



West Beach & Districts Community  
Financial Services Limited  
ACN 094 486 727

# ANNUAL REPORT 2013

West Beach **Community Bank®** Branch

# Contents Page

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<b>Chairman's Report</b>	<b>3</b>
<b>Branch Manager Report</b>	<b>5</b>
<b>Corporate Governance Statement</b>	<b>6</b>
<b>Director's Report</b>	<b>7</b>
<b>Auditor's Independence Declaration</b>	<b>11</b>
<b>Financial Statements</b>	<b>12</b>
<b>Notes for the Financial Statements</b>	<b>16</b>
<b>Directors Declaration</b>	<b>28</b>
<b>Independent Auditor's Report</b>	<b>29</b>

# Chairman's Report

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It is with much pleasure that I present, the 12th Annual Report of the West Beach & Districts Community Financial Services Limited for the 2012-2013 Financial Year.

I am further pleased to be able to report that this financial year, has been another successful year for our community company. You will see from the financial report that our business continues to grow. This upward projectile of growth has resulted in many milestones including:

*\$148 million in accounts held*

*4,395 accounts held*

*42 sponsorships, donations and grants made to local group/associations*

*Over \$700,000 returned to the community to date in projects, sponsorship and grants.*

The future is bright with new and exciting plans, including refurbishment of our **Community Bank®** branch over the next twelve months and undertaking a number of major community projects within the Cities of Charles Sturt and West Torrens.

Bendigo and Adelaide Bank, including its **Community Bank®** partners, is now rated 'A' by all three of the world's leading credit rating agencies. This is great news for us, and opens business opportunities in the marketplace.

In February of 2013 we were unfortunate to be the victim of identity fraud to the extent of \$50,000. This was thoroughly investigated by Bendigo and Adelaide Bank's internal financial crimes department and measures were taken to prevent any re-occurrence.

Over the past 12 months we have maintained our support to the local community with sponsorships and donations. The Community Enterprise Foundation™ Grant program has continued, and so far in 2013, 40 community groups have received funds.

Additionally, we have been involved in many successful community events and activities including:

Sports SA Awards

Australia Day Jetty to Jetty Swim

Henley Surf Life Savings Row across the gulf.

Christmas in the Square,

Camden Athletics Carnival

The support of these groups and programs provides us with the opportunity and a platform to demonstrate the impact of our Community Bank® branch. The annual Kids Christmas Party is our way of saying thanks to those who have moved their banking to support their community.

Thanks to the support of **Community Bank®** customers and shareholders, the Australia-wide network of 298 branches, has now returned more than \$100 million to support and strengthen local communities.

## Chairman's Report (continued)

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Our branch has played a key role in this milestone, returning more than \$700,000 to our local community. These grants and sponsorships have made a significant difference to a number of local organisations and we look forward to continuing our support, as more people discover the **Community Bank®** model and transfer their banking to us.

In January the Board of Directors welcomed new Director/Secretary Sue Packer. Sue brings with her great a range of business skills that will make her an asset to our company. She is a local member of the community, on the Governing Council at West Beach Primary. Sue's election to the Board will be opened to a vote at the Annual General Meeting in November.

The Board of Directors has an enormous depth of commitment to the company, partnered by a true vision for the community. They continue to be proactive in ensuring the business continues to achieve the best outcomes for our shareholders, customers, staff and the community.

The company owes a great deal to the Managers and staff of our franchise branch. The team is committed and passionate in supporting us to increase the community benefits. On behalf of the Board of Directors, I would like to take this opportunity to recognise and thank all staff for their efforts and dedication over the past 12 months.

Whilst the bank staff and the Board of Directors work hard to ensure the success and longevity of the business I invite you, our shareholders, to help us achieve our goals. By both banking with us and advocating the **Community Bank®** model, we can make the difference count for more.

In closing, I trust that you find the following report satisfactory and thank you for your continued support throughout the year.

Andrew Farran  
CHAIRMAN

## Branch Manager's Report

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The 12 months since the 2012 Annual Report, have been an exciting time for the West Beach & Districts **Community Bank®** Branch, having exceeded a major milestone of \$140 million in banking business.

