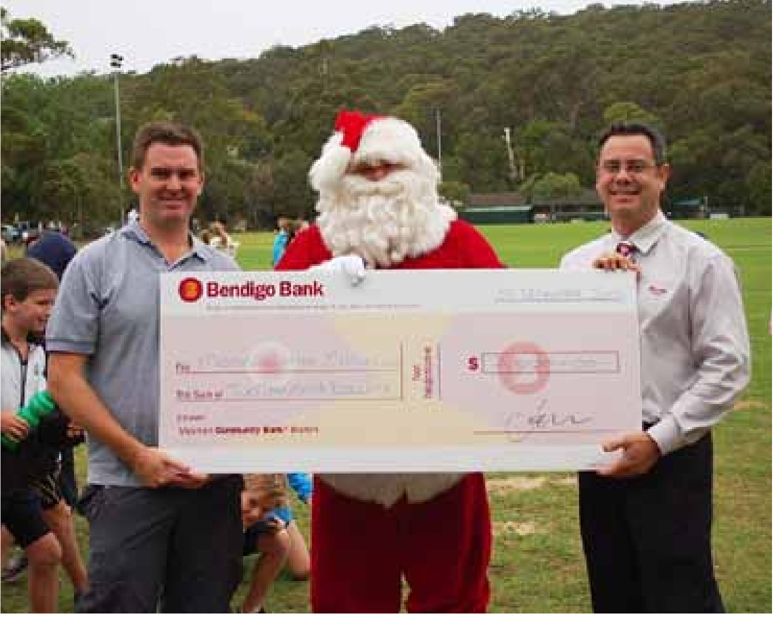

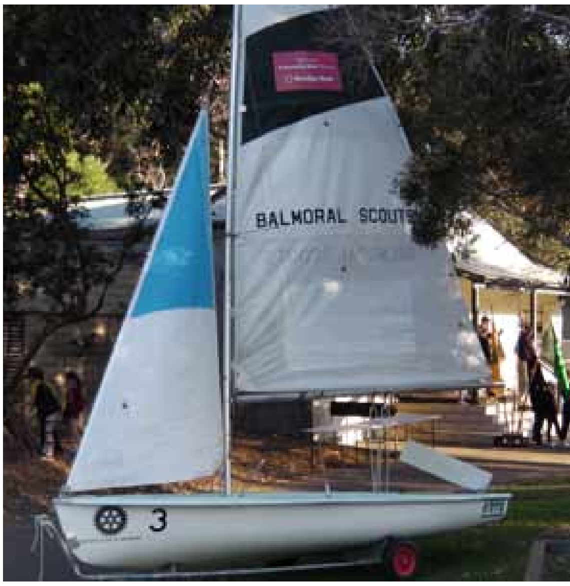

ANNUAL REPORT 2013

Warringah Financial Services Limited
ABN: 61 134 721 216

Mosman **Community Bank**® Branch

Warringah
Financial Services Limited

Financial Statements

as at

30 June 2013

CONTENTS

Chairman's Report

Dear Shareholders,

As the Mosman **Community Bank®** Branch celebrated its 4th Anniversary, the Community Bank® network Australia-wide celebrated 15 years of operation.

The Community Bank®network is now represented by 298 branches and nationally has returned more than $100 million to support and strengthen local communities. Our **Community Bank®**company is working hard to secure the support of our local community so that we too can start reinvesting profits into community strengthening activities and reward our local, patient shareholders with a dividend payment.

Regrettably we have not yet reached that pinnacle but our annual outcome is much improved on previous years. During the previous fiscal period our Directors sought financial comfort from the franchise partner, Bendigo and Adelaide Bank, by way of an overdraft. Our **Community Bank®**company, Warringah Financial Services Limited, has wisely contributed to various community not-for-profit entities funded by marketing and development grants from the Bendigo and Adelaide Limited. Such projects included grants to Mosman Home Gardeners to produce their 70 years history book, Mosman Netball, Mosman Croquet, Mosman Little Athletics, Mosman Symphony Orchestra, Mosman Lawn Tennis, Mosman Bowling Club, Mosman Cricket and Taldumande Youth Services to name a few.

The Directors continue to promote our **Community Bank®** branch presence in the Mosman area as a popular**Community Bank®** branch which supports the community and strengthens those activities of the not-for-profit entities. During the past 12 months, we lost the services of Director Peter Iannazzo, who decided to relocate to Melbourne. Peter's contribution to our company was to successfully instigate an aggressive advertising program and highlight the brand throughout the Mosman area including the screen advertisements at the Cremorne Orpheum Theatre.

