

Tumby Bay District Community Bank Branch

 Bendigo Bank

Tumby Bay District  
Financial Services Limited

ABN 99 145 161 093

**ANNUAL  
REPORT  
2013**

Tumby Bay District **Community Bank®** Branch

# Contents

---

<b>Chairman's report</b>	<b>2</b>
<b>Manager's report</b>	<b>3</b>
<b>Bendigo and Adelaide Bank report</b>	<b>4</b>
<b>Directors' report</b>	<b>6</b>
<b>Auditor's independence declaration</b>	<b>11</b>
<b>Financial statements</b>	<b>12</b>
<b>Notes to the financial statements</b>	<b>16</b>
<b>Directors' declaration</b>	<b>35</b>
<b>Independent audit report</b>	<b>36</b>

# Chairman's report

---

For year ending 30 June 2013

The Tumby Bay District Financial Services Ltd took their business footings from \$9.26 million in June 2011 to \$22.1 million in June 2012 and now \$28.8 million in June 2013.

Whilst the branch footings continue to grow with the support of the Board, staff and customers, the business growth has been affected to some degree by the aftermath of the Global Financial Crisis with the consequent tightening of margins and lower interest rates flowing from the Reserve Bank of Australia.

Undeterred, the Board and branch staff have undertaken business and marketing plans with wide and varied options to maintain momentum to achieve budgeted goals.

The underlying profit/loss for the financial year ended 30 June 2013 was a loss of \$216,264. The shareholders' funds to provide carryon expenses have expired necessitating to raise a carryon loan from Bendigo and Adelaide Bank Ltd.

Budgeted cash flow forecasts have been compiled to June 2019 with the first monthly operating surplus to appear in September 2015.

The 2012/13 financial year commenced with 10 Directors and with the retirement of Tania Harris and Damien Modra, now stands at eight. We wish to acknowledge the assistance to the Board that both Tania and Damien have contributed.

The Board has decided to have meetings at various locations in our District including Ungarra, Pt Neill and Tumby Bay.

A Director telephone canvass or visit of all shareholders has been undertaken and is ongoing.

The Community Grants Programme was instigated at our 2012 AGM and opened in January 2013 with 16 applicants and a total of \$10,000 in grants going to seven organisations within our community.

A series of financial breakfast sessions for women are planned to be held early in 2014 as part of our ongoing marketing development.

As a profit to date has not been achieved by the Tumby Bay District Financial Services Ltd a dividend will not be paid to shareholders this financial year.

In conclusion I would like to thank all Directors on the Board for their dedication and enthusiasm in striving to make a real difference to our community.

We all enjoy the warmth, professionalism and politeness of our branch staff, Karlee, Anita and Michelle, led by Fiona the Branch Manager. The Board appreciates their attentiveness to bank duties and customer relationships.



**A.W. Branson**  
**Chairman**

# Manager's report

---

For year ending 30 June 2013

Our 2012/2013 financial year continued to report positive growth in a competitive banking environment. Our overall growth exceeded 30%, which was equally distributed over both lending and deposit products. The **Community Bank**<sup>®</sup> concept point of difference, combined with our skilled and dedicated team providing our customers with excellent service, helped us expand our customer base.

Our staff and Directors continually look for ways to promote our business and increase the

awareness of our **Community Bank**<sup>®</sup> branch. We are also well supported by locally based Business Banking Manager, Chris Miller, Wealth Consultant, Jeff Jolly, and a team of Bendigo Bank advisory staff who are just as dedicated to business growth as we are.

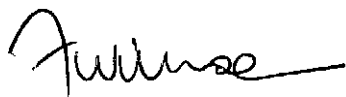
Through Bendigo and Adelaide Bank's Marketing & Development Fund contributions we have been able to distribute over \$17,000 back into our community since our doors opened in April 2011. The Marketing & Development Fund is a payment from Bendigo and Adelaide Bank to assist **Community Bank**<sup>®</sup> branches to build a presence and promote their branch within their community.

Once we reach profit, further funds will be available to distribute back into our district. Of course, to continue to provide this benefit back to our community, we need shareholders and customers to continue to move their business to their locally-owned **Community Bank**<sup>®</sup> branch and to recommend us to their family and friends.

At our last Annual General Meeting we announced our first Tumby Bay District Community Grants Program, which resulted in seven local groups benefiting from the business our customers hold with our branch. A total of \$10,000 was distributed to assist with a wide variety of community projects from coastal protection to much needed equipment and renovations of facilities used by many of our residents. This is a great achievement after less than three years of operation.

My sincere thanks go to our staff who are dedicated to making our **Community Bank**<sup>®</sup> branch successful and to the Directors whose on going voluntary work supports the growth of our business.

I once again thank you for your continued support of the Tumby Bay District **Community Bank**<sup>®</sup> Branch and look forward to another successful year.



**Fiona Wilkinson**  
**Branch Manager**



Left to right: Our Staff : Branch Manager Fiona Wilkinson, Karlee Dunn, Anita Ashworth and Michelle Parker.

