

2020

# annual report

Wandin Seville  
Financial Services Limited

ABN 33 098 648 296

# Contents

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# Chairman's report

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For year ending 30 June 2012

Ten years of pride and devotion working with the shareholders, community, Board of Directors and staff.

I am writing this report for our 10th Annual Report for the Wandin Seville Financial Services Ltd. During this time we have achieved above all expectations ever imagined and certainly above budgets set from year 2012 to date.

I am pleased to report that we own three buildings in the township of Wandin, this added to our books over the years has put us in a steadfast and significant strong financial position in the community and brings us in line with the Bendigo and Adelaide Bank strategic model.

Our input into the community has certainly paid off. This is why we work with our customers, shareholders and communities to gain services that help and support them with their long term goals and sustainability.

Because we have grown the business and have supported clubs and organisations to fulfil their projects in beneficial sponsorships this is as important to us to be a part of the communities to work together which enables us to provide all banking that is good for you and good for us.

When choosing to bank with Wandin Seville **Community Bank**<sup>®</sup> Branch, you're making a decision that will benefit you and the Wandin Seville Community. What a wonderful feeling that our banking products, facilities and services gives a great pride of placing something back into your local environment and community.

## **Wandin Seville Financial Services Ltd – Values**

The Corporate values governing the Wandin Seville Financial Services Ltd development will include the following :

- Its Board and staff conducting business in a professional and ethical manner,
- Conducting bank business honestly and in good faith at all times,
- Listening to the community and its needs while maintaining a significant presence,
- Providing a safe and healthy workplace for its staff,
- Staff and Board not bringing the bank into disrepute.

## **Wandin Seville Financial Services Ltd – Vision Statement**

The Director's vision of the Wandin Seville Financial Services Ltd in five years' time (2012) is :

- Wandin Seville Financial Services Ltd will operate from an owned and possibly, expanded premises at the Wandin Shopping Centre. It will have an estimated annual profit of \$120,000 and continue to be profitable with a fully franked dividend paid.
- It will employ staff to cater for the expanded range and depth of products on offer over that time.
- Wandin Seville **Community Bank**<sup>®</sup> Branch will continue to offer core products and provide value added services to a larger customer base throughout the Yarra Valley.
- Wandin Seville **Community Bank**<sup>®</sup> Branch will continue to offer superior customer service which is superior, with many clear cut advantages and improvements over our competitors.
- Wandin Seville Financial Services Ltd will continue supporting local community based organisations by increasing its community grants program yearly.

## **Wandin Seville Financial Services Ltd – Mission Statement**

Wandin Seville Financial Services Ltd is committed to providing, enhancing and maintaining quality and competitive banking services to meet both the current and future needs of customers within the Wandin Seville area and broader community.

We will strive to maintain and develop responsibly a balanced system, to ensure shareholders and community groups within our catchment area benefit from our Profit Sharing and community support policies.

# Chairman's report (continued)

## Wandin Seville Financial Services Ltd – Current status

The continuous of the world's economics and disastrous effect it has had on countries far and wide has certainly had an effect on our lending environment and despite all the turmoil Wandin Seville Financial Services Ltd have maintained and managed to improve our figures for the financial year ended 2012.

The 2011 figures were reported at \$70 million combined book value for Wandin and Seville and I am happy to report for 2012 the book growth sits at \$129 million.

Sponsorship and grants since the opening of the Wandin branch in 2002 and now with a sub branch in Seville sees the total amount given back to the communities of \$500,000 to date.

With over 297 branches throughout Australia and \$80 million given back to communities through the sponsorship/grants program, Wandin Seville Financial Services Ltd ranks at one of the top branches within our region. A great effort achieved from our sub committee of the Marketing and Development Fund, with the help and support of the Board has made a huge difference in the decisions of where we all felt the monies should be distributed and will continue to be distribute to worthy clubs and organisations seeking sponsorship in the future.

## Sponsorship

With a collaborative marketing and networking program in conjunction with Yarra Valley branches have seen funds given to Animal Aid Capital Raising Campaign, YVDFNL, Tourism and the Camp Awakenings camp for kids held at the Mt Evelyn Camp Reserve (combined with Rotary Clubs throughout the Yarra Valley).

Listed below are just some of the sponsorships and grants given back to the communities through your local community branches.

Forgive me if there should be a name left from our lists.

