SHOALHAVEN COMMUNITY FINANCIAL SERVICES LIMITED
ABN 77 128 253 065

TRADING AS

NOWRA & DISTRICT COMMUNITY BANK®
BRANCH OF BENDIGO AND ADELAIDE BANK LTD

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

CONTENTS

DIRECTORS' REPORT

The Directors present their report on the Company for the financial year ended 30 June 2013.

Directors

The names of the Directors in office at any time during, or since the end of, the year are:

Maria Emery Chairperson Non Executive Director Age: 62 Business Manager	Bruce M Morton Treasurer Non Executive Director Age: 71 Retired Chartered Accountant	Bill Carter Secretary Non Executive Director Age: 54 Retired Police Officer
Michael James Non Executive Director Age: 59 Company Director	Candice Hazeltine Non Executive Director Age: 31 Business Proprietor	Ian Zandstra Non Executive Director Age: 66 Company Director / Dairy farmer
Chance Hanlon Non Executive Director Age: 49 Business Proprietor	Jemma Tribe Non Executive Director Age: 28 Councillor	Jennifer Stewart Non Executive Director Age: 53 GM Shoalhaven Business Chamber / Consultant
Bohdan Brumerskyj Chairperson Non Executive Director Age: 27 Sales Manager	Robert Bruderlin Non Executive Director Age: 57 Retailer	

Directors have been in office since the start of the financial year to the date of this report, with the exception of:

- Ian Zandstra, Chance Hanlon, Jemma Tribe, and Jennifer Stewart were elected to the Board on 10 January 2013.
- Bohdan Brumerskyj retired from the Board on 13 May 2013.
- Robert Bruderlin retired from the Board on 10 January 2013.

Principal activities

The principal activities of the Company during the course of the financial period were in providing community banking services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

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

Review of Operations

The loss of the Company for the financial year after provision for income tax was $26,654 (2012: loss of $50,950).

Significant Changes in the State of Affairs

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

DIRECTORS' REPORT
Continued...

Events Subsequent to the End of the Reporting Period

No matters of 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.

Likely Developments and Expected Results of Operations

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

Dividends

No dividends were declared or paid for sine incorporation and the Directors recommend that no dividend be paid for the current period.

Environmental Issues

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

Options

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Directors' Benefits

Apart from those transactions detailed in Note 16, no other Director has received or become entitled to receive, during or since the financial period, a benefit because of a contract made by the Company 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 or related body corporate.

Indemnification of Officers

The Company has indemnified all Directors and the Manager in respect of liabilities to other persons (other than the Company or related body corporate) that may rise from their position as Directors or Managers of the Company except where the liability arises out of conduct involving the lack of good faith.

Insurance Premiums

During the financial year the Company has paid premiums in respect of Directors' and Officers' liability insurance contracts for the year ended 30 June 2013 and since the financial year, the Company has paid or agreed to pay premiums in respect of such insurance contracts for the year ending 30 June 2013. Such insurance contracts insure against certain liability (subject to specific exclusions) of persons who are or have been Directors or Executive Officers of the Company.

The Directors have not included details of the nature of the liabilities cover or the amount of the premium paid in respect of the Directors' and Officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

DIRECTORS' REPORT
Continued...

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

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

Directors' Meetings

During the financial year, 12 meetings of Directors were held. Attendances by each Director during the year were as follows:

	Directors' Meetings	
Director	**Attended**	**Eligible to Attend**
Maria Emery	8	12
Bruce Morton	9	12
Bill Carter	10	12
Michael James	10	12
Candice Hazeltine	7	12
Ian Zandstra	2	4
Chance Hanlon	2	4
Jemma Tribe	2	4
Jennifer Stewart	4	4
Bohdan Brumerskyj	8	11
Robert Bruderlin	2	8

Company Secretary

The Bill Carter held the position of Company Secretary at the end of the financial year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under s 370C of the Corporations Act 2012 is set out on page 4.