# Bendigo and Adelaide Bank report

---

For year ending 30 June 2013

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

The **Community Bank**<sup>®</sup> network has grown considerably since it was first launched in 1998, in partnership with the people from the western Victorian farming towns of Rupanyup and Minyip. For these communities the **Community Bank**<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. But in the years since, the **Community Bank**<sup>®</sup> model has become so much more.

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

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

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

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

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

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

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

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

## Bendigo and Adelaide Bank report (continued)

---

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

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

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

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

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

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

As **Community Bank**<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.

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

I thank you for your important support of your local **Community Bank**<sup>®</sup> branch.



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

# Directors' report

---

For the financial year ended 30 June 2013

Your Directors present their report, together with the financial statements of the company, for the financial year ended 30 June 2013.

## Directors

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

Name and position held	Qualifications	Experience and Other Directorships
<b>Wayne Branson</b> Chairman Director since 12 July 2010	Tourism Accommodation Manager and Farmer & Grazier	Board member for several local clubs. Over 40 years experience in the rural industry.
<b>Malvern Telfer</b> Company Secretary Director since 12 July 2010	Agricultural Business Proprietor	Board member for several local clubs. Advanced Diploma of Rural Business Management. Local Government member 1990-94 DC Tumby Bay COI member with Company Receivers
<b>Edward Roberts</b> Treasurer Director since 13 July 2010	Retired District Clerk	Board member for several local clubs. Member of the Australian Society of Accountants.
<b>Julie Elliott</b> Director Director since 12 July 2010	Clerical Officer	Board member for several local clubs. Local Government experience. Past Company Secretary
<b>Ian Fulton</b> Director Director since 12 July 2010	Business Proprietor	Board member for several local clubs. Over 40 years experience in the rural industry.
<b>Tania Harris</b> Director Resigned 26 February 2013	Administration Officer	Active Board member for several local clubs
<b>Sally Richardson</b> Director Director since 29 November 2011	Retired Teacher	Board member for several local and regional organisations. Over 40 years experience in Education and Arts. BA, Grad Dip Teaching
<b>Kevin Cook</b> Director Resigned 20 December 2012	Retired Business Proprietor	Extensive experience in the finance industry and retail industry.

# Directors' report (continued)

## Directors (continued)

<b>Donald Bawden</b> Director Resigned 20 December 2012	Business Proprietor	Board member for several local clubs. Experience in the agricultural retail industry.
<b>Hartley Modra</b> Director Resigned 20 December 2012	Business Proprietor	Board member of several local clubs Extensive experience in the rural industry including running a seed processing business
<b>Grantley Telfer</b> Director Appointed 20 December 2012	Business Proprietor	Experience member of several local clubs Experience in rural industry and property development
<b>Damian Modra</b> Director Resigned 30 July 2013	Business Proprietor	Board member of several local committees Experience in Tourism and Hospitality Industries
<b>Janet Shepherd</b> Director Appointed 20 December 2012	Clerical Administration Cert 4 Community Pharmacy Primary Producer	Involved in several local community groups - sport, church, school holding various positions

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

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

### Principal activities

The principal activity and focus of the company's operations during the financial year was the operation of a Branch of Bendigo and Adelaide Bank Limited, pursuant to a franchise agreement.

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

### Operating results

The loss of the company after providing for income tax amounted to \$151,442.

### Dividends

No dividends were declared or paid during the financial year.

### Financial position

The net assets of the company have decreased from \$495,950 as at 30 June 2012 to \$344,508 as at 30 June 2013.

The decrease is largely due to the operating loss made for the year ended 30 June 2013.

### Significant changes in the state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the company that occurred during the financial year under review, not otherwise disclosed in these financial statements.



# Directors' report (continued)

---

## **After balance date events**

Apart from the overdraft facility (Note 15b), there have been no matters or circumstances arisen since the end of the financial year that 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 subsequent financial years.

## **Future developments**

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 in future financial years.

## **Environmental issues**

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

## **Options**

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

The Directors and Executive do not own any options over issued shares or interests in the company at the date of this report.

## **Proceedings on behalf of company**

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

## **Indemnifying Officers or Auditor**

Indemnities have been given, during and since the end of the financial year, for any persons who are or have been a Director or an Officer, but not an Auditor, of the company. The insurance contract prohibits disclosure of any details of the cover.

## **Corporate governance**

The company has implemented various corporate governance practices, which include:

- (a) The establishment of an audit committee,
- (b) Director approval of operating budgets and monitoring of progress against these budgets,
- (c) Ongoing Director training, and
- (d) Monthly Director meetings to discuss performance and strategic plans.