Sponsored Organisations 2002–2012		
1st Seville Scouts	Legerete Equestrian	Seville Rural Fire Brigade
Animal Aid Victoria	Life Education Victoria	Seville Sporting Groups
Cancer Council	Maroondah Life Education Centre	Shedfest
Cancer Council - Relay for Life	Mont De Lancey Historical Museum	Shire of Yarra Ranges - VCE Showcase
Centre for Agriculture & Business	Mountain District Car & Bike Show	Shortest Lunch
Chez Monde	Probus Club Seville	Silvan Cricket Club
Coldstream CFA	RoadWhyz Victoria	Silvan Football Club
Coldstream Community Kitchen	Rotary Club of Wandin	Southern Cross Kids Camp
Coldstream Primary School	Rotary International - District 98	St Pauls Anglican Church
Community Enterprise Foundation	Seville Community Group	St Vincent's Lilydale
CWA Yarra Valley	Seville Cricket Club	World's Biggest Cup of Tea
Draught Horse Festival	Seville District Girl Guides	Yarra Valley Cricket Assoc.
Eastern Health	Seville Festival	Yarra Valley Cricket Umpires Association
Eastern Ranges Football Club	Seville Netball Club	Yarra Valley Dressage Club
Eastern Sports Development	Seville Pony Club	Yarra Valley Ladies in Pink
Friends of Kurth Kiln	Seville Pre-School Inc	Yarra Valley Machinery Preservation Society
Friends of Picnic Hill	Seville Primary School	Yarra Valley Wine Growers Association
Gruyere Fire Brigade	Seville Ranges Youth Girls Football Club	Youth Foundation Victoria

# Chairman's report (continued)

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## **Wandin Seville Financial Services Ltd – Directors**

The Board have worked tirelessly again over the past 12 months and have ensured that all requirements have been met to protect our shareholders' assets with sound Corporate Governance and monitored all risk factors should any have occurred.

We have had the Manager of 10 years retire at the end of the 2012 financial year and a Board member Randall Pye retire due to work commitments. A great loss to the Board and the community.

I would like to take this opportunity to thank them both for their dedication and work ethics applied during their reign within the Board.

We employed a new Manager to replace Tony Forbes after his retirement.

Ms Jackie Butler who was a current employee of the Wandin Seville Financial Services Ltd, with over 10 years of banking experience and supervision with Westpac was the successful applicant out of 17 applications interested in the position of Manager. Her dedication and passion for the community really shines. I am sure that many of the community have met or talked banking with Jackie in the two years prior to her being awarded the Manager position. I wish her well in her new role.

We have also had a change of our Executive Officer. Teghan Fisher has taken over the role and has fitted in nicely with her friendly and pleasant manner.

We are to celebrate our 10th Birthday on 26 November, the night of our AGM/Sponsorship Awards.

An invitation is extended to shareholders to attend the evening/day celebrations.

I take this opportunity to thank my fellow colleagues for all the work and commitment endured over the past 12 months and look forward to the ongoing growth of the company for 2013 onwards.

I cannot forget to thank our staff who are the face of the company, always giving a friendly smile and addressing the needs of all our valued customers.

## **Summary**

As Chairperson of the Wandin Seville Financial Services Ltd, I would like to take this opportunity to thank all shareholders by holding all the good faith and trust in our Board of Directors who have worked tirelessly to ensure that all operations and directions have been fulfilled throughout 2012 and achieving an outstanding result for the company.

Without your help and guidance this would not have been possible, so once again I take the opportunity to thank each and every shareholder involved with Wandin Seville Financial Services Ltd day to day operations.



**Janet Ockwell**  
**Chairperson**

# Manager's report

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For year ending 30 June 2012

It is with great pleasure that I present my first report as Branch Manager for the Wandin Seville **Community Bank**<sup>®</sup> Branch. I have been delighted with the community support I have received in this role and look forward to working with you all.

Recently we achieved a significant milestone: 10 years of operation, servicing the local community of Wandin and Seville. Over this time your **Community Bank**<sup>®</sup> company Wandin Seville Financial Services Ltd have achieved their initial goals by becoming an integral part of the local community, providing competitive banking products and services, providing superior customer service and the ability to support the local community through many and varied grants/sponsorships. The community of Wandin and Seville should be proud of the effort that went in to establishing and supporting it's own **Community Bank**<sup>®</sup> branch back in 2002, and for the past two years Seville has enjoyed the benefits of having it's own sub branch in the town.

