

Ku-ring-gai
Financial Services Limited

Financial Statements
for the half-year ended
31 December 2012

Ku-ring-gai Financial Services Limited
ABN 56 103 129 184
Directors' Report

Your directors submit the financial report of the company for the half-year ended 31 December 2012.

Directors

The names of directors who held office during the half year and until the date of this report are as below:

David Andrew Langdon

Ian Langford-Brown

Linda June McDonald

Allan Peter Millard

William Raymond Nevill

Monika Stelzner

Roman Zeno Tarnawsky

Christopher Bradley Williamson

Michael James Cross (*resigned 17 December 2012*)

Principal Activities

The principal activity of the company during the course of the financial period was in facilitating **Community Bank®** services under management rights to operate franchised branches of Bendigo and Adelaide Bank Limited in Turramurra and Lindfield, New South Wales.

There has been no significant change in the nature of the company's activities during the period.

Review and Results of Operations

Operations have continued to perform in line with expectations. The net profit of the company for the financial period after the provision of income tax was: \$24,521 (2011: \$31,064).

Matters Subsequent to the End of the Reporting Period

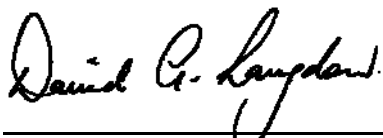
Bendigo and Adelaide Bank Limited announced on 22 February 2013 that it has decided to reduce the trailer commission that it pays to the company on fixed rate home loans and term deposits greater than 90 days by 1/3 effective 1 April 2013. This will reduce the company's income stream and have an as yet undetermined impact on profit and community donations.

There are no other matters or circumstances that have arisen since the end of the half year reporting period that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 2.

Signed in accordance with a resolution of the directors at Turramurra, New South Wales on 14 March 2013.



David Andrew Langdon, Chairman



Ian Langford-Brown, Director

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Ku-ring-gai Financial Services Limited

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2012 there have been no contraventions of:

- the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review
- any applicable code of professional conduct in relation to the review.



David Hutchings
Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550

Dated: 14 March 2013

Ku-ring-gai Financial Services Limited
ABN 56 103 129 184
Statement of Comprehensive Income
for the half-year ended 31 December 2012

	2012	2011
	\$	\$
Revenue from ordinary activities	992,704	829,707
Other revenue	17,763	18,593
Employee benefits expense	(444,737)	(422,394)
Charitable donations, sponsorship, advertising and promotion	(126,172)	(60,536)
Occupancy and associated costs	(131,835)	(128,654)
Systems costs	(78,785)	(49,140)
Depreciation and amortisation expense	(44,350)	(28,522)
Finance costs	(1,470)	(1,964)
General administration expenses	(147,389)	(128,089)
	<hr/>	<hr/>
Profit before income tax (expense)/credit	35,729	29,001
Income tax (expense)/credit	(11,208)	2,063
	<hr/>	<hr/>
Profit after income tax expense/(credit)	24,521	31,064
	<hr/>	<hr/>
Total comprehensive income for the period attributable to members	24,521	31,064
	<hr/> <hr/>	<hr/> <hr/>
Earnings per Share	c	c
Basic from profit for the period:	1.09	1.38

The accompanying notes form part of these financial statements.

Ku-ring-gai Financial Services Limited
ABN 56 103 129 184
Balance Sheet
as at 31 December 2012

	31-Dec 2012 \$	30-Jun 2012 \$
ASSETS		
Current Assets		
Cash assets	897,703	949,738
Trade and other receivables	179,697	153,342
Current tax asset	111,994	57,292
Total Current Assets	<u>1,189,394</u>	<u>1,160,372</u>
Non-Current Assets		
Property, plant and equipment	468,304	332,425
Intangible assets	71,345	86,354
Deferred tax asset	67,528	78,738
Total Non-Current Assets	<u>607,177</u>	<u>497,517</u>
Total Assets	<u>1,796,571</u>	<u>1,657,889</u>
LIABILITIES		
Current Liabilities		
Trade and other payables	225,142	130,677
Borrowings	15,486	12,895
Provisions	117,458	109,460
Total Current Liabilities	<u>358,086</u>	<u>253,032</u>
Non-Current Liabilities		
Borrowings	36,595	28,241
Provisions	11,843	11,090
Total Non-Current Liabilities	<u>48,438</u>	<u>39,331</u>
Total Liabilities	<u>406,524</u>	<u>292,363</u>
Net Assets	<u>1,390,047</u>	<u>1,365,526</u>
Equity		
Issued capital	1,258,525	1,258,525
Retained earnings	131,522	107,001
Total Equity	<u>1,390,047</u>	<u>1,365,526</u>

The accompanying notes form part of these financial statements.

Ku-ring-gai Financial Services Limited
ABN 56 103 129 184
Statement of Changes in Equity
for the half-year ended 31 December 2012

	Issued Capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2011	871,964	201,752	1,073,716
Total comprehensive income for the year	<u>-</u>	<u>31,064</u>	<u>31,064</u>
	871,964	232,816	1,104,780
Transactions with owners in their capacity as owners:			
Shares issued during period	398,765	-	398,765
Costs of issuing shares	(16,204)	-	(16,204)
Dividends provided for or paid	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2011	<u>1,254,525</u>	<u>232,816</u>	<u>1,487,341</u>
Balance at 1 July 2012	1,258,525	107,001	1,365,526
Total comprehensive income for the year	<u>-</u>	<u>24,521</u>	<u>24,521</u>
	1,258,525	131,522	1,390,047
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2012	<u>1,258,525</u>	<u>131,522</u>	<u>1,390,047</u>

The accompanying notes form part of these financial statements.