From an operational point of view we have increased our customer base by a further 238 accounts, taking the total number of accounts to 4,395. The majority of this a growth can be attributed to the closure of the Fulham Gardens Branch with a number of customers having their banking transferred to our branch. However, during this the twelfth full year of operations we continue to open, on average, approximately 30 accounts each and every month.

Our total deposits and loans have also increased by a further \$19.2 million to a total now of \$147.5 million. This is further growth of over 13.2% in total balances. Once again, approximately 45% of this growth can be attributed to the closure of the Fulham Gardens Branch following the fire in December 2012. However, this result still reflects highly on all the staff at our Branch and also the work put in by your Directors.

Once again, we are still looking for the support of all our shareholders and customers in assisting us with the continued growth of our business.

Our staff numbers have been maintained at seven, However we are in the process of recruiting a new full time staff member, mainly due to the additional transaction load at West Beach, since closure of Fulham Gardens Branch. Until the end of June, we actually had a Fulham Gardens Branch staff member here most days. So, please call in and say hello to the staff.

The SA Produce Market at Pooraka continues to provide new business to our operations via Agency operating at the SA Produce Credit office at the Market. It provides significant benefits to the merchants, retailers and employees at the market (this is now over \$240,000) and also our branch.

We continue to contribute worthwhile funds to local community and sporting groups, and it is a pleasure to be able to have visited a number of these projects over the past 12 months and even 'show them off' to some of the Bendigo and Adelaide Bank Limited Executives. The Staff that attended really enjoyed their involvement with the Anzac Day Remembrance Ceremony in conjunction with the Henley and Grange RSL.

Once again I wish to congratulate the Board on their continued good work and encourage all Shareholders to experience 'The Bendigo Way', at our branch.

Peter Hodgkison  
COMMUNITY BANK BRANCH MANAGER

# Corporate Government Statement

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The Board is comprised entirely of non executive independent Directors. The skills experience and composition of the Board is detailed in the Directors' report. Details of the Directors' shareholdings, remuneration and any transactions which they have conducted with the company are included in the Directors' report and Notes to the financial statements.

The Board has committed to a high standard of corporate governance, financial reporting and integrity throughout the company's operations. The following portfolios have been established as subcommittees to assist and advise the Board:

- Strategy and Governance
- Finance and Asset Management
- Operations and Human Resources
- Marketing and Community Investment

## **Independent Professional Advice**

Directors have the right to seek independent professional advice in the furtherance of their duties as Directors at the company's expense. Written approval must be obtained from the Chairman prior to incurring any expense on behalf of the company.

## **Identifying and Managing Business Risks**

The Board regularly monitors the operational and financial performance of the company against budget and other key performance measures. The Board also receives advice on areas of operational and financial risks, and develops strategies in conjunction with management, to mitigate those risks.

## **Communication with Shareholders**

The Board of Directors aims to ensure that shareholders, on behalf of whom they act, are informed of all major developments affecting the company's activities and its state of affairs, including information necessary to assess the performance of the Directors.

Communication with shareholder is achieved through the distribution of the following information:

- The Annual Report distributed to all shareholders
- The Annual General Meeting to obtain shareholder approval for Board action as appropriate
- Dividend payments.

The Board strives to ensure the company complies with ASIC legislative requirements and utilizes the facilities of Share Data to maintain the integrity of share transactions.

# Director's Report

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The Director's present their report, together with the financial statements of West Beach and Districts Community Financial Services Ltd (hereinafter referred as 'the Company') for the year ended 30th June 2013.

## Directors

The Directors of the Company during the 2012/2013 financial year were:

### **Mr A Farran**

Chairperson

Appointed Director 18 February 2000. Original Steering Committee member. Andrew is a local businessman and owner of Fazz Plumbing.

### **Ms S Packer**

Secretary

Appointed 1 January 2013, to be ratified at the 2013 AGM in November. Sue has an accounting background and resides in the West Beach area.