This year has seen many changes but none more so that the recent retirement of Tony Forbes, who was our well known and well respected Branch Manager from day one. I think it would be remiss to not acknowledge the hard work and tireless efforts Tony put in, which helped create and then build a prosperous and strong business in the local community and the surrounding region.

The funds under management, at the end of the financial year, reached a total of \$123 million, which incorporates a continued and steady growth at both Wandin and Seville.


In the past financial year, increased sponsorship/grants have again been our focus, as have our goals to maintain our profit levels, consolidate staff training and increase customer awareness and satisfaction.

Heading towards 2013, we will continue to concentrate on increasing our business growth, especially our lending portfolio, which has been effected due to the continued uncertainty in the marketplace. We will be increasing our staff training, maintaining stability in our accounts and profitability. This will result in annual dividends to our shareholders and of course we will continue to support the local community via our grants/sponsorships.

I would also like to acknowledge the efforts of our dedicated branch teams: which include David, Joanne and Carolyn Keitley, (who have been here since opening in 2002), Carolyn Damen, Kellie, Liz, Karyn, Bev and Melanie.

On a personal note, I am extremely thankful for all the support I have received from our Board of Directors and especially from our Chairperson Jan Ockwell, since starting in this role. I would also like to acknowledge the hard work and dedication of our Board of Directors: their tireless efforts and their professionalism are integral to the success of our business.

We will continue to maintain our commitment to our loyal customers and encourage you to play your part by spreading the word about the very personal banking service provided by our **Community Bank**<sup>®</sup> branches.



**Jackie Butler**  
**Branch Manager**

# Directors' report

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For the financial year ended 30 June 2012

The Directors submit their report of the company for the financial year ended 30 June 2012.

## Directors

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

### Janet Ockwell

(Chairperson)

Director

Occupation: Retired

### Graeme Johnson

Director

Occupation: Waste Management Consultant

Appointed 25/07/2011

### Garry Byrne

Director

Occupation: Primary Producer

### Keith Corbett

Director

Occupation: Primary Producer

### Kevin Parker

Director

Occupation: Retail Sales

### Carolyn Burgi

Director

Occupation: Primary Producer

### Tasman Sculthorpe

Director

Occupation: Insurance Consultant

### John Strachan

Treasurer, Secretary and Director

Occupation: Accountant

### Nicholas Crossland

Director

Appointed 27/02/2012

Resigned 8/05/2012

### Randall Pye

Director

Occupation: Draftsman

Resigned 28/01/2012

### Kim Parry (JP)

Director

Occupation: Real Estate Agent

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

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

## Principal activities

The principal activities of the company during the course of the financial year were in providing **Community Bank**<sup>®</sup> services under management rights to operate franchised branches of Bendigo Bank.

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

## Operating results

Operations have continued to perform in line with expectations. The profit of the company for the financial year after provision for income tax was \$88,076 (2011: \$11,679).

## Directors' report (continued)

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Dividends	Year Ended 30 June 2012	
	Cents	\$
Final dividends recommended:	10	52,831

### Significant changes in the state of affairs

In the opinion of the Directors there have been no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report.

### Significant events after the balance date

There are no matters or circumstances that have arisen since the end of the financial year that have 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 years.

### Likely developments

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

### Directors' benefits

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

### Accounting and Secretarial services

Accounting and secretarial services are provided by the Field Group. John Strachan is an employee of the Field Group.

### Indemnification and insurance of Directors and 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 arise from their position as Directors or Managers of the company except where the liability arises out of conduct involving the lack of good faith.

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



# Directors' report (continued)

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## Directors' meetings

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

<b>Number of meetings held:</b>	<b>12</b>
<b>Number of meetings attended:</b>	
Janet Ockwell	12
Kevin Parker	9
John Strachan	12
Kim Parry (JP)	11
Keith Corbett	11
Carolyn Burgi	11
Garry Byrne	12
Randall Pye	4
Tasman Sculthorpe	11
Graeme Johnson	9

## Company Secretary

John Strachan has been the Company Secretary of Wandin Seville Financial Services Ltd since 5 November 2001. Mr Strachan is an Accountant with over 33 years' experience in accounting and tax matters.