# Directors' report (continued)

## Directors' meetings

The number of Directors' meetings attended during the year were:

Director	Directors' meetings		Audit committee meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Wayne Branson	12	12	1	1
Malvern Telfer	12	10	n/a	n/a
Edward Roberts	12	12	2	2
Julie Elliott	12	10	n/a	n/a
Ian Fulton	12	11	n/a	n/a
Tania Harris	7	5	n/a	n/a
Sally Richardson	12	10	n/a	n/a
Kevin Cook	6	3	n/a	n/a
Donald Bawden	6	4	n/a	n/a
Hartley Modra	6	3	n/a	n/a
Grantley Telfer	6	5	n/a	n/a
Damian Modra	12	7	1	1
Janet Shepherd	6	5	n/a	n/a

n/a - not a member of that Committee

## Company Secretary

Julie Elliott was the Company Secretary of the company since the date of incorporation in 2010 up to 20 December 2012.

Malvern Telfer has been the Company Secretary of the company since 20 December 2012.

## Non audit services

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

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

# Directors' report (continued)

---

## **Auditor independence declaration**

The lead Auditor's independence declaration under s 307C of the Corporations Act 2001 for the year ended 30 June 2013 is included within the financial statements.

This Report of the Directors is signed in accordance with a resolution of the Board of Directors at Tumby Bay on 24th September 2013.

A handwritten signature in black ink, appearing to be 'WB', with a long horizontal line extending to the left and a short vertical line extending upwards from the 'B'.

**Wayne Branson**  
**Director**

Dated this 24th day of September 2013

# Auditor's independence declaration



**RSM Bird Cameron Partners**  
Level 4, 191 Pulteney Street Adelaide SA 5000  
GPO Box 973 Adelaide SA 5001  
T +61 8 8232 3000 F +61 8 8223 3555  
www.rsmi.com.au

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Tumby Bay District Financial Services Limited for the year ended 30 June 2013, I declare that to the best of my knowledge and belief there have been no contraventions of:

- a. the auditor independence requirements of the *Corporations Act 2001* in relation to the audit, and
- b. any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink that reads "RSM Bird Cameron Partners".

RSM BIRD CAMERON PARTNERS

A handwritten signature in blue ink that reads "D J Wall".

D J WALL  
Partner

Adelaide, SA  
Date: 24 September 2013

Liability limited by a  
scheme approved  
under Professional  
Standards Legislation

Major Offices in:  
Perth, Sydney, Melbourne,  
Adelaide and Canberra  
ABN 36 965 185 036

RSM Bird Cameron Partners is a member of the RSM network. Each member of the RSM network is an independent accounting and advisory firm which practises in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.



# Financial statements

---

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

	Note	2013 \$	2012 \$
Revenue	2	211,502	165,285
Employee benefits expense	3	(247,897)	(243,357)
Depreciation and amortisation expense	3	(25,735)	(25,363)
Finance costs	3	-	-
Other expenses		(161,535)	(127,901)
<b>Loss before charitable donations &amp; sponsorships</b>		<b>(223,665)</b>	<b>(231,336)</b>
Charitable donations and sponsorship		(5,672)	(440)
<b>Loss before income tax</b>		<b>(229,337)</b>	<b>(231,776)</b>
Income tax benefit	4	77,895	74,748
<b>Loss for the year</b>		<b>(151,442)</b>	<b>(157,028)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year attributable to members</b>		<b>(151,442)</b>	<b>(157,028)</b>

The accompanying notes form part of these financial statements.

# Financial statements (continued)

## Statement of financial position as at 30 June 2013

	Note	2013 \$	2012 \$
<b>Current assets</b>			
Cash and cash equivalents	6	3,195	205,587
Trade and other receivables	7	11,387	7,698
Other current assets	8	10,268	14,123
<b>Total current assets</b>		<b>24,850</b>	<b>227,408</b>
<b>Non-current assets</b>			
Plant and equipment	9	148,462	172,197
Deferred tax assets	16	192,993	113,518
Intangible assets	10	5,000	7,000
<b>Total non-current assets</b>		<b>346,455</b>	<b>292,715</b>
<b>Total assets</b>		<b>371,305</b>	<b>520,123</b>
<b>Current liabilities</b>			
Trade and other payables	11	10,608	10,207
Short term provisions	13	9,609	8,966
<b>Total current liabilities</b>		<b>20,217</b>	<b>19,173</b>
<b>Non-current liabilities</b>			
Long term financial liabilities	12	5,000	5,000
Deferred tax liabilities	16	1,580	-
<b>Total non-current liabilities</b>		<b>6,580</b>	<b>5,000</b>
<b>Total liabilities</b>		<b>26,797</b>	<b>24,173</b>
<b>Net assets</b>		<b>344,508</b>	<b>495,950</b>
<b>Equity</b>			
Issued capital	14	863,359	863,359
Accumulated losses		(518,851)	(367,409)
<b>Total equity</b>		<b>344,508</b>	<b>495,950</b>

The accompanying notes form part of these financial statements.