More recently we welcomed Stephen Osmond to our Board. Stephen recently has retired from an executive role with the St. George and Westpac Banks and his banking experience is already contributing to the Board's strength.

I would like to thank our staff Kath Lake, Lyn Reid & Aileen Affarian, who have continued to attend to the customers efficiently under the management of Chris Bawn to whom I also extend my appreciation. The staff and Directors continue to work hard to grow the business so that we eventually will be able to reward the support of our local shareholders.

Our partner Bendigo and Adelaide Bank believe it is committed to striking a fair balance between all key stakeholders, borrowers, depositors, shareholders, staff and the wider communities when setting its interest rates.

The Bank has conducted a staged approach to "restoring the balance", (ie. the sharing of income under its Profit Share model), ensuring that the **Community Bank® model** produces reasonable shareholders returns, as any business must. The Bank will continue to review this profit share model with its partners to ensure it is fair and equitable for all parties and is as resilient as possible in the fast changing economic environment, however, this income adjustment does have an impact on our **Community Bank®** branch profitability.

There is no doubt that all banks face higher funding costs in the economic environment triggered by the Global Financial Crisis. Bendigo and Adelaide Bank Limited remains one of the few Banks globally to be awarded an upgraded credit rating since the onset of the Global Financial Crisis. This means the Bank is now rated at "A-".

In closing I would like to express my appreciation to the staff at Regional Office in particular Alex Hughes, our Regional Manager, for his continuing support. I would also like to thank my fellow Directors for their support. Lastly a big thank you to our shareholders and may we look forward to a profitable 2014.

John L Nelson
Chairman

Branch Manager's Report

As we move towards celebrating our 4th birthday in October this year, we will also celebrate reaching yet another milestone for our **Community Bank®** branch, that is $100 million in business on our books.

Our book of business still remains heavily weighted towards deposits, however our lending book is growing, which has been our main focus for this year. Compared to this time last year, our lending book has grown in excess of 60%, which is encouraging. As the overall business grows, so does the income we receive from our profit share arrangements with Bendigo and Adelaide Bank.

In the last 12 months, we have seen an overall reduction in interest rates to a 50 year low, which has certainly assisted home loan clients with low interest rates on variable and fixed rate products. On the flip side however, our self-funded retirees have also seen a reduction in deposit/investment rates, which has certainly reduced their income to live on.
It is expected that interest rates will remain low for some time, which will assist us to grow the lending book further with some of the most competitive rates on the market.

Over the past 12 months, we have continued to develop and promote the **Community Bank®** branch through various different mediums. We advertise in *The Mosman Daily* and *Harbourview* Magazine as well as appearing on the big screens at the Cremorne Orpheum cinema. We continue to have a presence on the Bendigo and Adelaide Bank website and we now have a Facebook page, which is monitored and maintained by our staff.

Another initiative to promote the branch is the introduction of our Local Community Support programme, which provides a package of benefits to the members of our Local Clubs and Community Groups we support. This package provides a range of benefits and savings to the members including generous discounts on home loan rates. We look forward to developing this programme further and introducing it to more of our local community groups.

The staff and I regularly receive compliments from our clients, both new and existing and that is a testament to the service we provide, which helps differentiate us from our competitors. We are proud of our customer service and the way in which we support our local community and community groups. Our Chairman made mention of a few of the local community groups we have supported throughout the last financial year with our monetary contribution to these groups totalling in excess of $22,000.

The branch continues to be successful due to the dedication of our staff, our Board of Directors and the support of our local community and shareholders. The staff and I look forward to welcoming more new clients to the bank as we continue to grow and move towards celebrating our 5th birthday in 2014.

In closing, I wish to thank all account holders, our shareholders, our staff, Board of Directors and the support from the staff of Bendigo and Adelaide Bank for their assistance in helping us achieve our business goals.