### **Mr R Beames**

Deputy Chairman

Appointed Director 1 May 2011. Currently a Technical Lecturer at TAFE, a member of the Henley RSL, Area Co-ordinator for Neighbourhood Watch, West Beach

### **Mrs J Mutton**

Director

Appointed Director 1 September 2000. Original Steering Committee member. Joan is not re-nominating.

### **Mr T McClean**

Director

Appointed Director 1 September 2000. Original Steering Committee member.

### **Mr T Delo**

Director

Appointed Director 1 February 2004. Tony is a local self employed Electrician. Is a Life Member of the Amateur Soccer League Association.

### **Mr S Marks**

Director

Appointment Director 1 December 2001. Diploma in Export Marketing. More than 22 years experience in international trading.

### **Mr P Bardadyn**

Director

Appointed Director 1 December 2001. Currently Business Development Manager for Uni of SA.

### **Mr I Butterfield**

Director

Appointed Director 29 January 2007. Owner of Butterfield Services. Pro-active in the Business Community.

### **Mr A Economos**

Director

Appointed Director 1 September 2000. Local business owner with Economos Bros. Pty Ltd



# Director's Report (Continued)

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## Principal Activities

During the year the Company continued to operate the West Beach Community and Districts Community Bank® branch with the support of the Bendigo and Adelaide Bank.

## Operating Results

Operations have continued to perform in line with expectations. The net profit of the Company after payment of community grants and taxation was \$163,744 (2012 \$165,911).

## Review of Operations

The net assets of the Company have increased by \$68,644 to \$628,032 (2012 \$559,388).

The Company has continued to grow with assets under management with \$148 million .

The franchise agreement for West Beach and Districts Community Bank® is due for renewal by the 5th March 2016.

## Dividends

Dividends paid or declared for payment are as follows:

- Ordinary dividend paid in December 2012, as recommended in last year's report - \$95,100.
- The Directors have recommended the payment of a twenty cent full franked dividend for 2014:
  - An interim Dividend payment to be made on the 15th July 2013 of ten cents - fully franked
  - A final Dividend payment to be made on the 15th January 2014 of ten cents - fully franked

## Significant Changes in the State of Affairs

After significant consultation Bendigo Bank changed the margin sharing arrangement on term deposits greater than 90 days and fixed-rate home loans effective 1 April 2013. This will reduce gross revenue by approximately 5%.

## After Balance Date Events

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

## Future Developments

Directors are considering options to redevelop the Branch and will review options in due course.



## Director's Report (Continued)

### Environmental Regulations

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

### Directors Shareholdings

The Directors and their associates have the following shares in the company at the 30 June 2013.

Directors' Shareholdings		2013	2012
P Bardadyn	Direct	3,500	3,500
T Delo	Direct and Indirect	6,000	6,000
A Economos	Direct and Indirect	5,001	5,001
A Farran	Direct	6,001	6,001
S Marks	Direct and Indirect	46,000	46,000
J Mutton	Direct	12,701	12,201
T McClean	Direct and Indirect	4,001	4,001

### Directors' Privileges Package

West Beach and Districts Community Financial Services Ltd has accepted the Community Bank® Directors' Privileges Package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the Bendigo Bank. There is no requirement to own BEN shares and there is no qualification period to qualify to utilise the benefits. The package mirrors benefits available of Bendigo and Adelaide Bank shareholders.

### Directors' Meetings

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. During the financial year, 13 meetings of Directors were held. Attendances were:

Director	Comments	Number Attended	Eligible to Attend
P Bardadyn		9	13
R Beames		13	13
I Butterfield		12	13
T Delo		12	13
A Economos		9	13
A Farran		12	13
P Glover	<i>Resigned February 2013</i>	6	10
T McClean		12	13
S Marks		7	13
J Mutton		11	13
S Packer	<i>Appointed January 2013</i>	6	6
E Thomas	<i>Resigned April 2013</i>	9	9

## Director's Report (Continued)

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### Directors' and Auditors' Insurance and Indemnification

The company has paid premiums to insure the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of a Director of the company, other than conduct involving a wilful breach of duty in relation to the company.