## Financial statements (continued)

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

	Note	Issued Capital \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2011		856,009	(210,381)	645,628
Issue of share capital		7,350	-	7,350
Total comprehensive income for the year		-	(157,028)	(157,028)
<b>Subtotal</b>		<b>863,359</b>	<b>(367,409)</b>	<b>495,950</b>
Dividends paid or provided for	22	-	-	-
<b>Balance at 30 June 2012</b>		<b>863,359</b>	<b>(367,409)</b>	<b>495,950</b>
Balance at 1 July 2012		863,359	(367,409)	495,950
Issue of share capital		-	-	-
Total comprehensive income for the year		-	(151,442)	(151,442)
<b>Subtotal</b>		<b>863,359</b>	<b>(518,851)</b>	<b>344,508</b>
Dividends paid or provided for	22	-	-	-
<b>Balance at 30 June 2013</b>		<b>863,359</b>	<b>(518,851)</b>	<b>344,508</b>

The accompanying notes form part of these financial statements.

## Financial statements (continued)

### Statement of cash flows for the year ended 30 June 2013

	Note	2013 \$	2012 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		203,782	139,707
Payments to suppliers and employees		(410,948)	(381,818)
Interest received		4,774	18,282
<b>Net cash provided by operating activities</b>	<b>15</b>	<b>(202,392)</b>	<b>(223,829)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		-	(7,310)
<b>Net cash used in investing activities</b>		<b>-</b>	<b>(7,310)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	7,350
<b>Net cash provided by financing activities</b>		<b>-</b>	<b>7,350</b>
<b>Net increase / (decrease) in cash held</b>		<b>(202,392)</b>	<b>(223,789)</b>
Cash and cash equivalents at beginning of financial year		205,587	429,376
<b>Cash and cash equivalents at end of financial year</b>	<b>6</b>	<b>3,195</b>	<b>205,587</b>

The accompanying notes form part of these financial statements.



# Notes to the financial statements

---

For year ended 30 June 2013

## Note 1. Statement of significant accounting policies

### (a) Basis of preparation

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

The financial report covers the company as an individual entity. The company is a public company, incorporated and domiciled in Australia.

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. 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 and 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.

The financial statements were authorised for issue on 24th September 2013 by the Directors of the company.

### (b) Income tax

The 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 balances 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, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

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.

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.

# Notes to the financial statements (continued)

---

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

### (c) Plant and equipment

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

#### Plant and equipment

Plant and equipment are measured on the cost basis.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, 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 statement of comprehensive income during the financial year in which they are incurred.

#### Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives 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.

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

<b>Class of asset</b>	<b>Depreciation rate</b>
Fit out costs	10%
Plant & equipment	20 - 40%

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

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

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

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

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 asset belongs.

# Notes to the financial statements (continued)

---

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

### **(d) Goods and services tax (GST)**

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

Receivables and payables in the statement of financial position are shown inclusive of GST.

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

### **(e) Employee benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance 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, plus related on-costs. 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.

### **(f) Intangibles**

#### Franchise fee

The franchise fee paid by the company pursuant to a Franchise Agreement with Bendigo and Adelaide Bank Limited is being amortised over the initial five (5) years period of the agreement, being the period of expected economic benefits of the franchise fee.

### **(g) 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 statement of financial position.

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

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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).

### **(i) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

### **(j) 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.

# Notes to the financial statements (continued)

---

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

### **(k) Comparative figures**

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

### **(l) Critical accounting estimates and judgements**

The Directors evaluate estimates and judgements 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.

#### Key estimates - estimation of useful lives of assets

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

#### Key estimates - impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of intangibles for the year ended 30 June 2013. Should the projected turnover figures be materially outside of budgeted figures incorporated in value-in-use calculations, an impairment loss would be recognised up to the maximum carrying value of intangibles at 30 June 2013 amounting to \$5,000.

### **(m) Financial instruments**

#### Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the company 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 as at fair value through profit or loss. Transaction 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.

#### 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 expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

# Notes to the financial statements (continued)

---

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

### **(m) Financial instruments (continued)**

#### Classification and subsequent measurement

##### (i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

##### (ii) Financial liabilities

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

#### Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the statement of comprehensive income unless they are designated as hedges.

The company does not hold any derivative instruments.

#### 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 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 significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

#### Financial guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the company gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The company has not issued any financial guarantees.

### **(n) New accounting standards for application in future periods**

At the date of this financial report the following standards, which may impact the company in the period of initial application, have been issued but are not yet effective:

# Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

**(n) New accounting standards for application in future periods (continued)**

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
AASB 9	Financial Instruments	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1-Jan-13	No expected impact.

The company has decided against early adoption of these standards.

**(o) Going concern**

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the company incurred a loss of \$151,442 and had net cash outflows from operating activities of \$202,392 for the year ended 30 June 2013. As at that date, the company had net current assets of \$4,633 and net assets of \$344,508.