## Corporate governance

The company has implemented various corporate governance practices which include:

- (a) Director approval of operating budgets and monitoring of progress against these budgets;
- (b) Ongoing Director training; and
- (c) Monthly Director meetings to discuss performance and strategic plans.



**Janet Ockwell,**  
**Chairperson**



**John Strachan,**  
**Director**

Date: 24 September 2012

# Auditor's independence declaration

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CERTIFIED PRACTISING  
ACCOUNTANTS

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TELEPHONE 9870 1133  
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ABN 52 786 054 164

PRINCIPAL  
VINCENT R CROWE  
FCFA FTIA  
REGISTERED  
COMPANY AUDITOR

## Auditor Independence Declaration

**V I N C R O W E** & A S S O C I A T E S

The Directors received the following declaration from the Auditor of the Company:

### Auditor's Independence Declaration

In relation to our audit of the financial report of Wandin Seville Financial Services Ltd for the financial year ended 30 June 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



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Vincent R Crowe  
Vin Crowe & Associates

Date: 24th September 2012

# Financial statements

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## Statement of comprehensive income for the year ended 30 June 2012

	Note	2012 \$	2011 \$
Revenues from ordinary activities	2	1,277,520	1,258,990
Employee benefits expense	3	(636,545)	(628,633)
Charitable donations and sponsorship		(59,512)	(128,982)
Depreciation and amortisation expense	3	(64,431)	(64,345)
Finance costs	3	(19,212)	(30,925)
Other expenses from ordinary activities		(369,739)	(353,989)
<b>Profit before income tax expense</b>		<b>128,081</b>	<b>52,116</b>
Income tax expense	4	(40,005)	(40,437)
<b>Profit after income tax expense</b>		<b>88,076</b>	<b>11,679</b>
Other comprehensive income:			
Other comprehensive income		-	-
<b>Total comprehensive income attributable to members</b>		<b>88,076</b>	<b>11,679</b>
<b>Earnings per share (cents per share)</b>			
- basic/ diluted earnings per share	21	0.17	0.02
- dividends paid per share		0.10	0.10

The accompanying notes form part of these financial statements.

# Financial statements (continued)

## Statement of financial position as at 30 June 2012

	Note	2012 \$	2011 \$
<b>Current assets</b>			
Cash and cash equivalents	6	256,818	553,940
Trade and other receivables	7	119,185	111,409
<b>Total current assets</b>		<b>376,003</b>	<b>665,349</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	704,946	746,672
Deferred income tax asset	4	25,131	33,880
Intangible assets	9	63,976	30,046
<b>Total non-current assets</b>		<b>794,053</b>	<b>810,598</b>
<b>Total assets</b>		<b>1,170,056</b>	<b>1,475,947</b>
<b>Current liabilities</b>			
Trade and other payables	10	93,797	97,385
Borrowings	11	2,688	37,032
Tax payable	4	(7,484)	(58,428)
Short-Term provisions	12	79,447	75,392
<b>Total current liabilities</b>		<b>168,448</b>	<b>151,381</b>
<b>Non-current liabilities</b>			
Borrowings	11	-	348,737
Long-term provisions	12	-	9,466
<b>Total non-current liabilities</b>		<b>-</b>	<b>358,203</b>
<b>Total liabilities</b>		<b>168,448</b>	<b>509,584</b>
<b>Net assets</b>		<b>1,001,608</b>	<b>966,363</b>
<b>Equity</b>			
Share capital	13	528,311	528,311
Retained earnings		473,297	438,052
<b>Total equity</b>		<b>1,001,608</b>	<b>966,363</b>

The accompanying notes form part of these financial statements.

## Financial statements (continued)

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### Statement of changes in equity for the year ended 30 June 2012

	Note	2012 \$	2011 \$
<b>Share capital</b>			
Balance at start of year		528,311	528,311
Issue of share capital		-	-
Share issue costs		-	-
<b>Balance at end of year</b>		<b>528,311</b>	<b>528,311</b>
<b>Retained earnings</b>			
Balance at start of year		438,052	479,204
Total comprehensive income		88,076	11,679
Dividends paid		(52,831)	(52,831)
<b>Balance at end of year</b>		<b>473,297</b>	<b>438,052</b>

The accompanying notes form part of these financial statements.