This Directors' Report is signed in accordance with a resolution of the Board of Directors:

....
Bruce Morton
Treasurer

Dated this 10th day of September 2013.

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF SHOALHAVEN COMMUNITY FINANCIAL SERVICES LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2013 there have been: -

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Daley & Co

Daley & Co
Chartered Accountants
98 Kembla Street
Wollongong NSW 2500

Michael Mundt

Michael Mundt
Partner

Dated this 10th day of September 2013.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	NOTE	2013 $	2012 $
Revenue	2	533,162	480,451
Other Revenue	2	13,795	8,833
Employee Benefits		(269,948)	(263,991)
Depreciation and Amortisation Expense		(53,880)	(55,347)
Rent and Occupancy Expenses		(76,612)	(71,516)
Interest Expense		(22,402)	(28,815)
Other Administration Expenses		(150,769)	(120,565)
Loss Before Income Tax		(26,654)	(50,950)
Income Tax Expense	4	-	-
Loss After Income Tax		(26,654)	(50,950)
Other Comprehensive Income After Income Tax:			
Other Comprehensive Income Items		-	-
Other Comprehensive Income for the Year, Net of Tax		-	-
Total Comprehensive Income for the Year		(26,654)	(50,950)

The accompanying notes form part of these financial statements

BALANCE SHEET
AS AT 30 JUNE 2013

	NOTE	2013 $	2012 $
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	5	1,184	352
Trade and Other Receivables	6	53,022	34,981
Other Assets	7	2,105	5,501
TOTAL CURRENT ASSETS		56,311	40,834
NON-CURRENT ASSETS			
Property, Plant and Equipment	8	147,159	180,189
Intangible Assets	9	68,538	20,167
TOTAL NON-CURRENT ASSETS		215,697	200,356
TOTAL ASSETS		272,008	241,190
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	10	55,717	29,666
Borrowings – Bank Overdraft	11	413,200	427,397
Provisions	12	10,350	8,232
TOTAL CURRENT LIABILITIES		479,267	465,295
NON-CURRENT LIABILITIES			
Trade and Other Payables	10	41,533	-
Provisions	12	6,852	4,885
TOTAL NON-CURRENT LIABILITIES		48,385	4,885
TOTAL LIABILITIES		527,652	470,180
NET ASSETS		(255,644)	(228,990)
EQUITY			
Contributed Equity	13	844,400	844,400
Accumulated Losses		(1,100,044)	(1,073,390)
TOTAL EQUITY		(255,644)	(228,990)

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Issued Capital $	Accumulated Losses $	Total $
Balance at 1 July 2011	844,400	(1,022,440)	(178,040)
Loss for the Year	-	(50,950)	(50,950)
Balance at 30 June 2012	844,400	(1,073,390)	(228,990)
Loss for the Year	-	(26,654)	(26,654)
Balance at 30 June 2013	844,400	(1,100,044)	(255,644)

The accompanying notes form part of these financial statements

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013

	NOTE	2013 $	2012 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Operations		583,731	534,612
Payments to Suppliers and Employees		(532,456)	(514,249)
Interest Received		-	98
Finance Costs Paid		(22,402)	(28,815)
Net Cash Provided By / (Used In) Operating Activities	18(b)	28,873	(8,354)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for Intangible Assets		(13,844)	-
Net Cash Used In Investing Activities		(13,844)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Net Cash Used In Financing Activities		-	-
Net Increase/(Decrease) in Cash Held		15,029	(8,354)
Cash and Cash Equivalents at the Start of the Year		(427,045)	(418,691)
Cash and Cash Equivalents at the End of the Year	18(a)	(412,016)	(427,045)

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are for Shoalhaven Community Financial Services Limited as an individual entity, incorporated and domiciled in Australia. Shoalhaven Community Financial Services Limited is a Company limited by shares.

Basis of Preparation

The financial statements are general purpose financial statements that have 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.*

The significant accounting policies used in the preparation and presentation of these financial statements are provided below and are consistent with prior reporting periods unless otherwise stated.