The company has not during or since the end of, the financial year, in respect of any person who is or has been an Auditor of the company or a related body corporate:

- indemnified or made any relevant agreement for the indemnifying against a liability incurred, including costs and expenses in successful defending legal proceedings, or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred for the costs or expenses to defend legal proceedings.

### Audit Services

The company's Auditor has not provided any non audit services at any time during the year.

### Auditor Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is also included in the following page.

Signed in accordance with a resolution of the Board of Directors on 26th August 2013.



A Farran  
CHAIRMAN



R Beames  
DEPUTY CHAIRMAN

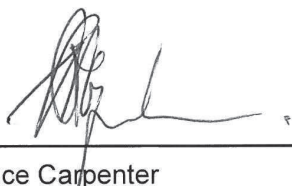
## Auditor's Independence Declaration

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for the year ended 30 June 2013

The Directors received the following declaration from the Auditor of the Company, to the best of their knowledge and belief, during the year ended 30 June 2013 there have been:

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



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Bruce Carpenter

Freer Parker, Sturt Street, Adelaide

3rd September 2013

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Dated

# Financial Statements

## Statement of Comprehensive Income for the year ended 30 June 2013

	Notes	2013	2012
<b>Revenue from ordinary activities</b>	<b>2</b>	<b>1,078,121</b>	<b>1,072,622</b>
Finance expense	3	1,883	2,247
Property and equipment expense	3	16,269	19,862
Employment expense	3	417,650	395,071
Other expenses from ordinary activities		302,834	257,950
<b>Profit from ordinary activities before charitable payments</b>		<b>339,485</b>	<b>397,492</b>
Charitable, donations and sponsorships		105,159	164,523
<b>Profit from ordinary activities before income tax</b>		<b>234,326</b>	<b>232,969</b>
Income tax expense / (benefit)	5	70,582	67,058
<b>Net profit before extraordinary items</b>		<b>163,744</b>	<b>165,911</b>
Other extraordinary income and expenses		-	-
<b>Net profit attributable to members of the company</b>		<b>163,744</b>	<b>165,911</b>
<b>Earnings per share</b>			
Basic and diluted earnings (cents per share)		34.44	34.89

## Financial Statements (continued)

### Statement of Financial Position for the year ended 30 June 2013

	Notes	2013	2012
<b>Current assets</b>			
Cash assets	6	552,047	445,700
Prepayments		5,314	5,249
Receivables	7	79,319	89,028
<b>Total current assets</b>		<b>636,680</b>	<b>539,977</b>
<b>Non current assets</b>			
Property, plant & equipment	8	58,660	70,733
Deferred tax assets	5	20,388	18,761
Intangible assets	9	27,702	38,209
<b>Total non-current assets</b>		<b>106,750</b>	<b>127,703</b>
<b>Total assets</b>		<b>743,430</b>	<b>667,680</b>
<b>Current liabilities</b>			
Payables	10	25,346	18,485
Borrowings	11	5,610	5,196
Provisions	12	67,960	62,538
Deferred tax liability	5	1,594	1,575
<b>Total current liabilities</b>		<b>100,510</b>	<b>87,794</b>
<b>Non current liabilities</b>			
Borrowings	11	14,888	20,498
<b>Total non current liabilities</b>		<b>14,888</b>	<b>20,498</b>
<b>Total liabilities</b>		<b>115,398</b>	<b>108,292</b>
<b>Net assets</b>		<b>628,032</b>	<b>559,388</b>
<b>Equity</b>			
Issued capital	13	475,500	475,500
Retained profits / (accumulated losses)	14	152,532	83,888
<b>Total equity</b>		<b>628,032</b>	<b>559,388</b>

The accompanying notes form part of these financial statements.

