

# Ku-ring-gai Financial Services Limited

ABN: 56 103 129 184

Financial Statements

For the half-year ended

31 December 2017

# Ku-ring-gai Financial Services Limited

## Directors' Report

Your directors submit the financial report of the company for the half-year ended 31 December 2017.

### Directors

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

Alan James Bardwell  
 Roman Zeno Tarnawsky  
 Sara Adams  
 Toni Lorraine MacDermott  
 John Gallu  
 Nirmal Singh Hansra  
 Linda June McDonald  
 Christopher Bradley Williamson  
 Rowenna Margaret Allabush  
 Vera Fiala

### Principal activities

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

### Review of operations

The net profit of the company for the financial period after the provision of income tax was:

Half-year ended 31 December 2017	Half-year ended 31 December 2016
\$	\$
169,058	141,635

	Dec-17 \$ 000's	Dec-16 \$ 000's	Change (%)
Revenue	1,082	994	9
Operating Surplus	263	221	19
Community Investment	30	27	11
Profit before tax	233	194	20
Earnings per share (cents)	7.51	6.29	19
Portfolio (\$ million)	332	343	(3)
Customer numbers	5,186	5,100	2

Despite competitive market conditions, the company increased its revenue by 9% although the banking portfolio fell by 3% mainly due to deposit run-off. Operating surplus increased in line with the revenue growth and tight cost control. As a result, earnings per share increased by 19%.

In consideration of the strong trading performance, the Board has declared a dividend of 6.0 cents per share for a total dividend of \$135,065 (2016: \$123,810).

# Ku-ring-gai Financial Services Limited

## Directors' Report

### Events after the end of the reporting period

There are no 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.

### Auditor's independence declaration

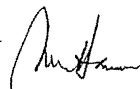
A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

Signed in accordance with a resolution of the directors at Turramurra, New South Wales on 13 March 2018.



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Alan James Bardwell, Chair



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Nirmal Singh Hansra, Director

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

We declare that, to the best of our knowledge and belief, for the half-year ended 31 December 2017 there have been no contraventions of:

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



**Andrew Frewin Stewart**  
61 Bull Street, Bendigo Vic 3550  
Dated: 13 March 2018



**David Hutchings**  
**Lead Auditor**

# Ku-ring-gai Financial Services Limited

## Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2017

	2017 \$	2016 \$
Revenue from ordinary activities	1,082,408	993,933
Employee benefits expense	(493,501)	(449,464)
Charitable donations, grants and sponsorship	(30,082)	(26,621)
Occupancy and associated costs	(132,269)	(133,027)
Systems costs	(50,976)	(59,646)
Depreciation and amortisation expense	(32,149)	(37,253)
Advertising and marketing	(24,536)	(2,399)
General administration expenses	(85,689)	(91,452)
<b>Profit before income tax</b>	<b>233,206</b>	<b>194,071</b>
Income tax expense	(64,148)	(52,436)
<b>Profit after income tax</b>	<b>169,058</b>	<b>141,635</b>
<b>Total comprehensive income for the half-year attributable to the ordinary shareholders of the company:</b>	<b>169,058</b>	<b>141,635</b>
<b>Earnings per Share</b>	<b>¢</b>	<b>¢</b>
Basic earnings per share:	7.51	6.29