The financial statements are based on historical costs, except for the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

a) Going Concern

These financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Company is technically insolvent in that its liabilities exceed its assets. This has come as a result of significant losses experienced in the past three years:

- $26,654 in 2012/13
- $50,950 in 2011/12; and
- $187,207 in 2010/11.

Additionally, as per the 30 June 2013 balance sheet, there is a net current asset deficiency, with the value of current liabilities exceeding current assets by $255,644 (2012: $228,990).

Since the balance date, the Company has continued to take steps to improve its trading performance by careful cash flow management, further reducing operating costs and reconfirming the level of support from Bendigo and Adelaide Bank Ltd in relation to the provision of the overdraft facility of $450,000 for a period of 12 months from the date of signing this financial report (refer note 20). This allows the statutory financial report to be prepared on a going concern basis.

As a result of the above measures, the Directors believe that the Company will continue as a going concern.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
Continued...

b) Income Tax

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

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are 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 balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

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

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

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

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

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

c) Property, Plant and Equipment

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

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details or impairment).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Continued...

c) Property, Plant and Equipment

Continued....

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets is depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each for each class of depreciable assets are:-

Class of Fixed Asset	Depreciation Rate
Leasehold Improvements	5 – 10%
Plant and Equipment	5 – 20%
Computer Equipment	20%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

d) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to the Company, are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

e) Financial Instruments

Initial Recognition and Measurement

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
Continued...

e) Financial Instruments
Continued....

Classification and Subsequent Measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal 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.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

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 and reference to similar instruments

i) Financial Assets at Fair Value through Profit or Loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are 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. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

iii) Held-to-Maturity Investments

Held-to-maturity investments are non-derivative financial assets that have 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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
Continued...

e) Financial Instruments
Continued....

iv) Available-for-Sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into the profit or loss.

Available-for-sale financial assets are classified as non-current assets, when they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

v) Financial Liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process 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 or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence that impairment as a result of one or more events ("a loss event") has occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial instruments, a prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in the profit and loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit and loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
Continued...

e) Financial Instruments
Continued....

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is 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.

f) Impairment of Non-Financial Assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying value over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

g) Intangible Assets

Franchise fees are recognised at cost of acquisition. They have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Franchise fees are amortised over their useful life of 5 years.

h) Employee Benefits

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

i) 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. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
Continued...

j) 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 short-term borrowings in current liabilities on the Balance Sheet.

k) Revenue

Interest, service fees and commission is recognised when earned.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

l) Trade and Other Payables

Trade and other payables represent the liability outstanding at reporting date for goods and services received by the Company during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

m) Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cashflows arising from financing or investing activities which are recoverable from, or payable to, the ATO are presented as part of operating cash flows included in receipts from customers or payments to suppliers.

n) Comparatives

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

Where the Company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a Balance Sheet as at the beginning of the earliest comparative period will be disclosed.

o) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
Continued...

p) Adoption of New and Revised Accounting Standards

During the current year, the Company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these Standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these Standards and Interpretations has had on the financial statements of Shoalhaven Community Financial Services Limited

Standard Name	Impact
AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income	The adoption of this standard has not change the reported financial position and performance of the entity, however the presentation of items in other comprehensive income has changed.
AASB 112 Income Taxes	There has been no impact on the reported financial position and performance

q) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided against early adoption of these Standards. The following table summarises those future requirements, and their impact on the Company:

Standard Name	Effective Date	Requirements	Impact
AASB 9 Financial Instruments and amending standards AASB 2010-7 / AASB 2012-6	30 June 2016	Changes to the classification and measurement requirements for financial assets and financial liabilities. New rules relating to derecognition of financial instruments.	The impact of AASB 9 has not yet been determined as the entire standard has not been released.
AASB 13 Fair Value Measurement. AASB 2011-8 - Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	30 June 2014	AASB 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Accounting Standards but does not change when fair value is required or permitted. There are a number of additional disclosure requirements.	Fair value estimates currently made by the entity will be revised and potential changes to reported values may be required. The entity has not yet determined the magnitude of any changes which may be needed. Some additional disclosures will be needed.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Continued...

q) New Accounting Standards and Interpretations

Continued....