The Directors believe that it is reasonably foreseeable that the company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

1. The company recognises that losses will be incurred during the start up phase of the business and while market access is being developed;
2. The business activities are supported by Bendigo and Adelaide Bank Limited, including assistance with the preparation and review of the company's annual cash flow budgets;
3. Bendigo and Adelaide Bank Limited has confirmed that it currently provides working capital by way of an overdraft facility with a limit of \$270,000 (refer Note 15(b)); and
4. The provision of additional funding by Bendigo and Adelaide Bank Limited is dependant upon the company fulfilling its ongoing responsibilities under the Franchise Agreement and continuing to work closely with Bendigo and Adelaide Bank Limited management to further develop the business. The company believes that it is fulfilling these responsibilities.

	2013 \$	2012 \$
Franchise margin income	200,576	138,380
Interest received	4,031	17,218
Other revenue	6,895	9,687
	<b>211,502</b>	<b>165,285</b>

## Note 2. Revenue

# Notes to the financial statements (continued)

	2013 \$	2012 \$
<b>Note 3. Expenses</b>		
Employee benefits expense		
- wages and salaries	214,492	214,244
- superannuation costs	19,667	18,755
- other costs	13,738	10,358
	<b>247,897</b>	<b>243,357</b>
Depreciation of non-current assets:		
- plant and equipment	4,730	4,411
- buildings	19,005	18,952
Amortisation of non-current assets:		
- intangible assets	2,000	2,000
	<b>25,735</b>	<b>25,363</b>
Finance costs:		
- Borrowing expenses	-	-
Bad debts	48	-
<b>Note 4. Income tax</b>		
<b>(a) The components of tax benefit comprise:</b>		
Current tax	-	-
Deferred tax (Note 16)	(77,895)	(74,748)
	<b>(77,895)</b>	<b>(74,748)</b>
<b>(b) The prima facie tax on loss before income tax is reconciled to the income tax as follows:</b>		
Prima facie tax on loss before income tax at 30% (2012: 30%)	(68,801)	(69,533)
Add / (less) tax effect of:		
- Adjustment to tax losses carried forward	(1,693)	-
- Deductible depreciation and amortisation	600	600
- Other non-allowable items	7,722	15,218
- Other allowable items	(15,721)	(21,033)
<b>Income tax attributable to company</b>	<b>(77,895)</b>	<b>(74,748)</b>
<b>Deferred tax assets</b>		
<b>Deferred tax assets arising from tax losses and deductible temporary differences are recognised at reporting date as realisation of the benefit is regarded as probable.</b>		
	<b>191,413</b>	<b>113,518</b>

## Notes to the financial statements (continued)

	2013 \$	2012 \$
<b>Note 5. Auditors' remuneration</b>		
Remuneration of the Auditors of the company		
- Audit services	4,900	5,077
- Other services	6,090	6,967
	<b>10,990</b>	<b>12,044</b>

## Note 6. Cash and cash equivalents

<b>Cash at bank and in hand</b>	<b>3,195</b>	<b>205,587</b>
<b>Reconciliation of cash</b>		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
<b>Cash and cash equivalents</b>	<b>3,195</b>	<b>205,587</b>

## Note 7. Trade and other receivables

### Current

Trade receivables:

Trade debtors	11,387	7,698
<b>Total current receivables</b>	<b>11,387</b>	<b>7,698</b>

### a. Provision for impairment of receivables

Current trade and term receivables are non-interest bearing loans and generally on 30-day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract.

A provision for impairment is recognised when there is an objective evidence that an individual trade or term receivable is impaired. These amounts will be included in the other expenses item of the statement of comprehensive income.

There is no provision for impairment of receivables.

	2013 \$	2012 \$
<b>Note 8. Other assets</b>		
<b>Current</b>		
Prepayments	5,268	6,380
Prepaid training costs	5,000	7,000
Other	-	743
	<b>10,268</b>	<b>14,123</b>



## Notes to the financial statements (continued)

	2013 \$	2012 \$
<b>Note 9. Plant and equipment</b>		
<b>Fit out costs</b>		
At cost	190,031	190,031
Less accumulated depreciation	(45,669)	(26,664)
	<b>144,362</b>	<b>163,367</b>
<b>Plant and equipment</b>		
At cost	13,241	13,241
Less accumulated depreciation	(9,141)	(4,411)
	<b>4,100</b>	<b>8,830</b>
<b>Total written down amount</b>	<b>148,462</b>	<b>172,197</b>
<b>Movements in carrying amounts</b>		
<b>Fit out costs</b>		
Carrying amount at beginning of year	163,367	177,379
Additions	-	4,940
Disposals	-	-
Depreciation expense	(19,005)	(18,952)
<b>Carrying amount at end of year</b>	<b>144,362</b>	<b>163,367</b>
<b>Plant and equipment</b>		
Carrying amount at beginning of year	8,830	10,871
Additions	-	2,370
Disposals	-	-
Depreciation expense	(4,730)	(4,411)
<b>Carrying amount at end of year</b>	<b>4,100</b>	<b>8,830</b>

## Note 10. Intangible assets

### Franchise fee

Cost	10,000	10,000
Accumulated amortisation	(5,000)	(3,000)
	<b>5,000</b>	<b>7,000</b>

Pursuant to a five year franchise agreement with Bendigo and Adelaide Bank Limited, the company operates a branch of Bendigo and Adelaide Bank Limited, providing a core range of banking products and services.