## Financial statements (continued)

### Statement of cash flows for the year ended 30 June 2012

	Note	2012 \$	2011 \$
<b>Cash flows from operating activities:</b>			
Cash receipts in the course of operations		1,269,744	1,279,202
Cash payments in the course of operations		(1,050,313)	(1,181,210)
Interest received		19,806	27,608
Income tax paid		(38,740)	(62,918)
<b>Net cash flows from/(used in) operating activities</b>		<b>200,497</b>	<b>62,682</b>
<b>Cash flows from investing activities:</b>			
Payments for property, plant and equipment		(11,707)	(87,693)
Payment for other assets		(50,000)	-
<b>Net cash flows from/(used in) investing activities</b>		<b>(61,707)</b>	<b>(87,693)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from borrowings		-	89,110
Repayment of borrowings		(383,081)	(7,666)
Dividend paid		(52,831)	(52,831)
<b>Net cash flows from/(used in) financing activities</b>		<b>(435,912)</b>	<b>28,613</b>
Net increase/(decrease) in cash held		(297,122)	3,602
Cash at beginning of financial year		553,940	550,338
<b>Cash at the end of financial year</b>		<b>256,818</b>	<b>553,940</b>

The accompanying notes form part of these financial statements.

## Financial statements (continued)

### Statement of cash flows for the year ended 30 June 2012

	Note	2012 \$	2011 \$
<b>(a) Reconciliation of cash</b>			
Cash and cash equivalents		256,818	553,940
		<b>256,818</b>	<b>553,940</b>
<b>(b) Reconciliation of profit after tax to net cash provided from/(used in) operating activities</b>			
Profit after income tax		88,076	11,679
Add (less) non-cash flows in profit from ordinary activities:			
- Depreciation & amortisation		64,431	85,275
- Loss on assets disposal		5,072	-
Add (less): changes in assets & liabilities			
- (Increase) decrease in receivables		(7,776)	(7,396)
- (Increase) decrease in other assets		(6,083)	7,588
- Increase (decrease) in payables		(3,588)	(15,220)
- Increase (decrease) in provisions		(5,411)	27,674
- Increase (decrease) in other liabilities		65,775	(46,918)
<b>Net cash flows from/(used in) operating activities</b>		<b>200,497</b>	<b>62,682</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

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For year ended 30 June 2012

## Note 1. Basis of preparation of the financial report

### **(a) Basis of accounting**

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards and other mandatory professional reporting requirements.

The financial report has been prepared on an accruals basis and is based on historical costs (except for land and buildings and available-for-sale financial assets that have been measured at fair value) and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The Financial Report was authorised for issue by the Directors on 24 September 2012.

### **(b) Statement of compliance**

The financial report complies with Australian Accounting Standards which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS'). Australian Accounting Standards that have been recently issued or amended, but are not yet effective, have not been adopted in the preparation of this financial report.

### **(c) Significant accounting policies**

The following is a summary of the material accounting policies adopted. The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2012 financial statements.

#### **Income tax**

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

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

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

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

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

#### **Property, plant and equipment**

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

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



# Notes to the financial statements (continued)

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Note 1. Basis of preparation of the financial report (continued)

## (c) Significant accounting policies (continued)

### Property, plant and equipment (continued)

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

Class of asset	Depreciation rate
Buildings	2.5%
Plant & equipment	10-20%

### Impairment

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

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

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

### Revaluations

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

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

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the balance sheet unless it reverses a revaluation decrease of the same asset previously recognised in the income statement.

Any revaluation deficit is recognised in the income statement unless it directly offsets a previous surplus of the same asset in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve is made to retained earnings for the depreciation relating to the revaluation surplus.

### **Recoverable amount of assets**

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

### **Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the 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 are stated with the amount of GST included.

# Notes to the financial statements (continued)

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## Note 1. Basis of preparation of the financial report (continued)

### (c) Significant accounting policies (continued)

#### Goods and services tax (continued)

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the cash flow statement on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

#### Employee benefits

The provision for employee benefits to wages, salaries and annual leave represents the amount which the company has a present obligation to pay resulting from employees' services provided up to the balance date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

The company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

#### Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. Leasehold improvements at Seville Branch have been amortised over the lease term.

#### Cash

Cash on hand and in banks are stated at nominal value.