Standard Name	Effective Date	Requirements	Impact
AASB 2011-4 - Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	30 June 2014	Remove individual key management personnel disclosure requirements (i.e. components of remuneration) for disclosing entities.	Since the entity is a disclosing entity, the KMP remuneration note in the financial statements will not include individual components of remuneration.
AASB 2012-5 - Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, AASB 101, AASB 116, AASB 132 & AASB 134 and Interpretation 2]	30 June 2014	AASB 1 - this standard clarifies that an entity can apply AASB 1 more than once. AASB 101 - clarifies that a third statement of financial position is required when the opening statement of financial position is materially affected by any adjustments. AASB 116 - clarifies the classification of servicing equipment. AASB 132 and Interpretation 2 - Clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with AASB 112 Income Taxes AASB 134 - provides clarification about segment reporting.	No expected impact on the entities financial position or performance.
AASB 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039	30 June 2014	Removes reference to withdrawn Interpretation 1039.	No impact on the financial statements.
AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities [AASB 132]	30 June 2015	This standard adds application guidance to AASB 132 to assist with applying some of the offset criteria of the standard.	There will be no impact to the entity as there are no offsetting arrangements currently in place.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013 $	2012 $
2. REVENUE AND OTHER INCOME		
Revenue		
Services and Commission	533,162	480,451
Other Revenue		
Rent Received	13,745	8,735
Interest Revenue	-	98
	13,745	8,833
Total Revenue	546,957	489,284
3. RESULT FOR THE YEAR		
(a) Expenses		
Depreciation of Property, Plant and Equipment	33,030	33,347
Amortisation of Intangible Assets	20,850	22,000
Finance Costs	22,402	28,815
Rental Expense on Operating Leases		
- Minimum Lease Payments	51,581	48,086
Auditor's Remuneration:		
- Audit Services	14,900	9,500
- Other Services	2,770	-
	17,670	9,500
4. INCOME TAX EXPENSE / (BENEFIT)		
The components of tax benefit comprise:		
• Current Tax	-	-
• Deferred Tax	-	-
	-	-
The prima facie tax on the operating result is reconciled to the income tax expense/(benefit) as follows:		
Prima facie tax payable on the result from ordinary activities before income tax at 30%.	(7,996)	(15,285)
Add/(Less): Tax Effect of		
• Tax losses not brought to account as deferred tax assets	7,996	15,285
Income Tax Expense / (Benefit)	-	-
Deferred Tax Assets not brought to account:		
• Revenue Losses	327,978	319,982

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which Shoalhaven Community Financial Services Limited can utilise the benefits therein.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

	2013 $	2012 $
5. CASH AND CASH EQUIVALENTS		
Cash at Bank and on Hand	1,184	352
6. TRADE AND OTHER RECEIVABLES		
Other Receivables	53,022	34,981

(i) Credit Risk - Trade and Other Receivables

The Company does not have any material credit risk exposure to any single receivable or group of receivables.

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 counter party 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 following table) are considered to be of high credit quality

	Gross amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			< 30	31–60	61–90	> 90	
	$	$	$	$	$	$	$
2013							
Other Receivables	53,022	-	-	-	-	-	53,022
Total		-	-	-	-	-	53,022
2012							
Other Receivables	34,981	-	-	-	-	-	34,981
Total	34,981	-	-	-	-	-	34,981

The other classes of receivables do not contain impaired assets.