## Financial Statements (continued)

### Statement of Cash Flows

for the year ended 30 June 2013

	Notes	2013	2012
<b>Cash flows from operating activities</b>			
Receipts from Bendigo and Adelaide Bank		1,174,081	1,150,925
Payment to suppliers and employees		(905,950)	(922,690)
Borrowing costs		(6,993)	(6,993)
Income tax paid		(72,871)	(66,987)
Interest paid		(1,804)	(2,194)
Interest received		19,601	23,808
<b>Net cash provided by operating activities</b>	<b>15 b</b>	<b>206,063</b>	<b>175,869</b>
<b>Cash flows from investing activities</b>			
Franchise Fee		-	-
Borrowing Expense		-	-
Payments for property, plant and equipment		(4,616)	(9,549)
<b>Net cash provided from investing activities</b>		<b>(4,616)</b>	<b>(9,549)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	-
Dividends paid		(95,100)	(95,100)
<b>Net cash provided from financing activities</b>		<b>(95,100)</b>	<b>(95,100)</b>
Net increase/(decrease) in cash held		106,347	71,219
Cash at the beginning of the year		445,700	374,481
<b>Cash at the end of the year</b>	<b>15 a</b>	<b>552,047</b>	<b>445,700</b>

## Financial Statements (continued)

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

	Notes	2013	2012
<b>Issued Capital</b>		-	-
Balance at beginning of the year	1/07/2012	475,500	475,500
Issue of share capital		-	-
Issue of share capital costs		-	-
<b>Balance at end of the year</b>	<b>30/06/2013</b>	<b>475,500</b>	<b>475,500</b>
<b>Retained Earnings/(Accumulated Losses)</b>			
Balance at beginning of the year	1/07/2012	83,888	13,077
Profit attributable to members of the company		163,744	165,911
Dividends paid during the year		(95,100)	(95,100)
<b>Balance at end of the year</b>	<b>30/06/2013</b>	<b>152,532</b>	<b>83,888</b>
<b>Total equity at end of the year</b>	<b>30/06/2013</b>	<b>628,032</b>	<b>559,388</b>



# Notes to the Financial Statements

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for the year ended 30 June 2013

## **NOTE 1. Summary of Accounting Policies**

The significant accounting policies adopted in the preparation of this financial report are:

### **(a) Basis of preparation**

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

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

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement of fair value of selected non-current assets.

### **(b) Revenue recognition**

Revenues are recognised at fair value of the consideration received net of the amounts of goods and services tax (GST). Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Franchise revenue is recognised when the services are provided.

Interest income is recognised when it accrues.

### **(c) Income tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation, and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

# Notes to the Financial Statements (continued)

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for the year ended 30 June 2013

## NOTE 1. Summary of Accounting Policies (continued)

### (d) Property, plant and equipment

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

The carrying amount of plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the amount recoverable from these assets.

### (e) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the company are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value.

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

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

### (f) Investments

Non-current investments are measured on the cost basis. The carrying amount of investments is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for shares in listed companies or the underlying net assets for non listed corporations. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

### (g) Franchise fee

The Franchise fee is initially recorded at the amount, which the Franchisee paid the Franchisor. The Franchise fee is amortised on a straight line basis over the life of the agreement.

The balance is reviewed annually and any balance representing future benefits for which the realisation is considered to be no longer probable is written off.

### (h) Employee entitlements

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. The company contributes to a superannuation fund as required by law. Contributions are charged against income as they are made.

# Notes to the Financial Statements (continued)

for the year ended 30 June 2013

## NOTE 1. Summary of Accounting Policies (continued)

### (i) Cash

For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions and investments in money market instruments maturing within less than two months, net of the banks overdrafts.

### (j) Comparative figures

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

### (k) Payables

Liabilities are recognised for amounts to be paid in the future for goods, or services received, whether or not billed to the company. Trade accounts payable are normally settled within 60 days.

### (l) Receivables

The Bendigo Bank Limited is the company's only trade debtor. Accounts are settled every 30 days and no provision has been made for any portion of the amount due to be doubtful.

### (m) 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 Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

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

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows 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.