## Notes to the financial statements (continued)

	2013 \$	2012 \$
<b>Note 11. Trade and other payables</b>		
<b>Current</b>		
Trade creditors	991	2,010
GST payable	2,261	1,241
Other creditors and accruals	7,356	6,956
	<b>10,608</b>	<b>10,207</b>

## Note 12. Financial liabilities

<b>Non-Current</b>		
<b>Loan - unsecured</b>	<b>5,000</b>	<b>5,000</b>

## Note 13. Provisions

<b>Current</b>		
<b>Provision for employee entitlements</b>	<b>9,609</b>	<b>8,966</b>
Number of employees at year end	6	6

## Note 14. Equity

<b>863,359 (2011: 863,359) fully paid ordinary shares</b>	<b>863,359</b>	<b>863,359</b>
---	----------------	----------------

## Note 15. Statement of cash flows

### (a) Reconciliation of cash flow from operations with loss after tax

Loss after income tax	(151,442)	(157,028)
Non cash items included in loss		
- Depreciation	23,735	23,363
- Amortisation of Prepaid Training Expenses	2,000	2,000
Movement in assets and liabilities		
- (Increase) decrease in receivables / other assets	166	260
- (Increase) decrease in deferred tax asset	(81,389)	(74,748)
- Increase (decrease) in payables	401	(19,250)
- Increase (decrease) in provisions	643	1,574
- Increase (decrease) in deferred tax liability	3,494	-
<b>Net cash used in operating activities</b>	<b>(202,392)</b>	<b>(223,829)</b>

# Notes to the financial statements (continued)

## Note 15. Statement of Cash Flows (continued)

### (b) Credit standby arrangement and loan facilities

Subsequent to year end, the company has put in place a bank overdraft facility amounting to \$270,000 (2012: \$nil) to assist with working capital requirements.

The facility will be progressively loaded as follows:

Amount of facility	Date loaded
90,000	On settlement
180,000	15/12/13
270,000	15/05/14

The overdraft facility is secured by a general security deed over all present and after acquired property granted by the company.

At 30 June 2013, \$nil of this facility was used (2012: \$nil). Variable interest rates apply to this overdraft facility.

2013	2012
\$	\$

## Note 16. Tax

### (a) Liability

#### Current

Income tax	-	-
------------	---	---

### (b) deferred tax assets

#### Non- current

Deferred tax asset comprises:

Carried forward tax losses	188,970	115,210
Provisions	2,883	(2,690)
Accruals	1,140	(916)
	<b>192,993</b>	<b>111,604</b>

### (c) deferred tax liability

#### Non- current

Deferred tax liability comprises:

Prepayments	(1,580)	1,914
	<b>(1,580)</b>	<b>1,914</b>

## Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 16. Tax (continued)		
<b>(d) Reconciliations</b>		
<b>Gross movements</b>		
The overall movement in the deferred tax account is as follows:		
Opening balance	113,518	38,770
Credit to statement of comprehensive income	77,895	74,748
<b>Closing balance</b>	<b>191,413</b>	<b>113,518</b>
<b>Deferred tax asset</b>		
The movement in the deferred tax asset for each temporary difference during the year is as follows:		
Carried forward tax losses		
Opening balance	115,210	39,551
Credit to statement of comprehensive income	73,760	75,659
<b>Closing balance</b>	<b>188,970</b>	<b>115,210</b>
<b>Provisions</b>		
Opening balance	(2,690)	(2,218)
(Charged) / credit to statement of comprehensive income	5,573	(472)
<b>Closing balance</b>	<b>2,883</b>	<b>(2,690)</b>
<b>Accruals</b>		
Opening balance	(916)	(567)
(Charged) / credit to statement of comprehensive income	2,056	(349)
<b>Closing balance</b>	<b>1,140</b>	<b>(916)</b>
<b>Deferred tax liability</b>		
The movement in the deferred tax liability for each temporary difference during the year is as follows:		
<b>Prepayments</b>		
Opening balance	1,914	2,004
(Charged) / credit to statement of comprehensive income	(3,494)	(90)
<b>Closing balance</b>	<b>(1,580)</b>	<b>1,914</b>

## Note 17. Related party transactions

The related parties have not entered into a transaction with the company during the financial years ended 30 June 2013 and 30 June 2012.