Chris Bawn
Branch Manager

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

Directors

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

Name and position held	Qualifications	Experience and Other Directorships
John Nelson Appointed December 2008 Chairman	FCPA FIIA	Accountant, Consultant, Business Owner Director: Mosman Accounting & Taxation Services Pty Ltd John L Nelson & Associates Pty Ltd Secretary/Treasurer Mosman Community Services Inc.
Murray Block, OAM Appointed December 2008 Director		Retired Mosman Rotary, Australia China Frienship Society, Mosman Community Services Inc.
Fentin McEvoy Appointed December 2008 Director	LLB	Lawyer, Real Estate, Business Development
Edward Blakely Appointed November 2010 Director/Company Secretary	Phd.Ed.	Urban Planning, Disaster Management, Sustainable Development. Director: CTechBA, Urban Growth Advisory
Virginia Howard Appointed June 2010 Director	B.A.,M.A.(Hons) Dip.Ed., MAICD	Director: Mosman Community College, Dougherty Retirement Apartments, Uniting Care Aging Sydney North, Chair, Taldumande Youth Services. Former Mayor of Mosman
Timothy James Appointed June 2011 Director	B.Bus.,LLB,MBA.	Lawyer, Political Staffer. Director: Mosman Rowers Ltd Life Education NSW
Peter Iannazzo Appointed February 2011 Resigned March 2013 Director		Marketing Consultant
Thea Foster Appointed August 2011 Director	B. Com. FCA	Accountant, Consultant, Business Owner Director: Added Value Corporation Pty Ltd
Bob Dickinson Appointed March 2012 Director/Treasurer	FCPA	Accountant, Consultant, Former Banking Executive. Director: R&P Dickinson Pty Ltd
Beatrice Jackson Appointed April 2012 Director	B.Com. Dip. Ed CA	Accountant, Consultant Director: Adesso Consulting Pty Ltd Fiorire Pty Ltd

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

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

Principal activities

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

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

Review of operations

The loss for the financial year was $184,329 (2012: loss $368,402). Although an improvement on the previous year, the operations of the company continued to perform below expectations.

The net assets of the company have decreased to $121,590 (2012: $305,928). The decrease is due to the loss incurred for the year.

Dividends

The directors recommend that no dividend be paid for the current year.

Significant changes in the state of affairs

Effective 1 July 2012 the rate of commission paid by Bendigo and Adelaide Bank Limited on term deposits for periods greater than 90 days and on fixed rate home loans was reduced by 0.25%. As a result the company's income from these products for the financial year was reduced by around $65,000.

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

Events subsequent to reporting date

Effective 1 April 2014 the rate of commission currently paid by Bendigo and Adelaide Bank Limited on term deposits for periods greater than 90 days and on fixed rate home loans is to be reduced by 33.3%. This will result in a further reduction in income from these products.

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

Remuneration report

Remuneration policy

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

Remuneration benefits and payments

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

Indemnifying officers or auditor

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

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

Directors meetings

The number of directors meetings held during the year were 12. Attendances by each director during the year were as follows:

Director	**Board Meetings #**
John Nelson	11 (12)
Murray Block, OAM	11 (12)
Fentin McEvoy	10 (12)
Edward Blakely	7 (12)
Virginia Howard	11 (12)
Timothy James	10 (12)
Peter Iannazzo	4 (12)
Thea Foster	10 (12)
Bob Dickinson	11 (12)
Beatrice Jackson	11 (12)

 # The first number is the meetings attended while in brackets is the number of meetings eligible to attend.

Likely developments

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

Environmental regulations

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

Proceedings on behalf of company

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

Company secretary

Edward Blakely has been the Company Secretary of Warringah Financial Services Limited since 2010. Edward's qualifications and experience include being an honorary professor of urban policy at the United States Studies Centre at the University of Sydney. He is a global leader in all aspects of urban and regional planning. He also has signiifcant other business experiences.

Non audit services

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

- all non audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110 "Code of Ethics for Professional Accountants" set by the Accounting Professional and Ethical Standards Board.

Auditor independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 8 of this financial report. No officer of the company is or has been a partner of the auditor of the company.

Signed in accordance with a resolution of the Board of directors at Mosman, NSW on
24th September 2013

John L Nelson
Chairman

Richmond Sinnott & Delahunty
Chartered Accountants

Level 2, 10-16 Forest Street
Bendigo, Victoria
PO Box 30, Bendigo, VIC 3552

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Email: rsd@rsdadvisors.com.au
www.rsdadvisors.com.au

24 September 2013

The Directors
Warringah Financial Services Limited
PO Box 822
SPIT JUNCTION NSW 2088

Dear Directors

To the Directors of Warringah Financial Services Limited

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

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

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

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

W Sinnott

Warren Sinnott
Partner
Richmond Sinnott & Delahunty

Warringah Financial Services Limited ABN 61 134 721 216
Statement of Profit or Loss and Other Comprehensive Income for year ended 30 June 2013