# Ku-ring-gai Financial Services Limited

## Balance Sheet

As at 31 December 2017

	31-Dec-2017	30-Jun-2017
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,860,240	1,590,786
Trade and other receivables	205,236	226,520
<b>Total current assets</b>	<b>2,065,476</b>	<b>1,817,306</b>
<b>Non-current assets</b>		
Property, plant and equipment	213,183	235,944
Intangible assets	24,544	33,930
Deferred tax assets	28,412	23,144
<b>Total non-current assets</b>	<b>266,139</b>	<b>293,018</b>
<b>TOTAL ASSETS</b>	<b>2,331,615</b>	<b>2,110,324</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	115,960	93,384
Current tax liabilities	100,347	83,697
Provisions	88,620	82,481
<b>Total current liabilities</b>	<b>304,927</b>	<b>259,562</b>
<b>Non-current liabilities</b>		
Provisions	36,326	29,458
<b>Total non-current liabilities</b>	<b>36,326</b>	<b>29,458</b>
<b>TOTAL LIABILITIES</b>	<b>341,253</b>	<b>289,020</b>
<b>NET ASSETS</b>	<b>1,990,362</b>	<b>1,821,304</b>
<b>EQUITY</b>		
Issued capital	1,258,525	1,258,525
Retained earnings	731,837	562,779
<b>TOTAL EQUITY</b>	<b>1,990,362</b>	<b>1,821,304</b>

# Ku-ring-gai Financial Services Limited

## Statement of Changes in Equity

For the half-year ended 31 December 2017

	Issued Capital \$	Retained Earnings \$	Total Equity \$
<b>Balance at 1 July 2016</b>	1,258,525	361,742	1,620,267
Total comprehensive income for the half-year	-	141,635	141,635
<b>Transactions with owners in their capacity as owners:</b>			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
<b>Balance at 31 December 2016</b>	<b>1,258,525</b>	<b>503,377</b>	<b>1,761,902</b>
<b>Balance at 1 July 2017</b>	1,258,525	562,779	1,821,304
Total comprehensive income for the half-year	-	169,058	169,058
<b>Transactions with owners in their capacity as owners:</b>			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
<b>Balance at 31 December 2017</b>	<b>1,258,525</b>	<b>731,837</b>	<b>1,990,362</b>

# Ku-ring-gai Financial Services Limited

## Statement of Cash Flows

For the half-year ended 31 December 2017

	2017 \$	2016 \$
<b>Cash flows from operating activities</b>		
Receipts from customers	1,166,299	1,056,107
Payments to suppliers and employees	(886,045)	(838,488)
Interest received	16,967	17,122
Income taxes paid	(52,766)	(15,293)
<b>Net cash provided by operating activities</b>	<b>244,455</b>	<b>219,448</b>
<b>Cash flows from investing activities</b>		
Proceeds from loans repayed	25,000	25,000
Payments for intangible assets	-	(26,981)
<b>Net cash provided by/(used in) investing activities</b>	<b>25,000</b>	<b>(1,981)</b>
<b>Net increase in cash held</b>	<b>269,455</b>	<b>217,467</b>
Cash and cash equivalents at the beginning of the financial year	1,590,785	1,319,481
<b>Cash and cash equivalents at the end of the half-year</b>	<b>1,860,240</b>	<b>1,536,948</b>



# Ku-ring-gai Financial Services Limited

## Notes to the Financial Statements

For the half-year ended 31 December 2017

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### Note 1. Summary of significant accounting policies

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#### 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 2017 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 Accounting Standards or amendments thereof or 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 2017.

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### Note 2. Events subsequent to reporting date

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

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### Note 3. Contingent assets and liabilities

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

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### Note 4. Segment reporting

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

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### Note 5. Related parties

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Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2017 annual financial report.

Note 6. Dividends paid/provided	2017		2016	
	Cents	\$	Cents	\$
Dividends proposed and not recognised as a liability	6.00	135,065	5.50	123,810

100% fully franked (2016: 100%)

# Ku-ring-gai Financial Services Limited

## 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 2017 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.

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



Alan James Bardwell, Chair



Nirmal Singh Hansra, Director

Dated this 13th day of March 2018.

## **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 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows 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 controls 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 2017 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 2017 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.



**Andrew Frewin Stewart**  
61 Bull Street, Bendigo Vic 3550  
Dated: 13 March 2018



**David Hutchings**  
Lead Auditor

Taxation

Business Services

Community Banking

Audit

Share Registry

Your partners  
**in success**



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