The carrying value of other receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances

	2013 $	2012 $
7. OTHER CURRENT ASSETS		
Prepayments	2,105	5,501

	2013 $	2012 $
8. PROPERTY, PLANT AND EQUIPMENT		
Plant & Equipment		
At Cost	18,818	18,818
Less Accumulated Depreciation	(15,632)	(12,620)
	3,186	6,198
Computer Equipment		
At Cost	14,593	14,593
Less Accumulated Depreciation	(14,593)	(11,706)
	-	2,887
Leasehold Improvements		
At Cost	282,065	282,065
Less Accumulated Depreciation	(138,092)	(110,961)
	143,973	171,104
TOTAL PROPERTY, PLANT AND EQUIPMENT	147,159	180,189

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and end of the current financial year:-

2013	Opening WDV $	Additions $	Disposals $	Depreciation / Amortisation Expense $	Closing WDV $
Plant and Equipment	6,198	-	-	(3,012)	3,186
Computer Equipment	2,887	-	-	(2,887)	-
Leasehold Improvements	171,104	-	-	(27,131)	143,973
	180,189	-	-	(33,030)	147,159
2012					
Plant and Equipment	9,494	-	-	(3,296)	6,198
Computer Equipment	5,806	-	-	(2,919)	2,887
Leasehold Improvements	198,236	-	-	(27,132)	171,104
	213,536	-	-	(33,347)	180,189

	2013 $	2012 $
9. INTANGIBLE ASSETS		
Franchise Fee		
At Cost	179,221	110,000
Less Accumulated Amortisation	(110,683)	(89,833)
	68,538	20,167

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013 $	2012 $

9. INTANGIBLE ASSETS
Continued...

(a) Movements in Carrying Amounts

	2013 $	2012 $
Franchise Fee		
Balance at Beginning of Year	20,167	42,167
Additions	69,221	-
Amortisation Expense	(20,850)	(22,000)
Balance at End of Year	68,538	20,167

Intangible assets have finite useful life. The current amortisation charges for intangible assets are included under depreciation and amortisation expense in the statement of profit or loss and other comprehensive income.

10. TRADE AND OTHER PAYABLES

	2013 $	2012 $
CURRENT		
Trade and Other Payables	55,717	29,666
NON-CURRENT		
Trade and Other Payables	41,533	-

11. BORROWINGS

	2013 $	2012 $
CURRENT		
Secured		
Bank Overdraft [(a)]	413,200	427,397

(a) The overdraft facility is supplied by the Bendigo and Adelaide Bank Limited. The facility has an approved limit of $450,000 with a floating interest rate of 5.104% at 30 June 2013 (2012: 6.452%). Bendigo and Adelaide Bank Limited have a Registered First Company Debenture charge from the Company.

12. PROVISIONS

	2013 $	2012 $
Analysis of Provisions		
Current	10,350	8,232
Non-Current	6,852	4,885
	17,202	13,117

13. ISSUED CAPITAL

	2013 $	2012 $
844,400 Ordinary Shares fully paid of $1 each	844,400	844,400

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

14. CAPITAL MANAGEMENT

Management controls the capital of the Company in order to ensure that the Company can fund its operations and continue as a going concern.

The Company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

Management effectively manage the Company's capital by assessing the Company's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

The gearing ratios for the current and comparative year end are as follows:

	2013 $	2012 $
Borrowings	413,200	427,397
Trade and other payables	97,250	29,666
Total	510,450	457,063
Less: Cash and cash equivalents	(1,184)	(352)
Net debt	508,266	456,711
Total equity	(254,279)	(228,990)
Total capital	254,987	227,721
Gearing ratio	200%	200%

15. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

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

	2013 $	2012 $
Payable - Minimum lease payments		
- Not later than 12 months	44,100	31,208
- Later than 12 months but not later than 5 years	154,655	-
	198,755	31,208

The property lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance. An option exists to renew the lease at the end of the five-year term for an addition term of five years.