	2013	2012
<b>NOTE 2. Revenue</b>		
<b>Ordinary activities</b>		
- Commission received	195,482	198,201
- Fee income	93,696	97,458
- Franchise margin income	719,096	703,155
- Market development income	50,246	50,000
- Interest received	19,601	23,808
- Other revenue	-	-
<b>Total revenue from ordinary activities</b>	<b>1,078,121</b>	<b>1,072,622</b>

## Notes to the Financial Statements (continued)

for the year ended 30 June 2013

	2013	2012
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### NOTE 3. Expenses

Employee benefits expense

- Wages and salaries	371,351	365,092
- Superannuation costs	33,099	31,304
- Other employee associated costs	13,200	(1,325)
<b>Total employee costs</b>	<b>417,650</b>	<b>395,071</b>

Depreciation of non-current assets:

- Plant and equipment	16,269	19,862
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Amortisation of non-current assets:

- Franchise fee	10,508	10,508
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Disposal gain/loss on property and equipment	-	-
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Finance costs:

- Interest paid	1,804	2,194
- Bad debts	79	53
<b>Total finance costs</b>	<b>1,883</b>	<b>2,247</b>

### NOTE 4. Auditors' Remuneration

Remuneration of the Auditor of the company for:

- Audit services	6,750	6,030
- Other services	-	-

## Notes to the Financial Statements (continued)

for the year ended 30 June 2013

	2013	2012
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### NOTE 5. Income Tax Expense

The prima facie tax payable on operating profit is reconciled to the income tax provided in the accounts as follows:

<b>Operating profit before income tax</b>	<b>234,326</b>	<b>232,969</b>
Tax effect of :		
- Non-deductible expenses	(2,795)	(9,442)
Taxable profit	231,531	223,527
<b>Total income tax expense</b>	<b>70,582</b>	<b>67,058</b>

### Deferred tax assets

Deferred income tax asset arising from timing differences	20,388	18,761
Deferred income tax liabilities arising from timing differences	(1,594)	(1,575)
<b>Total deferred tax expenses</b>	<b>18,794</b>	<b>17,186</b>

### NOTE 6. Cash Assets

- Bendigo bank trust account	-	1,190
- Bendigo bank cheque account	61,488	39,226
- Bendigo bank cash management account	90,000	105,000
- Bendigo bank term deposit	400,000	300,000
- Bendigo bank piggybank account	359	84
- Petty cash float	200	200
<b>Total cash assets</b>	<b>552,047</b>	<b>445,700</b>

### NOTE 7. Receivables

Trade debtors	79,319	89,028
Other assets	-	-

## Notes to the Financial Statements (continued)

for the year ended 30 June 2013

	2013	2012
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### NOTE 8. Property, Plant and Equipment

Valuation at fair value at the beginning of year	70,733	80,975
Additions	4,196	9,620
Disposals	-	-
Depreciation expense	(16,269)	(19,862)
	<b>58,660</b>	<b>70,733</b>

### NOTE 9. Intangible Assets

Franchise fee	51,925	51,925
Less accumulated amortisation	(24,402)	(14,017)
Borrowing costs	1,020	1,020
Less accumulated amortisation	(841)	(719)
	<b>27,702</b>	<b>38,209</b>

### NOTE 10. Tax Liabilities

Current tax liability/(refund)	4,780	5,373
Amounts withheld from salary and wages	6,334	3,096
GST payable	14,232	10,016
	<b>25,346</b>	<b>18,485</b>

### NOTE 11. Borrowings

Current hire purchase (secured)	5,610	5,196
Non-current hire purchase (secured)	14,888	20,498
	<b>20,498</b>	<b>25,694</b>

## Notes to the Financial Statements (continued)

for the year ended 30 June 2013

	2013	2012
<b>NOTE 12. Provisions</b>		
Employee entitlements		
- Annual leave provision	24,115	29,888
- Long service leave provision	43,844	32,650
	<b>67,960</b>	<b>62,538</b>

### NOTE 13. Issued Capital and Shareholdings

475,500 Ordinary shares fully paid - \$1 each	475,500	475,500
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Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

### Security register

The security register / share register is maintained by:

Share Data Pty Ltd  
PO Box 298  
ST AGNES SA 5097  
Phone: (08) 8395 2308

### Shareholdings

The following table shows the number of shareholders, broken into two categories, number of shareholders and number of shares held.