	Notes	2013 $	2012 $
Revenue	2	459,939	409,796
Employee benefits expense	3	(290,717)	(311,607)
Depreciation and amortisation expense	3	(42,388)	(53,604)
Finance costs	3	(1,127)	-
Bad and doubtful debts expense	3	14	(1,613)
Occupancy and associated expenses		(117,880)	(116,036)
IT systems and support expenses		(55,046)	(53,193)
Marketing and advertising expenses		(39,282)	(10,192)
Other expenses		(75,069)	(57,477)
Operating profit/(loss) before community donations & sponsorships		(161,556)	(193,926)
Community donations and sponsorships		(22,772)	(11,101)
Profit/(loss) before income tax expense		(184,328)	(205,027)
Tax expense / (benefit)	4	-	(163,375)
Profit/(loss) for the year		(184,328)	(368,402)
Other comprehensive income		-	-
Total comprehensive income		(184,328)	(368,402)
Profit/(loss) attributable to:			
Members of the company		(184,328)	(368,402)
Total		(184,328)	(368,402)
Earnings per share (cents per share)			
- basic for profit / (loss) for the year	22	(16.50)	(32.96)

The accompanying notes form part of these financial statements

	Notes	2013 $	2012 $
Assets			
Current Assets			
Cash and cash equivalents	6	127	58,505
Trade and other receivables	7	52,990	44,683
Total Current Assets		53,117	103,188
Non-Current Assets			
Term Deposit		25,500	25,500
Property, plant and equipment	8	149,427	169,026
Intangible assets	9	22,725	45,514
Total Non-Current Assets		197,652	240,040
Total Assets		250,769	343,228
Liabilities			
Current Liabilities			
Trade and other payables	10	32,554	26,584
Borrowings	11	85,390	-
Provisions	12	11,235	10,716
Total Current Liabilities		129,179	37,300
Total Liabilities		129,179	37,300
Net Assets / (Liabilities)		121,590	305,928
Equity			
Issued capital	13	1,095,009	1,095,019
Retained earnings (Accumulated losses)	14	(973,419)	(789,092)
Total Equity		121,590	305,927

The accompanying notes form part of these financial statements

Statement of Changes in Equity for the year ended 30 June 2013

	Note	Issued Capital $	Accumulated Losses $	Total Equity $
Balance at 1 July 2011		**1,095,019**	**(420,689)**	**305,928**
Total comprehensive income for the year		**-**	**-**	**-**
Transactions with owners, in their capacity as owners				
Shares issued during the year/Losses			(368,402)	(368,402)
Dividends paid or provided	23	-	-	-
Balance at 30 June 2012		**1,095,019**	**(789,091)**	**305,928**
Balance at 1 July 2012		**1,095,019**	**(789,091)**	**305,928**
Total comprehensive income for the year		**-**	**-**	**-**
Transactions with owners, in their capacity as owners				
Shares issued during the year		(10)	-	(10)
Loss for the year			(184,328)	(184,328)
Dividends paid or provided	23	-	-	-
Balance at 30 June 2013		**1,095,009**	**(973,419)**	**121,590**

The accompanying notes form part of these financial statements

Statement of Cash Flows for the year ended 30 June 2013

	Notes	2013 $	2012 $
Cash Flows From Operating Activities			
Receipts from clients		400,030	401,805
Payments to suppliers and employees		(594,263)	(599,876)
Dividend revenue received		-	-
Interest paid		(1,127)	-
Interest received		1,602	7,991
Other income		50,000	-
Net cash flows from/(used in) operating activities	15b	(143,758)	(190,080)
Cash Flows From Investing Activities			
Purchase of furniture,fittings and equipment		-	(766)
Term Deposit		-	(25,500)
Net cash flows from/(used in) investing activities		-	(26,266)
Cash Flows From Financing Activities			
Member contributions		(10)	-
Net cash flows used in financing activities		(10)	-
Net increase/(decrease) in cash held		(143,768)	(216,346)
Cash and cash equivalents at start of year		58,505	274,851
Cash and cash equivalents at end of year	15a	(85,263)	58,505

The financial statements and notes represent those of Warringah Financial Services Limited.

Warringah Financial Services Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

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

1. Summary of significant accounting policies

(a) Basis of preparation

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

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

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

(b) 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.