(b) Other Expenditure Commitments

Other expenditure commitments contracted for:

	2013 $	2012 $
Franchise Fee Renewal	-	60,000

The franchise agreement with the Bendigo and Adelaide Bank Ltd was for an initial five year term with the option for additional renewal periods. The initial term expired during the 2013 financial year, at which time the Company exercised the renewal option for a further 5 year term.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	NOTES	2013 $	2012 $

16. RELATED PARTY TRANSACTIONS

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

		2013 $	2012 $
(a) In June 2012 Mr Bruce Morton, a Director of the Company, entered into a contract with the Company to provide monthly accountancy services.		10,200	850

17. KEY MANAGEMENT PERSONNEL

The Board of Directors are considered to be Key Management Personnel of the Company.

With the exception of the above related party transaction at Note 16, no other compensation is paid or payable to Key Management Personnel of the Company in connection with the management of the Company.

18. CASH FLOW INFORMATION

(a) Reconciliation of Cash

	NOTES	2013 $	2012 $
Cash and Cash Equivalents	5	1,184	352
Borrowings	11	(413,200)	(427,397)
		(412,016)	(427,045)

(b) Reconciliation of Cash Flow from Operations with Result

	2013 $	2012 $
Result for the year	(26,654)	(50,950)
Non-Cash Flows		
Depreciation and Amortisation	53,880	55,347
Changes in Assets and Liabilities		
(Increase)/Decrease in Trade and Other Receivables	(18,041)	(3,490)
(Increase)/Decrease in Other Assets	3,396	854
Increase/(Decrease) in Trade and Other Creditors	12,207	1,596
Increase/(Decrease) in Provisions	4,085	(11,711)
	28,873	(8,354)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

19. FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable, and borrowings.

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

	NOTES	2013 $	2012 $
Financial Assets			
Cash and cash equivalents	5	1,184	352
Trade and other receivables	6	53,022	34,981
		54,206	35,333
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	10	97,250	29,666
- Borrowings	11	413,200	427,397
		510,450	457,063

Financial Risk Management Policies

The Directors' overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Specific Financial Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate.

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss for the Company.

The Company does not have any material credit risk exposure as the major source of revenue is the receipt of commission.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the balance sheet.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 6.

The Company has no significant concentration of credit risk exposure to any single counterparty or group of counterparties. Details with respect to credit risk of Trade and Other Receivables are provided in Note 6.

Credit risk related to balances with banks and other financial institutions is managed by the Board of Directors.

19. FINANCIAL RISK MANAGEMENT

Continued...

(b) Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The Company manages this risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

	Within 1 Year $	1 to 5 Years $	Over 5 Years $	Total contractual cash flow $
At 30 June 2013				
Financial liabilities				
Borrowings	413,200	-	-	413,200
Trade & Other Payables	55,717	41,533	-	97,250
Total Financial Liabilities	468,917	41,533	-	510,450
At 30 June 2012				
Financial liabilities				
Borrowings	427,397	-	-	427,397
Trade & Other Payables	29,666	-	-	29,666
Total Financial Liabilities	457,063	-	-	457,063

(c) Market risk

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Company is also exposed to earnings volatility on floating rate instruments.

Sensitivity analysis

The following table illustrates sensitivities to the Company's exposure to changes in interest rates. 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.

	2013 $	2012 $
Change in profit		
— Increase in interest rate by 1%	(4,132)	(4,273)
— Decrease in interest rate by 1%	4,132	4,273
Change in equity		
— Increase in interest rate by 1%	(4,132)	(4,273)
— Decrease in interest rate by 1%	4,132	4,273

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

19. FINANCIAL RISK MANAGEMENT

Continued...

Net Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are disclosed in the Balance Sheet and in the notes to the financial statements. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices

20. ECONOMIC SUPPORT

As can be seen at Note 11, the Company has significant borrowing facilities with its banker, being an overdraft of $450,000 (with $413,200 used at balance date). This is in light of:

- The negative net asset position in the balance sheet;
- The net current asset deficiency position and going concern assertion referred to in note 1(a); and
- The gearing ratio of 200% as per Note 14.