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

#### Comparative figures

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

#### Revenue

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

#### Receivables and payables

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

#### Interest bearing liabilities

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

# Notes to the financial statements (continued)

## Note 1. Basis of preparation of the financial report (continued)

### (c) Significant accounting policies (continued)

#### Provisions

Provisions are recognised that when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

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

#### Contributed capital

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

	2012 \$	2011 \$
<b>Note 2. Revenue from ordinary activities</b>		
Operating activities		
- services commissions	1,238,561	1,221,439
- other revenue	8,826	-
<b>Total revenue from operating activities</b>	<b>1,247,387</b>	<b>1,221,439</b>
Non-operating activities:		
- interest received	19,806	27,608
- other revenue	10,327	9,943
<b>Total revenue from non-operating activities</b>	<b>30,133</b>	<b>37,551</b>
<b>Total revenue from ordinary activities</b>	<b>1,277,520</b>	<b>1,258,990</b>

## Note 3. Expenses

Profit/ (loss) from ordinary activities before income tax expense has been determined after:

Employee benefits expense		
- wages and salaries	509,830	448,246
- superannuation costs	75,689	86,812
- payroll tax		8,494
- annual leave and long service leave	49,125	84,320
- workers' compensation costs	1,901	761
	<b>636,545</b>	<b>628,633</b>

## Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 3. Expenses (continued)		
Depreciation of non-current assets:		
- plant and equipment	2,778	2,762
- buildings	8,506	8,506
- leasehold improvements	37,077	37,077
Amortisation of non-current assets:		
- intangibles	16,070	16,000
	<b>64,431</b>	<b>64,345</b>
Finance costs:		
- interest paid	19,212	30,925
- borrowing cost	-	-
	<b>19,212</b>	<b>30,925</b>

### Note 4. Income tax expense

The prima facie tax on profit/(loss) before income tax is reconciled to the income tax expense as follows:

Prima facie tax on profit/(loss) before income tax at 30%	38,424	15,635
Add tax effect of:		
- non-deductible expenses	1,581	1,334
- prior year underprovision/(overprovision) for tax	-	23,468
- Deferred tax asset not previously brought to account	-	-
<b>Current income tax expense</b>	<b>40,005</b>	<b>40,437</b>
The components of tax expense comprise:		
Current tax	32,008	32,849
Deferred tax	7,997	7,588
	<b>40,005</b>	<b>40,437</b>
Tax payable		
Current tax payable	(7,484)	(58,428)
	<b>(7,484)</b>	<b>(58,428)</b>
<b>Deferred income tax asset</b>		
Future income tax benefits arising from deductible temporary differences are recognised to the extent that profits will be available against which such differences can be utilised.	25,131	33,880
	<b>25,131</b>	<b>33,880</b>

## Notes to the financial statements (continued)

	2012 \$	2011 \$
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### Note 5. Auditor's remuneration

Amounts received or due and receivable by Vin Crowe & Associates for:

- Audit or review of the financial report of the company	5,850	3,500
	<b>5,850</b>	<b>3,500</b>

### Note 6. Cash and cash equivalent

Cash at bank and on hand	256,818	553,940
	<b>256,818</b>	<b>553,940</b>

### Note 7. Trade and other receivables

Trade debtors	115,435	110,687
Other receivables	3,751	722
	<b>119,185</b>	<b>111,409</b>

### Note 8. Property, plant and equipment

#### Buildings

At cost	779,843	779,843
Less: accumulated depreciation	(192,217)	(183,711)
	<b>587,626</b>	<b>596,132</b>

#### Plant and equipment

At cost	218,813	213,706
Less: accumulated depreciation	(101,493)	(63,166)
	<b>117,320</b>	<b>150,540</b>

<b>Total written down amount</b>	<b>704,946</b>	<b>746,672</b>
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#### Movements in carrying amounts

##### Building

Carrying amount at beginning of year	596,132	556,159
Additions	-	48,479
Disposals	-	-
Depreciation expense	(8,506)	(8,506)
<b>Carrying amount at end of year</b>	<b>587,626</b>	<b>596,132</b>

## Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 8. Property, plant and equipment (continued)		
<b>Plant and equipment</b>		
Carrying amount at beginning of year	150,540	188,095
Additions	11,707	2,284
Disposals / adjustments	(5,072)	-
Depreciation expense	(39,855)	(39,839)
<b>Carrying amount at end of year</b>	<b>117,320</b>	<b>150,540</b>

