

Ku-ring-gai Financial Services Limited

ABN:56 103 129 184

Financial Statements

For the half-year ended 31 December 2018

Ku-ring-gai Financial Services Limited

Directors' Report

Your directors submit the financial report of the company for the half-year ended 31 December 2018.

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
Vera Fiala
John Gallu
Linda June McDonald
Christopher Bradley Williamson
Rowenna Margaret Allabush
Michael Prior (*Appointed 26 November 2018*)
Himal Randeniya (*Appointed 26 November 2018*)
Nirmal Singh Hansra (*Resigned 29 October 2018*)

Principal activities

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

Review 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:

Half-year ended 31 December 2018	Half-year ended 31 December 2017
\$ 171,550	\$ 169,058

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 2.

Signed in accordance with a resolution of the directors at Turramurra, New South Wales on 14 March 2019.

Chair



Alan James Bardwell

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 2018 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: 14 March 2019



Joshua Griffin
Lead Auditor

Ku-ring-gai Financial Services Limited

Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2018

	Note	2018 \$	2017 \$
Revenue from ordinary activities		1,196,760	1,082,408
Gross profit from trading	7	20,236	-
Employee benefits expense		(583,766)	(493,501)
Charitable donations, grants and sponsorship		(69,244)	(54,618)
Occupancy and associated costs		(140,220)	(132,269)
Systems costs		(54,914)	(50,976)
Depreciation and amortisation expense		(36,533)	(32,149)
General administration expenses		(93,284)	(85,689)
Profit before income tax		239,035	233,206
Income tax expense		(67,485)	(64,148)
Profit after income tax		171,550	169,058
Total comprehensive income for the half-year attributable to the ordinary shareholders of the company:		171,550	169,058
Earnings per Share		¢	¢
Basic earnings per share:		7.62	7.51

Ku-ring-gai Financial Services Limited

Balance Sheet

As at 31 December 2018

	Note	31-Dec-2018 \$	30-Jun-2018 \$
ASSETS			
Current assets			
Cash and cash equivalents		2,046,905	1,912,637
Trade and other receivables		215,725	199,953
Inventory	7	7,308	48,500
Total current assets		2,269,938	2,161,090
Non-current assets			
Property, plant and equipment		175,962	190,793
Intangible assets		126,638	7,911
Deferred tax assets		41,400	34,406
Total non-current assets		344,000	233,110
TOTAL ASSETS		2,613,938	2,394,200
LIABILITIES			
Current liabilities			
Trade and other payables		163,350	227,517
Current tax liabilities		41,130	51,963
Provisions		111,202	84,426
Total current liabilities		315,682	363,906
Non-current liabilities			
Trade and other payables		91,854	-
Provisions		40,173	35,615
Total non-current liabilities		132,027	35,615
TOTAL LIABILITIES		447,709	399,521
NET ASSETS		2,166,229	1,994,679
EQUITY			
Issued capital		1,258,525	1,258,525
Retained earnings		907,704	736,154
TOTAL EQUITY		2,166,229	1,994,679

Ku-ring-gai Financial Services Limited

Statement of Changes in Equity

For the half-year ended 31 December 2018

	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2017	1,258,525	562,779	1,821,304
Total comprehensive income for the half-year	-	169,058	169,058
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 31 December 2017	1,258,525	731,837	1,990,362
Balance at 1 July 2018	1,258,525	736,154	1,994,679
Total comprehensive income for the half-year	-	171,550	171,550
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 31 December 2018	1,258,525	907,704	2,166,229

Ku-ring-gai Financial Services Limited

Statement of Cash Flows

For the half-year ended 31 December 2018

	2018	2017
	\$	\$
Cash flows from operating activities		
Receipts from customers	1,275,751	1,166,299
Payments to suppliers and employees	(1,041,318)	(886,045)
Interest received	20,506	16,967
Income taxes paid	(85,312)	(52,766)
Net cash provided by operating activities	169,627	244,455
Cash flows from investing activities		
Proceeds from loans repayed	-	25,000
Payments for property, plant & equipment	(8,991)	-
Payments for intangible assets	(26,368)	-
Net cash provided by/(used in) investing activities	(35,359)	25,000
Net increase in cash held	134,268	269,455
Cash and cash equivalents at the beginning of the financial year	1,912,637	1,590,785
Cash and cash equivalents at the end of the half-year	2,046,905	1,860,240

Ku-ring-gai Financial Services Limited

Notes to the Financial Statements

For the half-year ended 31 December 2018

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 2018 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 2018.

Note 2. Events subsequent to reporting date

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

Note 3. Contingent assets and liabilities

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

Note 4. Segment reporting

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.

Note 5. Related parties

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2018 annual financial report.

Note 6. Dividends provided for or paid	2018		2017	
	Cents	\$	Cents	\$
Dividends proposed and not recognised as a liability	-	-	6.00	135,065
100% fully franked (2017: 100%)				

The tax rate at which dividends have been franked is 27.5% (2017: 27.5%).

Ku-ring-gai Financial Services Limited

Notes to the Financial Statements

For the half-year ended 31 December 2018

	2018	2017
Note 7. Gross Profit from Trading	\$	\$
Sales		
Sales - monopoly	99,928	-
Less: Cost of sales		
Opening stock on hand	48,500	-
Plus:		
Purchases	38,500	-
Work in process	-	48,500
Less:		
Closing stock on hand	7,308	48,500
Gross profit	20,236	-

Inventory held is based on a special fund raising project called Monopoly, based on the board game with a focus on the local area of Lindfield and Turramurra with the idea to provide local support and benefits to the community.

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 2018 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.

Chair



Alan James Bardwell

Dated this 14th day of March 2019.

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 2018, 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 2018 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 2018 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: 14 March 2019



Joshua Griffin
Lead Auditor

Taxation

Business Services

Community Banking

Audit

Share Registry

Your partners
in success



61 Bull Street
Bendigo VIC 3550
PO Box 454
Bendigo VIC 3552

P 03 5443 0344
F 03 5443 5304
E afs@afsbendigo.com.au



afsbendigo.com.au