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 statements after consideration of the following factors:

(i) The company recognises that losses will be incurred during the start up phase of the business and while market access is being developed within the area. The company has reported a loss after tax of $184,329 (2012: 368,402) for the year ended 30 June 2013. The company has budgeted for a loss of $191,486 for the 2013/14 year. The directors will continue to review their growth forecast and cashflow throughout the 2013/14 year.

(ii) Bendigo and Adelaide Bank Limited has confirmed that it will continue to support the company and its operations for the 2013/14 financial year and beyond through the provision of an overdraft facility for $250,000 on commercial terms and conditions.This support is provided on the basis that the company continues to fulfil its obligations under the franchise agreement and continues to work closely with the Bank to further develop its business. The company believes that it is fulfilling these obligations.

1. Summary of significant accounting policies (continued)

(c) Income tax

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

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

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

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

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

(d) Furniture, fittings and equipment

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

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

Class of Asset	*Depreciation Rate*
Leasehold improvements	6.7%
Furniture & fittings	6.7-20%
Computer equipment and software	33.3%

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.

1. Summary of significant accounting policies (continued)

(e) Impairment of assets

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

(f) Goods and services tax

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

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

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

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

(g) Employee benefits

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

(h) Intangibles

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

(i) Cash

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

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

1. Summary of significant accounting policies (continued)

(j) Revenue

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

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

(k) Receivables and payables

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

(l) New accounting standards and interpretations not yet adopted

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

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

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

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

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

(ii) AASB 13 Fair Value Measurement (2011)

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

1. Summary of significant accounting policies (continued)

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

(iii) AASB 119 Employee Benefits (2011)

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

(m) Loans and borrowings

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

(n) Provisions

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

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

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

(o) Share capital

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

(p) Comparative figures

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

(q) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

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

1. Summary of significant accounting policies (continued)

(q) Critical accounting estimates and judgements (continued)

Income tax

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

Impairment

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

(r) Financial instruments

Initial recognition and measurement

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

Classification and subsequent measurement

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

Fair value represents the amount for which an asset would be exchanged or a liability settled, between knowledgeable willing parties. Where available quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are applied to determine the fair value.
Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less repayments and any reduction for impairment and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

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

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

1. Summary of significant accounting policies (continued)

(r) Financial instruments (continued)

Impairment

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

Derecognition of financial instruments

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

2. Revenue and other income	**2013 $**	**2012 $**
Revenue		
- margins, commissions and fees	408,337	351,805
- other revenue	50,000	50,000
	458,337	401,805
Other revenue		
- interest received	1,602	7,991
	1,602	7,991
Total Revenue	459,939	409,796

3. Expenses

Employee benefits expense		
- wages and salaries	242,294	258,424
- superannuation costs	22,734	22,590
- workers' compensation costs	1,406	182
- other costs	24,283	30,411
	290,717	311,607
Depreciation of non-current assets:		
- furniture and equipment	11,484	6,960
- leasehold improvements	8,115	16,918
Amortisation of non-current assets:		
- intangible assets	22,789	29,726
	42,388	53,604

	2013	2012
3. Expenses (continued)	**$**	**$**
Finance Costs:		
- Interest paid	1,127	-
Bad debts	(14)	1,613

4. Tax Expense

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

	2013	2012
Prima facie tax on profit/(loss) before income tax at 30% (2012: 30%)	(55,299)	(61,508)
Add tax effect of:		
- previous periods deferred tax benefit written back	-	163,375
- utilisation of previously unrecognised carried forward tax losses	49,909	54,653
- non-deductible expenses	5,390	6,855
Current income tax expense	-	163,375
Income tax attributable to the entity	-	163,375

Deferred tax asset

Future income tax benefit arising from the tax loss for the year ended 30 June 2013 has not been recognised at reporting date as realisation of the benefit is not regarded as certain.