### Note 9. Intangible assets

Franchise establishment Fee at cost - Seville	20,000	20,000
Less accumulated amortisation	(10,080)	(6,080)
	<b>9,920</b>	<b>13,920</b>
Training fees at cost - Seville	10,000	10,000
Less accumulated amortisation	(5,040)	(3,040)
	<b>4,960</b>	<b>6,960</b>
Franchise fee-at cost - Wandin	70,000	60,000
Less accumulated amortisation	(60,181)	(58,167)
	<b>9,819</b>	<b>1,833</b>
Preliminary expenses	46,370	46,370
Less accumulated amortisation	(46,370)	(46,370)
	-	-
Renewal cost recovery fee-at cost	80,000	40,000
Less accumulated amortisation	(40,723)	(32,667)
	<b>39,277</b>	<b>7,333</b>
	<b>63,976</b>	<b>30,046</b>

### Note 10. Trade and other payables

Trade creditors	22,915	17,509
Other creditors and accruals	70,882	79,876
<b>Total payables</b>	<b>93,797</b>	<b>97,385</b>

## Notes to the financial statements (continued)

	2012 \$	2011 \$
<b>Note 11. Borrowings</b>		
Current:		
Bank loan - secured	2,688	37,032
	<b>2,688</b>	<b>37,032</b>
Non-current:		
Bank loan - secured	-	348,737
	-	<b>348,737</b>

## Note 12. Provisions

Current:	79,447	75,392
<b>Employee benefits</b>	<b>79,447</b>	<b>75,392</b>
Non-current		
Employee benefits	-	9,466
	-	<b>9,466</b>
Number of employees at year end	13	17

## Note 13. Share capital

528,311 Ordinary shares fully paid of \$1 each	528,311	528,311
	<b>528,311</b>	<b>528,311</b>

## Note 14. Retained earnings

Balance at the beginning of the financial year	438,052	479,204
Profit after income tax	88,076	11,679
Dividends paid	(52,831)	(52,831)
<b>Balance at the end of the financial year</b>	<b>473,297</b>	<b>438,052</b>

## Note 15. Director and related party disclosures

The names of Directors who have held office during the financial year are:

Janet Ockwell (Chairperson)	
Kevin Parker	Kim Parry (JP)
John Strachan	Keith Corbett
Tasman Sculthorpe	Nicholas Crossland
Randall Pye	Garry Byrne
Graeme Johnson	

## Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 15. Director and related party disclosures (continued)		
No Director or related entity has entered into a material contract with the company.		
Remuneration received by Director and associates:-		
Judy Strachan	13,226	13,226
Jan Ockwell	11,234	1,058
Kevin Parker	-	5,981
	<b>24,460</b>	<b>20,265</b>

Directors' shareholdings	2012 \$	2011 \$
Kevin Parker	2,001	2,001
John Strachan	6,501	7,001
Tasman Sculthorpe	3,000	3,000
Graeme Johnson (Appointed 27/7/2011)	1,000	500
Kim Parry (JP)	1,501	1,001
Keith Corbett	20,500	32,500
Carolyn Burgi	500	500
Garry Byrne	5,000	5,000
Jan Ockwell	1,001	-

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

### Note 16. Subsequent events

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

### Note 17. Contingent liabilities

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

### Note 18. Segment reporting

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in regional areas of Eastern Victoria.



# Notes to the financial statements (continued)

## Note 19. Corporate information

Wandin Seville Financial Services Ltd is a company limited by shares incorporated in Australia.

The registered office and principal place of business is:

Registered office:	Principal places of business:	
Suite 10, Level 1,	Shop 13,	IGA,
248 Maroondah Highway	2 Union Road,	638A Warburton Highway,
Chirnside Park VIC 3116	Wandin North VIC 3139	Seville VIC 3139

	2012	2011
	\$	\$

## Note 20. Dividends paid or provided for on ordinary shares

Dividends proposed and not recognised as a liability

Franked dividends - 10 cents per share (2011: 10 cents per share)	52,831	52,831
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The tax rate at which dividends have been franked is 30% (2011: 30%).

Dividends proposed will be franked at a rate of 30% (2012: 30%).

## Note 21. Earnings per share

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

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

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

Profit after income tax expense	88,076	11,679
Weighted average number of ordinary shares for basic and diluted earnings per share earnings per share	528,311	528,311
Earnings per share	0.17	0.02

## Note 22. Financial risk management

### Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the statement of financial position. The company does not have any unrecognised financial instruments at year end.