Number of Shares Held	Number of shareholders	Number shares held
1 to 1,000	159	104,550
1,001 to 5,000	80	234,248
5,001 to 10,000	8	64,501
10,001 to 47,550	3	72,201
<b>Total shareholders and shares</b>	<b>250</b>	<b>475,500</b>

Each of the above shareholders are entitled to 1 vote, irrespective of the number of shares held.

There are no restricted securities on issue.



## Notes to the Financial Statements (continued)

for the year ended 30 June 2013

	2013	2012
<b>NOTE 14. Retained Earnings/(Accumulated Losses)</b>		
Balance at the beginning of the financial year	83,888	13,077
Other appropriations - dividend paid	(95,100)	(95,100)
Profit/(loss) after income tax	163,743	165,911
<b>Balance at the end of the financial year</b>	<b>152,532</b>	<b>83,888</b>

### NOTE 15. Cash Flow Information

#### (a) Reconciliation of cash

For the purpose of the statement of cash flows, cash includes cash on hand and in banks and investment in money market

Cash at Bank	151,847	145,500
Term Deposits	400,000	300,000
Cash on Hand	200	200
<b>6</b>	<b>552,047</b>	<b>445,700</b>

#### (b) Reconciliation of net cash provided by/used in operating activities to net profit

Operating profit after income tax	163,744	165,911
<b>Non Cash Items</b>		
- Depreciation	3	16,269
- Amortisation on franchise fee	3	10,508
- Interest on Hire Purchase	3	1,804

Changes in assets and liabilities net effects of purchases and disposals of controlled entities:

- (Increase) decrease in receivables	9,708	(2,776)
- (Increase) decrease in prepayments	(65)	(3,748)
- (Increase) decrease in sundry debtors	-	-
- Increase (decrease) in creditors	3,238	(3,202)
- Increase (decrease) in deferred income tax	(3,972)	(966)
- Increase (decrease) in provision for income tax	(593)	(3,480)
- Increase (decrease) in payables		
- Increase (decrease) in provisions	5,422	(8,434)
<b>Net cash flows from/(used in) operating activities</b>	<b>206,063</b>	<b>175,869</b>

# Notes to the Financial Statements (continued)

for the year ended 30 June 2013

	2013	2012
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## NOTE 16. Director and Related Party Disclosures

The following transactions were made with related parties during the financial year. All transactions are on normal commercial terms unless otherwise stated:

Butterfield Services which I Butterfield is a director for repairs and maintenance to premises	877	847
Burbridge Shopping Centre of which T McClean is a Director for rent and reimbursement of rates of premises	40,563	39,864

## NOTE 17. Operating Segments

The Company operates in the financial services sector where it provides banking services to its client. The Company operates in one geographic area being West Beach, South Australia. The Company has a franchise agreement in place with Bendigo & Adelaide Bank Limited who accounts for 100% of the revenue (2012: 100%).

## NOTE 18. Registered Office and Principal Administrative Office

The registered office of the company is located at: 22 Nile Street,  
PORT ADELAIDE SA 5015  
Phone: (08) 8447 2088

The principal administrative office of the company is located at: 695B Burbridge Road  
WEST BEACH SA 5024  
Phone: (08) 8356 6014

## NOTE 19. Financial Risk Management

The Company's financial instruments consist 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 are:

### Financial Assets

Cash & Cash Equivalents	6	552,047	445,700
Receivables	7	79,319	89,028
<b>Total Financial Assets</b>		<b>631,366</b>	<b>534,728</b>

### Financial Liabilities

Payables	10	25,346	18,485
Borrowings	11	20,498	25,694
<b>Total Financial Liabilities</b>		<b>45,844</b>	<b>44,179</b>

# Notes to the Financial Statements (continued)

for the year ended 30 June 2013

2013

2012

## NOTE 19. Financial Risk Management (continued)

### *Financial risk management policies*

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports 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.