Ku-ring-gai Financial Services Limited
ABN 56 103 129 184
Cash Flow Statement
for the half-year ended 31 December 2012

	2012	2011
	\$	\$
Cash Flows From Operating Activities		
Receipts from customers	1,060,544	908,416
Payments to suppliers and employees	(1,054,611)	(886,600)
Interest paid	(1,470)	(1,964)
Interest received	20,941	20,224
Income taxes paid	(54,700)	(50,856)
Net cash used in operating activities	<u>(29,296)</u>	<u>(10,780)</u>
Cash Flows From Investing Activities		
Payments for property, plant and equipment	(12,003)	(252,544)
Proceeds from disposal of property, plant and equipment	11,818	-
Payments for intangible assets	-	(80,000)
Net cash used in investing activities	<u>(185)</u>	<u>(332,544)</u>
Cash Flows From Financing Activities		
Proceeds from issues of equity securities	-	398,765
Payment for share issue costs	-	(28,204)
Repayment of borrowings	(22,554)	(4,484)
Net cash provided by/(used in) financing activities	<u>(22,554)</u>	<u>366,077</u>
Net increase in cash held	(52,035)	22,753
Cash at the beginning of the financial year	949,738	861,397
Cash at the end of the half-year	<u><u>897,703</u></u>	<u><u>884,150</u></u>

The accompanying notes form part of these financial statements.

Ku-ring-gai Financial Services Limited
ABN 56 103 129 184
Notes to the financial statements
for the half-year ended 31 December 2012

Note 1. Summary of Significant Accounting Policies

Statement of Compliance

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard *AASB 134: Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard *IAS 34: Interim Financial Reporting*.

Basis of Preparation

The half-year financial report is intended to provide users with an update on the latest annual financial statements and does not include all the notes of the type normally included in an annual financial report. Accordingly the report shall be read in conjunction with the annual financial report for the year ended 30 June 2012 and any public announcements made by the company during the period.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements and the previous corresponding interim period.

The half-year financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

There are no new and revised Standards and amendments thereof and Interpretations effective for the current reporting period relevant to the company that were not disclosed in the annual financial report for the year ended 30 June 2012.

Note 2. Events Subsequent to Reporting Date

Bendigo and Adelaide Bank Limited announced on 22 February 2013 that it has decided to reduce the trailer commission that it pays to the company on fixed rate home loans and term deposits greater than 90 days by 1/3 effective 1 April 2013. This will reduce the company's income stream and have an as yet undetermined impact on profit and community donations.

There have been no other events subsequent to reporting date that would materially effect the financial statements at the reporting date.

Note 3. Contingent Assets and Liabilities

During the period the company entered into a heads of agreement to sponsor the purchase of a motor vehicle for the Ku-ring-gai Community Workshop 'The Shed' Inc. Under the agreement the company will be responsible for the repayments of the motor vehicle finance, consisting of 48 monthly instalments of \$434.02, totalling \$20,832.96. Repayments commenced in October 2012.

In the event that 'The Shed' ceases to operate during the term of the finance arrangements (48 months):

- the company's financial support for the vehicle will cease immediately, with no further obligations to 'The Shed' in respect of the motor vehicle from that date.
- the company will assume ownership of the motor vehicle immediately.

In the event that 'The Shed' disposes of the motor vehicle during the term of the finance arrangements (48 months):

- the company's financial support for the vehicle will cease immediately, with no further obligations to 'The Shed' or the purchaser in respect of the motor vehicle.

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

Ku-ring-gai Financial Services Limited
ABN 56 103 129 184
Notes to the financial statements
for the half-year ended 31 December 2012

Note 4. Segment Reporting

The economic entity operates in a single service sector where it facilitates community banking services in Turrumurra and Lindfield, New South Wales pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 5. Related Parties

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2012 annual financial report.

Ku-ring-gai Financial Services Limited
ABN 56 103 129 184
Directors' Declaration

In the opinion of the directors of Ku-ring-gai Financial Services Limited ("the company"):

- 1 The financial statements and notes thereto are in accordance with the *Corporations Act 2001* including:
 - (a) giving a true and fair view of the financial position of the entity as at 31 December 2011 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date;
 - (b) complying with Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- 2 There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the board of directors.



David Andrew Langdon, Chairman



Ian Langford-Brown, Director

Dated this 14th day of March 2013.

Independent auditor's review report to the members of Ku-ring-gai Financial Services Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Ku-ring-gai Financial Services Limited, which comprises the balance sheet as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Ku-ring-gai Financial Services Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our review we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Ku-ring-gai Financial Services Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the company's financial position at 31 December 2012 and of its performance for the half-year ended on that date
- b) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.



David Hutchings

Andrew Frewin Stewart

61 Bull Street Bendigo Vic 3550

Dated: 14 March 2013