	2013	2012
Accumulated future income tax benefits arising from tax losses which have not been recognised at reporting date.	267,936	218,027

5. Auditors' remuneration

	2013	2012
Remuneration of the auditor for:		
- Audit or review of the financial report	4,231	3,900
- Share registry services	1,750	1,818
	5,981	5,718

6. Cash and cash equivalents

	2013	2012
Cash at bank and on hand	127	58,505

7. Trade and other receivables

	2013 $	2012 $
Current		
Trade debtors	49,131	31,374
Accured income	3,315	8,289
Prepayments	544	5,020
	52,990	44,683

Credit risk

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

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

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

			Past Due but Not Impaired			
2013	**Gross Amount**	**Past Due and impaired**	**< 30 days**	**31-60 days**	**> 60 days**	**Not Past Due**
Trade receivables	49,131	-	-	-	-	49,131
Accrued Income	3,315	-	-	-	-	3,315
Total	52,446	-	-	-	-	52,446
2012						
Trade debtors	31,374	-	-	-	-	31,374
Accured Income	8,289	-	-	-	-	8,289
Total	39,663	-	-	-	-	39,663

	2013 $	2012 $
8. Property, plant and equipment		
Leasehold imporvements		
At cost	121,128	121,128
Less accumulated depreciation	(30,161)	(22,047)
	90,967	99,081
Furniture and equipment		
At cost	103,528	103,528
Less accumulated depreciation	(45,068)	(33,583)
	58,460	69,945
Total written down amount	149,427	169,026

Movements in carrying amounts

	2013 $	2012 $
Leasehold improvements		
Balance at the beginning of the reporting period	99,081	116,000
Additions	-	-
Disposals	-	-
Depreciation expense	(8,115)	(16,919)
Balance at the end of the reporting period	90,966	99,081
Furniture and equipment		
Balance at the beginning of the reporting period	69,945	76,140
Additions	-	764
Disposals	-	-
Depreciation expense	(11,484)	(6,959)
Balance at the end of the reporting period	58,461	69,945

9. Intangible assets

	2013 $	2012 $
Computer Software		
At cost	11,027	11,027
Less accumulated amortisation	(11,027)	(10,238)
	-	789
Franchise Fee		
At cost	110,000	110,000
Less accumulated amortisation	(87,275)	(65,275)
	22,725	44,725
	22,725	45,514

9. Intangible assets (continued)	**2013 $**	**2012 $**
Computer Software		
Balance at the beginning of the reporting period	789	3,924
Additions	-	-
Disposals	-	-
Amortisation expense	(789)	(3,135)
Balance at the end of the reporting period	-	789
Franchise Fee		
Balance at the beginning of the reporting period	44,725	71,315
Additions	-	-
Disposals	-	-
Amortisation expense	(22,000)	(26,590)
Balance at the end of the reporting period	22,725	44,725

10. Trade and other payables

Current		
Unsecured liabilities:		
Trade creditors	16,217	11,271
Accrued expenses	6,978	8,802
GST Payable	9,359	6,511
	32,554	26,584

11. Borrowings

Bank overdraft	85,390	-
	85,390	-

The company has an overdraft facility of $250,000 which is subject to normal terms and conditions.

12. Provisions

Employee benefits	11,235	10,716
Movement in employee benefits		
Opening balance	10,716	9,904
Additional provisions recognised	12,422	9,351
Amounts utilised during the year	(11,903)	(8,539)
Closing balance	11,235	10,716
Current		
Annual Leave	11,235	10,716
Total provisions	11,235	10,716

12. Provisions (continued)

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave. The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

13. Share capital	**2013 $**	**2012 $**
10 Ordinary Shares fully paid of $1 each	-	10
Share capital issued during 2010 (1,117,768 ordinary shares)	1,117,768	1,117,768
Less: Equity raising costs	(22,759)	(22,759)
	1,095,009	1,095,019

Movements in share capital

Fully paid ordinary shares:		
At the beginning of the reporting period	1,095,019	1,095,019
Shares issued during the year	-	-
At the end of the reporting period	1,095,019	1,095,019

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands.
The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

Capital management

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

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

(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%.

Capital management (continued)

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 community donations and sponsorships. Community donations and sponsorship paid for the year ended 30 June 2013 can be seen in the Statement of Profit or Loss and Other Comprehensive Incom

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

	2013 $	2012 $
14. Retained earnings / (Accumulated losses)		
Balance at the beginning of the reporting period	(789,091)	(420,689)
Profit/(loss) after income tax	(184,328)	(368,402)
Balance at the end of the reporting period	(973,419)	(789,091)

15. Statement of cash flows

(a) *Cash and cash equivalents balances as shown in the statement of financial position can be reconciled to that shown in the statement of cash flows as follows*

	2013 $	2012 $
As per the statement of financial position	127	58,505
less Bank overdraft	(85,390)	-
As per the statement of cash flow	(85,263)	58,505

