruments (continued)**

#### Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

#### Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

### **(d) Employee benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits liabilities have been recognised to the extent that it will be probable of future economic outflows resulting from past services which have been rendered by the employees.

### **(e) 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.

### **(f) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within financial liabilities in current liabilities on the balance sheet.

### **(g) Leases**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the company are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

The company is committed to a lease agreement for its premises to October 2013 with a further 5 year option.

### **(h) Revenue and other income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted as a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

# Notes to the financial statements (continued)

## Note 1. Statement of significant accounting policies (continued)

### (h) Revenue and other income (continued)

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue recognition relating to the provision of a service is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

All revenue is stated net of the amount of goods and services tax (GST).

### (i) 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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### Going concern

Notwithstanding the company's deficiency of net assets, the financial report has been prepared on the going concern basis. This basis has been adopted as the company has received a guarantee of continuing financial support from the Directors to allow the company to meet its liabilities and it is the Directors' belief that such financial support will continue to be made available.

The bank overdraft and loan are secured by Bendigo Bank Limited who provide Working Capital by the way of an Overdraft facility to support the company's operations. Bendigo Bank believe the need for any substantial financial support is unlikely, but nonetheless, provision of additional funding will be dependant upon the Robe Community Financial Services Limited fulfilling their ongoing responsibilities under the Franchise Agreement and continuing to work closely with Bendigo Bank Management to further develop the business.

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Note 2. Revenue</b>		
Rendering of services	446,547	386,584
Insurance recoveries	677	-
Interest received	2(a) 7	176
Bad debt recoveries	334	-
<b>Total revenue</b>	<b>447,565</b>	<b>386,761</b>
<b>(A) interest received from:</b>		
<b>Other corporations</b>	<b>7</b>	<b>176</b>

## Notes to the financial statements (continued)

	Note	2012 \$	2011 \$
<b>Note 3. Income tax expense</b>			
<b>(a) The components of tax expense comprise:</b>			
Current tax		-	-
Deferred tax	11	33,464	(191,190)
		<b>33,464</b>	<b>(191,190)</b>
<b>(b) The prima facie tax payable on profit before income tax is reconciled to the income tax as follows:</b>			
Current tax calculation:			
Profit as per income statement		111,575	78,434
Tax applicable to profit		33,464	23,530
Less tax effect of:			
Tax effect of utilisation of carried forward losses		33,464	23,530
<b>Income tax expense attributable to entity</b>		<b>-</b>	<b>-</b>

## Note 4. Key management personnel compensation

Directors on the Board of the company are all positions of a voluntary nature where no remuneration is paid. The company provides Director/Officer Indemnity for its Directors on their behalf

	2012 \$	2011 \$
<b>Note 5. Auditors' remuneration</b>		
Auditing or reviewing the financial report	4,550	4,450
Taxation services	4,445	4,525

## Note 6. Cash and cash equivalents

<b>Cash at bank - staff christmas club</b>	<b>294</b>	<b>367</b>
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## Note 7. Trade and other receivables

### Current

Trade debtors	33,267	27,870
GST on payables - current	1,493	1,511
	<b>34,760</b>	<b>29,381</b>

## Notes to the financial statements (continued)

	2012 \$	2011 \$
<b>Note 8. Other assets</b>		
<b>Current</b>		
<b>Prepayments</b>	<b>3,512</b>	-
<b>Non-current</b>		
<b>Gst on payables - noncurrent</b>	-	<b>1,148</b>

## Note 9. Property, plant and equipment

Property improvements	45,385	46,855
Less accumulated depreciation	(16,411)	(13,804)
<b>Total land and buildings</b>	<b>28,974</b>	<b>33,051</b>
Furniture and fittings	51,612	50,947
Less accumulated depreciation	(39,207)	(35,912)
<b>Total plant and equipment</b>	<b>12,405</b>	<b>15,035</b>
<b>Total property, plant and equipment</b>	<b>41,379</b>	<b>48,085</b>

## Note 10. Intangible assets

Franchise fees	57,386	57,386
Accumulated amortisation and impairment losses	(45,909)	(34,432)
	<b>11,477</b>	<b>22,954</b>
<b>Reconciliation of franchise fees</b>		
Balance at beginning of year	22,954	34,432
Additions	-	-
Disposals	-	-
Amortisation charge	(11,477)	(11,477)
Impairment losses	-	-
<b>Closing carrying value at 30 June 2012</b>	<b>11,477</b>	<b>22,954</b>

## Note 11. Tax

### Deferred tax assets

#### Provisions - employee benefits

Opening balance	4,221	4,191
Credited/ debited to the income statement	(339)	30
<b>Closing balance</b>	<b>3,882</b>	<b>4,221</b>

## Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 11. Tax (continued)		
<b>Carried forward losses</b>		
Opening balance	191,160	
Credited/ debited to the income statement	(33,125)	191,160
Closing balance	158,035	191,160
<b>Balance at year end</b>	<b>161,917</b>	<b>195,381</b>

Deferred tax asset was recognised in 2011 for carried forward losses which has significantly increased recognised assets and profit. The Directors believe there will be future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences, which will utilise all carried forward losses. This is evidenced by the increasing profits for the years 2010 to 2012.