As a part of the facility agreement, the bank reviews the position of the company on a regular basis and has been in communication with management of the Company in relation to its financial performance and position. As at the date of signing this report, the Company has met all repayment schedules requested by the bank and they have formally confirmed that they will continue to provide this overdraft facility until 30 September 2014. There is no indication that the bank will call up its debt.

21. EVENTS AFTER THE REPORTING PERIOD

The financial report was authorised for issue on 10th September 2013 by the board of directors.

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.

22. COMPANY DETAILS

The registered office and principal place of business of the Company is:

98 Kinghorn Street
Nowra NSW 2541

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Shoalhaven Community Financial Services Limited, the Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 26, are in accordance with the Corporations Act 2001:

   (a) comply with Australian Accounting Standards; and

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

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

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

....

Bruce Morton
Treasurer

Dated this 10th day of September 2013.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHOALHAVEN COMMUNITY FINANCIAL SERVICES LIMITED

We have audited the accompanying financial report of Shoalhaven Community Financial Services Limited (the Company), which comprises the Balance Sheet as at 30 June 2013, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of the significant accounting policies and other explanatory notes and the Directors' Declaration.

Directors' Responsibility for the Financial Statements

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 (including the Australian Accounting Interpretations) 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 is free from material misstatement, whether due to fraud or error.

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 whether the financial statements are 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 that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHOALHAVEN COMMUNITY FINANCIAL SERVICES LIMITED CONTINUED...

Auditor's Opinion

In our opinion, the financial report of Shoalhaven Community Financial Services Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
(ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1(a) in the financial report which indicates that the Company incurred further losses during the year and the Company's net current asset position has decreased over the past year. These conditions, along with other matters as set forth in Note 1(a), indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Daley & Co.

Daley & Co
Chartered Accountants
98 Kembla Street
Wollongong NSW 2500

Michael Mundt

Michael Mundt
Partner

Dated this 10th day of September 2013.

Liability limited by a scheme approved under Professional Standards Legislation

CHAIRMAN'S REPORT TO AGM – 27 November 2013

It is my pleasure to present the 6th Annual Chairman's Report for Shoalhaven Community Financial Services Ltd (SCFSL).

I would like to thank Bohdan Brumerskyj for taking on the role of Chair when Barry Russell resigned. Due to increased work pressures Bohdan stepped down from the position on 6 August 2013 at which time I accepted the position. As Chair it is my intention to ensure support and strategic guidance is given by the Board to the management to assist in the continued growth of the company.

We have seen changes with the management of SCFSL with Steve Joy resigning on 15 February 2013 to take on the role of Retail Sales Lead with the Bendigo and Adelaide Bank. Thank you to Steve for the effort he put into the SCFSL, his involvement with the community and the example he set to his team.

At this point I would like to introduce you to, and welcome, our new Branch Manager, Heather Darlington who comes to our branch with a wealth of banking experience. Heather, who commenced with the SCFSL on 29 April this year, has experienced the challenges of the four big banks. She is passionate about the **Community Bank®** concept. Heather's banking skills and expertise are of the highest calibre with a solid background in all facets of consumer and business lending, asset finance and the cross selling of banking products.

I would also like to make mention of our new young staff member William Browne who has a strong connection with young people in the area. Will joined the team in July 2013. He is proving to be a valuable team member and is very active in introducing ways to improve our branch service and our community profile reaching out particularly to the youth of our area.

There have been a number of changes with the Directors during 2012/13. Due to business commitments Mr Juan Alvarez, Ms Roberta Collins and Robert Bruderlin resigned in January of 2013. Jennifer Stewart, Chance Hanlon, and Jemma Tribe joined the Board and bring a wealth of knowledge incorporating banking expertise, business management and marketing skills.

Thank you to our Auditors Daley and Co, (Michael Mundt in particular) and to Bruce Morton, Director, Accountant and Treasurer for the work throughout the year in providing financial guidance both to the Board and the Auditors. Although financially we are still in a negative position our losses have been considerably reduced due to careful cash flow management and further reducing operating costs.