# Notes to the financial statements (continued)

## Note 18. Key management personnel compensation

### (a) Names and positions

Name		Position
Wayne Branson		Chairman
Malvern Telfer		Non-Executive Director / Secretary
Edward Roberts		Non-Executive Director
Julie Elliott		Non-Executive Director
Ian Fulton		Non-Executive Director
Tania Harris	Resigned 26/02/13	Non-Executive Director
Sally Richardson		Non-Executive Director
Kevin Cook	Resigned 20/12/12	Non-Executive Director
Donald Bawden	Resigned 20/12/12	Non-Executive Director
Hartley Modra	Resigned 20/12/12	Non-Executive Director
Grantley Telfer	Appointed 20/12/12	Non-Executive Director
Damian Modra	Appointed 20/12/12	Non-Executive Director
Janet Shepherd	Appointed 20/12/12	Non-Executive Director

### (b) Remuneration of key management positions

No Director of the company receives remuneration for services as a company Director.

### (c) Shareholdings

Number of ordinary shares held by key management personnel.

2013 Directors		Balance at beginning of period	Purchased during the period	Other changes	Balance at end of period
Wayne Branson		11,301	-	-	11,301
Malvern Telfer		4,001	-	-	4,001
Edward Roberts		2,501	-	-	2,501
Julie Elliott		2,051	-	-	2,051
Ian Fulton		5,051	-	-	5,051
Sally Richardson		20,000	-	-	20,000
Grantley Telfer	Appointed 20/12/12	-	-	-	22,000
Damian Modra	Appointed 20/12/12	-	-	-	-
Tania Harris	Resigned 26/02/13	-	-	-	-
Janet Shepherd	Appointed 20/12/12	-	-	-	3,000
Kevin Cook	Resigned 20/12/12	10,051	-	-	-
Donald Bawden	Resigned 20/12/12	41,051	-	-	-

## Notes to the financial statements (continued)

Note 18. Key management personnel compensation (continued)

### (c) Shareholdings (continued)

2013 Directors		Balance at beginning of period	Purchased during the period	Other changes	Balance at end of period
Hartley Modra	Resigned 20/12/12	2,051	-	-	-
Robert Heath	Resigned 29/11/11	5,000	-	-	-
Emma Lee Pedler	Resigned 29/11/11	3,051	-	-	-
		<b>106,109</b>	-	-	<b>69,905</b>

### Note 19. Events after the Statement of Financial Position date

Apart from the overdraft facility (Note 15b), there have been no matters or circumstances arisen since the end of the financial year that 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 subsequent financial years.

### Note 20. Contingent liabilities and assets

There were no contingent liabilities or contingent assets at the reporting date.

### Note 21. Operating segments

#### Types of products and services by segment

The company operates in the financial services sector as a branch of Bendigo and Adelaide Bank Limited in Tumby Bay, South Australia.

#### Major customers

The company operates under the terms of a franchise agreement with Bendigo and Adelaide Bank Limited, which accounts for all of the franchise margin income.

### Note 22. Dividends paid or provided for on ordinary shares

No dividends were paid or proposed by the company during the period.

### Note 23. Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**<sup>®</sup> branch at Tumby Bay, South Australia.

The branch operates as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank" and the logo and system of operations of Bendigo Bank. The company manages the **Community Bank**<sup>®</sup> branch on behalf of Bendigo Bank, however all transactions with customers conducted through the **Community Bank**<sup>®</sup> branch are effectively conducted between the customers and Bendigo Bank.

# Notes to the financial statements (continued)

## Note 23. Economic dependency - Bendigo and Adelaide Bank Limited (continued)

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo Bank, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank**<sup>®</sup> branch franchise operations. It also continues to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

- Advice and assistance in relation to the design, layout and fit out of the **Community Bank**<sup>®</sup> branch,
- Training for the Branch Manager and other employees in banking management systems and interface protocol,
- Methods and procedures for the sale of products and provision of services,
- Security and cash logistic controls,
- Calculation of company revenue and payment of many operating and administrative expenses,
- The formulation and implementation of advertising and promotional programs, and
- Sales techniques and proper customer relations.

## Note 24. Company details

The registered office and principal place of business is: 7 North Terrace, Tumby Bay SA 5605.

## Note 25. Financial risk management

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

	Note	2013 \$	2012 \$
<b>Financial assets</b>			
Cash & cash equivalents	6	3,195	205,587
Trade and other receivables	7	11,387	7,698
<b>Total financial assets</b>		<b>14,582</b>	<b>213,285</b>
<b>Financial liabilities</b>			
Trade and other payables	10	10,608	10,207
Borrowings	11	5,000	5,000
<b>Total financial liabilities</b>		<b>15,608</b>	<b>15,207</b>

# Notes to the financial statements (continued)

---

## Note 25. Financial risk management (continued)

### Financial risk management policies

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

### Specific financial risk exposure and management

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

#### **(a) Credit risk**

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

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

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

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

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

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

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>Cash and cash equivalents:</b>		
<b>A rated</b>	<b>3,195</b>	<b>205,587</b>

#### **(b) Liquidity risk**

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

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

In addition the company has established an overdraft facility of \$50,000 with Bendigo and Adelaide Bank Limited.