(b) *Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities*

	2013 $	2012 $
Profit / (loss) after income tax	(184,329)	(368,402)
Non cash items		
- Depreciation	19,601	23,878
- Amortisation	22,788	29,725
Changes in assets and liabilities		
- (Increase) decrease in receivables	(8,307)	(35,500)
- (Increase) decrease in deferred tax asset	-	163,375
- Increase (decrease) in payables	5,970	(3,969)
- Increase (decrease) in provisions	519	812
Net cash flows from/(used in) operating activities	(143,758)	(190,081)

(c) Credit standby arrangement and loan facilities

The company has a bank overdraft and commercial bill facility amounting to $250,000 (2012: $250,000). This may be terminated at any time at the option of the bank. At 30 June 2013, $85,390 of this facility was used (2012: $nil). Variable interest rates apply to these overdraft and bill facilities.

16. Related party transactions

The company's main related parties are as follows:

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

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

(c) Transactions with key management personnel and related parties
No key management personnel or related party has entered into any contracts with the company. No director fees have been paid as the positions are held on a voluntary basis.

(d) Key management personnel shareholdings
The number of ordinary shares in Warringah Financial Services Limited held by each key management personnel of the company during the financial year is as follows:

	2013	2012
John Nelson	5,001	5,001
Murray Block, OAM	35,001	35,001
Fentin McEvoy	1,001	1,001
Edward Blakely	1,000	1,000
Virginia Howard	1,000	1,000
Timothy James	1,000	1,000
Peter Iannazzo (resigned March 2013)	1,000	1,000
Thea Foster	1,000	1,000
Bob Dickinson	-	-
Beatrice Jackson	-	-

There was no movement in key management personnel shareholdings during the year. Each share held has a paid up value of $1 and is fully paid.

(e) Other key management transactions
There has been no other transactions involving equity instruments other than those described above.

17. Events after the reporting period

Effective 1 April 2014 the rate of commission currently paid by Bendigo and Adelaide Bank Limited on term deposits for periods greater than 90 days and on fixed rate home loans is to be reduced by 33.3%. This will result in further reduction in income from these products.

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

18. Contingent Liabilities and assets

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

19. Leases

Non-cancellable operating leases contracted for but not capitalised in the financial statements:	2013 $	2012 $
Payable - minimum lease payments		
- not later than 12 months	100,582	99,296
- between 12 months and 5 years	402,329	397,185
- greater than 5 years	301,746	397,185

The property lease is a non-cancellable lease with a 12 year term, with rent payable monthly in advance.

20. Operating segments

The company operates in the financial services sector where it provides banking services to its customers. The company operates in one geographic area being Mosman, New South Wales. The company has a franchise agreement in place with Bendigo & Adelaide Bank Limited who account for 100% of the revenue (2012: 100%).

21.Corporate information

Warringah Financial Services Limited is a Company limited by shares incorporated in Australia.

The registered office & principle place of business is: 652 Military Road
MOSMAN NSW 2088

22. 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:

	2013 $	2012 $
Profit/(loss) after income tax expense	(184,329)	(368,402)
Weighted average number of ordinary shares for basic and diluted earnings per share	1,117,778	1,117,778

23. Dividends paid or provided for on ordinary shares

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

24. Financial risk management

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

	Note	2013 $	2012 $
Financial Assets			
Cash and cash equivalents	6	127	58,505
Trade and other receivables	7	52,990	44,683
Total Financial Assets		53,117	103,188
Financial Liabilities			
Trade and other payables	10	32,554	26,584
Bank overdraft	11	85,390	-
Total Financial Liabilities		117,944	26,584

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.

(a) Credit Risk (continued)	**2013 $**	**2012 $**
Cash and cash equivalents:		
A rated	127	58,505

(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 $250,000 with Bendigo & Adelaide Bank Limited.

Financial liability and financial asset maturity analysis:

30 June 2013	**Note**	**Total $**	**Within 1 year $**	**1 to 5 years $**	**Over 5 years $**
Financial Liabilities due					
Trade and other payables	**10**	(32,554)	(32,554)	-	-
Loans and borrowings	**11**	(85,390) *	(85,390)	-	-
Total expected outflows		(117,944)	(117,944)	-	-
Financial Assets - realisable					
Cash & cash equivalents	**6**	127	127	-	-
Trade and other receivables	**7**	52,990	52,990	-	-
Term deposit		25,500	-	-	25,500
Total anticipated inflows		78,617	53,117	-	25,500
Net (Outflow)/Inflow		(39,327)	(64,827)	-	25,500