Our Branch Manager attended the National **Community Bank®** Conference with Director Candice Hazeltine and it was encouraging to hear of the growth of the Bendigo and Adelaide Bank with the chairman Mr Mike Hirst advising that Bendigo and Adelaide Bank is to be considered "a deep profound and powerful force". For us to emulate the success of Bendigo and Adelaide Bank, we must continue to promote our brand and make it known that we are a real bank with all the goods and services that all banks provide, not forgetting our major point of difference, we reinvest in our community by way of sponsorships, grants and donations.

- Dragon Boat Races held in September this year

- Considerable brand exposure with sponsorship for Business After Hours, Shoalhaven Business Excellence Awards; a float in the Shoalhaven River Festival

- Opening a Berry Agency at the local IGA

- Applications for grants in the September quarter were allocated as follows
  - Bomaderry Australian Football Club; $500 for a defibrillator (a plaque recognising Nowra Bendigo Bank will be placed above the device)
  - The Rotary Club of Sussex Inlet; $100 bank account for the winner of their competition in the River Festival
  - Jervis Bay Lions Club; $1,550 for the vinyl cover on their catering van (which will feature our logo. The Group have a bank account with our branch and cater many functions in the Nowra area)

To assist in the growth of our local **Community Bank®** branch and to achieve profitability we need the support of not only our Board but all shareholders. Help us spread the word that Nowra & District **Community Bank®** Branch offers competitive pricing and excellent service.

We also need to ensure that all shareholders bank with us. If you are not, please give Heather and her team the opportunity to meet with you and find solutions to your banking needs.

Maria Emery

Chairman

SCFSL

MANAGER'S REPORT

For year ending 30 June 2013

I commenced my employment with Nowra & District **Community Bank®** Branch on 29 April 2013, so I was the Branch Manager for the last two months of the financial year, and I am happy to comment on my observations since that date.

There has been some improvement in the performance of the branch despite the effects of the GFC. Our income increased by 10.54% from 2012 fiscal year however expenses also increased slightly at 5.82%. End result however was an overall improvement in performance.

As at 30 June 2013 we had 1,481 customers banking with us, which is an increase of 110 customers over the 12-month period. Actual number of accounts held grew by 186 to 2,124 in the same period.

This year I feel there will be further improvement as the branch focuses on business growth and containment of expenses to ensure a profitable result.

We are currently in the throws of having an agency located in Berry and following brief discussions with the majority of businesses in the area, we are confident the agency will be well received. The added benefit of having the agency in Berry will be in our ability to attract Berry businesses and of course we are well placed to do so with our Business Centre located in the top floor of our branch.

I have received very positive feed back from our customers regarding the excellent service they receive from the staff of our branch. I am very proud of their efforts in ensuring good service is a constant and thank them for their assistance during my short time with Nowra & District **Community Bank®** Branch

We continue to give back to the community by way of monetary assistance and also by way of people power with my staff joining me in a number of community events which both help the community in various ways and also helps place the name of Nowra & District **Community Bank®** Branch in everyone's mind when they are thinking of their financial needs. Bendigo and Adelaide Bank is the fifth largest retail bank in Australia and we need to ensure that our community is aware of our ability as a bank to satisfy all their banking requirements.

A letter was recently forwarded to shareholders seeking their consideration to having all their banking with Nowra & District **Community Bank®** Branch. The aim of any business is profitability and more customers we have the more our business will grow. The more profit earned the more we can assist the community and provide our shareholders with a return for their investment. Please consider banking with us and become one of our many happy customers.

Fortnightly advertisements are about to commence in the South Coast Register as well as Radio advertising on both I98FM and 2ST to ensure Nowra & District **Community Bank®** Branch is front of mind when our local community are considering their financial requirements.

The Board of Directors have been very supportive of me over the last five months and with their continued support I am very exited about the future of this branch as a growing business. I believe greatly in the **Community Bank®** concept and have great pride in our achievements to date.

Regards,

Heather Darlington
Branch Manager