The maximum exposure to credit risk at reporting date to recognised financial assets is the carrying amount of those assets as disclosed in the Statement of financial position and Notes to the financial statements.

The Company's maximum exposure to credit risk at reporting date was:

Cash Assets	552,047	445,700
Receivables	79,319	89,028
	<b>631,366</b>	<b>534,728</b>

The Company's exposure to credit risk is limited to Australia by geographic area. The entire balance of receivables is due from Bendigo and Adelaide Bank Ltd.

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.

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Ltd.

### **(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.

## Notes to the Financial Statements (continued)

for the year ended 30 June 2013

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 does not have an established overdraft facility.

### Financial Liability and Financial Asset Maturity Analysis

	\$	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
<b>30 June 2013</b>					
Payables	20,565	20,565	20,565	-	-
Loans and Borrowings	21,882	21,881	6,993	14,888	-
	42,446	42,446	27,558	14,888	-
<b>30 June 2012</b>					
Payables	13,112	13,112	13,112	-	-
Loans and Borrowings	27,491	27,491	6,993	20,498	-
	40,603	40,603	20,105	20,498	-

There are no material amounts of collateral held as security as at 30 June 2013 and 30 June 2012.

### (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.

### Sensitivity Analysis

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

	2013	2012
<b>Fixed Rate Instruments</b>		
Financial Assets	400,000	300,000
Financial Liabilities	20,498	25,694
	<u>420,498</u>	<u>325,694</u>
<b>Floating Rate Instruments</b>		
Financial Assets	151,846	145,500
Financial Liabilities	-	-
	<u>151,846</u>	<u>145,500</u>

## Notes to the Financial Statements (continued)

for the year ended 30 June 2013

### *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.

### *Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. For the analysis performed on the same basis as at 30 June 2012 there was also no impact. As at both dates this assumes all other variables remain constant.

### **(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.

### **6 Year Summary of Performance**

	2013	2012	2011	2010	2009	2008
Gross revenue	1,078,121	1,072,622	1,007,310	868,203	760,013	722,333
Net profit before tax	234,326	232,969	241,882	220,505	159,482	152,509
Total assets	743,429	667,680	613,217	553,262	465,825	427,029
Total liabilities	115,397	108,292	124,640	138,206	108,227	84,843
Total equity	628,032	559,388	488,577	415,056	357,598	342,186

### **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 per 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 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;
- (ii) the Relevant Rate of Return is equal to the weighted average interest rate bills over that 12 month period plus 5%.

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

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

## Directors' Declaration

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for the year ended 30 June 2013

In accordance with a resolution of the Directors of the West Beach and Districts Community Financial Services Limited, the Directors of the Company declare that:

- 1 the Financial Statements and Notes are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standards, which as stated in accounting policy Note 1 to the financial statements constitutes compliance with International Reporting Standards (IFRS); and
  - (b) give a true and fair view of the financial position of the company as at 30th June 2013 and of its 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 at the Board Meeting at 235b Burbridge Road, Henley Beach held on the 27th day of August 2013.



A Farran  
CHAIRMAN



R Beames  
DEPUTY CHAIRMAN

**WEST BEACH & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 86 094 486 727**

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

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

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

Signed at Adelaide this *3rd* day of September 2013.



Bruce H Carpenter  
Registered Company Auditor No 374687

C/- Freer Parker & Associates  
40 Sturt Street  
ADELAIDE SA 5000



## West Beach **Community Bank®** Branch



franchise of bendigo and adelaide bank limited ABN 11 068 049 178 AFSL 237879

postal address: po box 18 west beach sa 5024

branch address: 695b burbridge road west beach sa 5024

ph 08 8235 0208 fax 08 8235 1199 email [peterhodgkison@bendigobank.com.au](mailto:peterhodgkison@bendigobank.com.au)



share registry: [sharedata](http://sharedata.com.au), po box 298 st. agnes sa 5097, [sharedata.com.au](http://sharedata.com.au), ph 08 8395 2308