30 June 2012		**Total $**	**Within 1 year $**	**1 to 5 years $**	**Over 5 years $**
Financial Liabilities due					
Trade and other payables	**10**	(26,584)	(26,584)	-	-
Loans and borrowings	**11**	- *	-	-	-
Total expected outflows		(26,584)	(26,584)	-	-
Financial Assets - realisable					
Cash & cash equivalents	**6**	58,505	58,505	-	-
Trade and other receivables	**7**	44,683	44,683	-	-
Term deposit		25,500			25,500
Total anticipated inflows		128,688	103,188	-	25,500
Net (Outflow)/Inflow on financial instruments		102,104	76,604	-	25,500

* The Bank overdraft has no set repayment period and as such all has been included as current.

(a) Credit Risk (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)	-0.250%	3.130%

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 reasonab possible.

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

	Profit **$**	**Equity** **$**
Year ended 30 June 2013		
+/- 1% in interest rates (interest expense)	(598)	(598)
	(598)	(598)
Year ended 30 June 2012		
+/- 1% in interest rates (interest income)	840	840
	840	840

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Fair values

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

Directors' Declaration

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

1 the financial statements and notes of the company as set out on pages 6 to 27 are in accordance with the Corporations Act 2001 and:

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

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

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

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

John Leslie Nelson
Chairman

Signed at Mosman, NSW on 24th September 2013.

Richmond
Sinnott &
Delahunty

Chartered Accountants

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Bendigo, Victoria
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WARRINGAH FINANCIAL SERVICES LIMITED

Report on the Financial Report

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

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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 Warringah Financial Services Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

Auditor's Opinion

In our opinion:

(a) the financial report of Warringah Financial Services Limited is in accordance with the Corporations Act 2001, including:

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

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

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

Emphasis of Matter

Without qualification to the audit opinion expressed above, attention is drawn to the following matter. Note 1(b) "Going Concern' in the financial statements indicates the company recorded a loss after tax of $184,329 (2012: loss of $368,402). The directors have prepared a budget for the 2013/14 year which indicates a budgeted loss before tax of $191,486 will be recorded.

The directors have received a financial facility to assist with working capital requirements for the next twelve months. Without the financial facility, there is significant uncertainty whether Warringah Financial Services Limited will continue as a going concern.

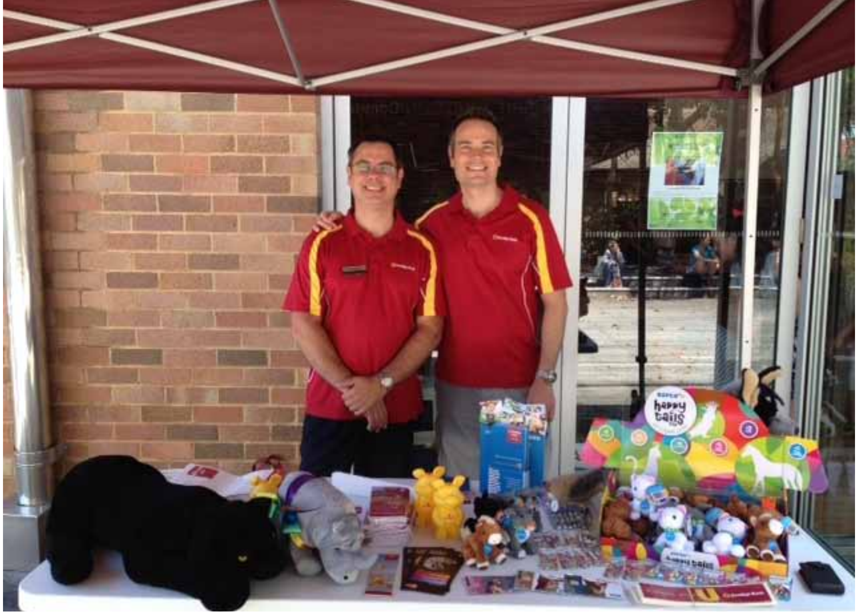
These conditions indicate the existence of a material uncertainty which may cast doubt about the Company's ability to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W J Sinnott

W. J. SINNOTT
Partner

Dated at Bendigo, 24 September 2013



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652 Military Road, Spit Junction NSW 2088
Phone: (02) 9960 7122

Franchisee:
Warringah Financial Services Limited
652 Military Road, Spit Junction NSw 2088
ABN: 61 134 721 216
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(BMPAR12130) (11/13)

Bendigo Bank