# Notes to the financial statements (continued)

## Note 22. Financial risk management (continued)

### Maturity analysis

Financial Instrument	Floating interest rate		Within one year		1 to 5 years		Non interest bearing		Non interest bearing		Weighted average effective interest rate	
	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$	2012 %	2011 %
Cash and cash equivalent	89,222	101,771	167,595	452,930	-	-	-	-	-	-	5.50%	5.89%
Trade and other receivables	-	-	-	-	-	-	-	-	121,737	111,409		
<b>Total financial assets</b>	<b>89,222</b>	<b>101,771</b>	<b>167,595</b>	<b>452,930</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>121,737</b>	<b>111,409</b>		
Trade and other payables	-	-	-	-	-	-	-	-	93,797	97,385		
Borrowings	2,688	94,502	-	289,369	-	13,410	-	-	-	-	6.50%	9.04%
<b>Total financial liabilities</b>	<b>2,688</b>	<b>94,502</b>	<b>-</b>	<b>289,369</b>	<b>-</b>	<b>13,410</b>	<b>-</b>	<b>-</b>	<b>93,797</b>	<b>97,385</b>		

The company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

This note presents information about the company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

#### (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.

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Balance Sheet and notes to the financial statements. The company's maximum exposure to credit risk at reporting date was:

	2012 \$	2011 \$
Cash and cash equivalents	256,818	553,940
Trade and other receivables	119,185	111,409
	<b>376,003</b>	<b>665,349</b>

## Notes to the financial statements (continued)

### Note 22. Financial risk management (continued)

#### (a) Credit risk (continued)

The company's exposure to credit risk is limited to Australia by geographic area. Significant part of this balance is due from Bendigo and Adelaide Bank.

None of the assets of the company are past due (2011: 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.

#### (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.

The following are the estimated contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount \$	Contractual cash flows \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$
<b>30 June 2012</b>					
Trade and other payables	93,797	-	97,385	-	-
Borrowings	2,688	-	-	-	-
	<b>96,485</b>	<b>-</b>	<b>97,385</b>	<b>-</b>	<b>-</b>
<b>30 June 2011</b>					
Trade and other payables	97,385	-	97,385	-	-
Borrowings	385,769	-	37,032	348,737	-
<b>Total anticipated inflows</b>	<b>483,154</b>	<b>-</b>	<b>134,417</b>	<b>348,737</b>	<b>-</b>

#### (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

Interest rate risk is 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.

# Notes to the financial statements (continued)

## Note 22. Financial risk management (continued)

### (c) Market risk (continued)

#### Sensitivity analysis

At the reporting date the interest rate profile of the company's interest bearing financial instruments was:

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Fixed rate instruments</b>		
Financial assets (fixed rate)	167,595	452,930
Financial liabilities (fixed rate)	(2,688)	(289,369)
Financial liabilities (floating rate)	-	(94,502)
	<b>164,907</b>	<b>69,060</b>

#### Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

### (d) Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Balance Sheet. The company does not have any unrecognised financial instruments at year end.

### (e) 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 Balance Sheet.

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 2012 can be seen in the Income Statement.

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

# Directors' declaration

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In accordance with a resolution of the Directors of Wandin Seville Financial Services Limited,  
we state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2012 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001;
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (c) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2012.



**Janet Ockwell,**  
**Chairperson**



**John Strachan,**  
**Director**

Signed at Wandin on 24 September 2012.

# Independent audit report

CERTIFIED PRACTISING  
ACCOUNTANTS

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RINGWOOD VIC 3134  
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ABN 52 786 054 164

PRINCIPAL  
VINCENT R CROWE  
FCPA FTIA  
REGISTERED  
COMPANY AUDITOR

## Independent Audit Report To the Members of Wandin Seville Financial Services Limited

V I N C R O W E & A S S O C I A T E S

### Scope

The financial report comprises the Director's Report, Directors Declaration, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and accompanying notes to the financial statements of Wandin Seville Financial Services Limited, for the year ended 30th June 2012.

The directors of company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

### Audit Approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatements. The nature of the audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of the internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of the procedures, which include:

examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and

assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

### Independence

In conducting our audit, we have followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

# Independent audit report (continued)

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## Audit Opinion

In our opinion, the financial report of Wandin Seville Financial Services Limited is in accordance with:

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporation Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.



Vin Crowe & Associates  
Vincent R Crowe

Date: 24th September 2012







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