# Notes to the financial statements (continued)

## Note 25. Financial risk management (continued)

### (b) Liquidity risk (continued)

Financial liability and financial asset maturity analysis:

	Note	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
<b>30 June 2013</b>					
<b>Financial liabilities due</b>					
Trade and other payables	10	(10,608)	(10,608)	–	–
Loans and borrowings	11	(5,000)	–	(5,000)	–
<b>Total expected outflows</b>		<b>(15,608)</b>	<b>(10,608)</b>	<b>(5,000)</b>	<b>–</b>
<b>Financial assets - realisable</b>					
Cash & cash equivalents	6	3,195	3,195	–	–
Trade and other receivables	7	11,387	11,387	–	–
<b>Total anticipated inflows</b>		<b>14,582</b>	<b>14,582</b>	<b>–</b>	<b>–</b>
<b>Net (outflow)/inflow financial instruments</b>		<b>30,190</b>	<b>25,190</b>	<b>5,000</b>	<b>–</b>

	Note	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
<b>30 June 2012</b>					
<b>Financial liabilities due</b>					
Trade and other payables	10	(10,207)	(10,207)	–	–
Loans and borrowings	11	(5,000)	–	(5,000)	–
<b>Total expected outflows</b>		<b>(15,207)</b>	<b>(10,207)</b>	<b>(5,000)</b>	<b>–</b>
<b>Financial assets - realisable</b>					
Cash & cash equivalents	6	205,587	205,587	–	–
Trade and other receivables	7	7,698	7,698	–	–
<b>Total anticipated inflows</b>		<b>213,285</b>	<b>213,285</b>	<b>–</b>	<b>–</b>
<b>Net (outflow)/inflow financial instruments</b>		<b>228,492</b>	<b>228,492</b>	<b>5,000</b>	<b>–</b>

# Notes to the financial statements (continued)

## Note 25. Financial risk management (continued)

### (c) Market risk

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

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

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

Financial assets	2013 %	2012 %
Cash and cash equivalents (net of bank overdrafts)	0.10%	0.10%
Short-term investments:		
- held-to-maturity investments	4.50%	5.50%
Loans receivable	-%	-%

### Sensitivity analysis

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

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

	Profit \$	Equity \$
<b>Year ended 30 June 2013</b>		
+/- 1% in interest rates (interest income)	(18)	(18)
	<b>(18)</b>	<b>(18)</b>
<b>Year ended 30 June 2012</b>		
+/- 1% in interest rates (interest income)	2,006	2,006
	<b>2,006</b>	<b>2,006</b>

The company has no exposure to fluctuations in foreign currency.

# Notes to the financial statements (continued)

---

## Note 25. Financial risk management (continued)

### **(d) Price risk**

The company is not exposed to any material price risk.

### Fair values

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

### Capital management

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

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

- (i) the Distribution Limit is the greater of:
  - (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
  - (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and
- (ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

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

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

# Directors' declaration

---

The Directors of the company declare that:

- 1 the accompanying financial statements and notes are in accordance with the Corporations Act 2001 and:
  - (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 the financial statements and notes thereto comply with International Financial Reporting Standards, as disclosed in Note 1; and
- 3 in the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



**Wayne Branson**  
**Director**

Dated this 24th day of September 2013

# Independent audit report



**RSM Bird Cameron Partners**  
Level 4, 191 Pulteney Street Adelaide SA 5000  
GPO Box 973 Adelaide SA 5001  
T +61 8 8232 3000 F +61 8 8223 3555  
www.rsmi.com.au

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TUMBY BAY DISTRICT FINANCIAL SERVICES LIMITED

### Report on the Financial Report

We have audited the accompanying financial report of Tumby Bay District Financial Services Limited ("the company"), which comprises the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

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

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

#### *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 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 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.

Liability limited by a scheme approved under Professional Standards Legislation

Major Offices in:  
Perth, Sydney, Melbourne,  
Adelaide and Canberra  
ABN 36 965 185 036

RSM Bird Cameron Partners is a member of the RSM network. Each member of the RSM network is an independent accounting and advisory firm which practises in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.



# Independent audit report (continued)

---



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

#### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Tumby Bay District Financial Services Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

#### *Opinion*

In our opinion:

- a. the financial report of Tumby Bay District 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 and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

A handwritten signature in dark ink that reads "RSM Bird Cameron Partners".

RSM BIRD CAMERON PARTNERS

A handwritten signature in dark ink that reads "D J Wall".

D J WALL  
Partner

Adelaide, SA  
Date: 26 September 2013











Tumby Bay District **Community Bank**® Branch  
7 North Terrace, Tumby Bay SA 5605  
Phone: (08) 8688 2046

Franchisee: Tumby Bay District Financial Services Limited  
7 North Terrace, Tumby Bay SA 5605  
ABN: 99 145 161 093

[www.bendigobank.com.au/tumby\\_bay](http://www.bendigobank.com.au/tumby_bay)  
(BMPAR13054) (08/13)