### Note 12. Other payables

#### Current

Goods and Services Tax	7,150	6,180
Payroll liabilities	4,244	3,098
	<b>11,394</b>	<b>9,279</b>

### Note 13. Financial liabilities

#### Current

Bank overdraft - business account	24,964	8,870
Franchise renewal fees - current	12,625	12,625
Trade creditors	5,888	12,431
	<b>43,477</b>	<b>33,926</b>

#### Non-current

Bendigo bank interest only	150,000	270,000
Franchise renewal fees	-	12,625
	<b>150,000</b>	<b>282,625</b>

### Note 14. Provisions

Provision for long service leave	-	3,924
Provision for annual leave	12,939	10,145
	<b>12,939</b>	<b>14,069</b>

## Notes to the financial statements (continued)

	2012 \$	2011 \$
<b>Note 15. Issued capital</b>		
Ordinary shares @ \$1 each	445,610	445,610
Prospectus fees & costs	(17,621)	(17,621)
	<b>427,989</b>	<b>427,989</b>

## Note 16. Leasing commitments

### (a) Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable:

not later than 12 months	14,475	13,918
between 12 months and 5 years	3,619	18,094
greater than 5 years	-	-
	<b>18,094</b>	<b>32,012</b>

## Note 17. Financial risk management

### (a) Net fair values

The net fair values of listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the company intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date.

## Note 18. Company details

The registered office of the company is:  
Robe Community Financial Services Ltd  
9 Victoria Street,  
Robe SA 5267

The principal place of business is:  
Robe Community Financial Services Ltd  
9 Victoria Street,  
Robe SA 5267

## Notes to the financial statements (continued)

	2012 \$	2011 \$
<b>Note 19. Cash flow information</b>		
<b>(a) Reconciliation of cash</b>		
Cash at the end of financial year as shown in the Statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash at bank	293	367
Bank overdraft	(24,964)	(8,870)
	<b>(24,671)</b>	<b>(8,503)</b>
<b>(b) Reconciliation of cash flow from operations with profit from ordinary activities after income tax</b>		
Profit from ordinary activities after income tax	77,732	279,868
Non-cash flows in profit from ordinary activities:		
Depreciation	5,902	5,053
Changes in assets & liabilities:		
(Increase)/decrease in plant	805	
(Increase)/decrease in other assets	(2,364)	
(Increase)/decrease in trade and term debtors	(5,397)	(2,124)
Increase/(decrease) in payables	(6,364)	6,561
Increase/(decrease) in deferred taxes payable	33,843	(201,434)
Increase/(decrease) in provisions	(1,130)	3,749
<b>Net cash provided by operating activities</b>	<b>103,027</b>	<b>91,673</b>



# 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 23 are in accordance with the Corporations Act 2001:
  - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the company
2. in the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



**Marilyn Paxton**  
**Director**

20 September 2012

# Independent audit report



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## INDEPENDENT AUDIT REPORT TO THE MEMBER OF ROBE COMMUNITY FINANCIAL SERVICES LTD

### Report on the Financial Report

We have audited the accompanying financial report of Robe Community Financial Services Ltd (the company) which comprises the balance sheet as at 30 June 2012 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the director's declaration.

#### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: 'Presentation of Financial Statements', that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# Independent audit report (continued)



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## INDEPENDENT AUDIT REPORT TO THE MEMBER OF ROBE COMMUNITY FINANCIAL SERVICES LTD

### *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, provided to the directors of Robe Community Financial Services Ltd on 21 September 2011, would be in the same terms if provided to the directors as at the date of this auditor's report.

### *Auditor's Opinion*

In our opinion:

- a. The financial report of Robe Community Financial Services Ltd is in accordance with the Corporations Act 2001 including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- b. The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

**Mark Stephen Edwards**  
**Chartered Accountant**  
**172 Smith Street**  
**Naracoorte, SA, 5271**



Registered Auditor: Mark Edwards  
Naracoorte  
20th September 2012





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Phone: (08) 8768 1855

Franchisee: Robe Community Financial Services Limited  
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