

Tongala & District Financial Services Limited

Financial Statements

as at

31 December 2012

Tongala & District Financial Services Limited
ABN 22 094 334 665
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:

Richard Herbert

Neil Pankhurst

Jill Regan

Ian Johnstone

Ken Chapman

Jean Courtney

Mark Dunwoodie

Ian Taylor

Lyn Cosham

David Newman

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

Principal activities

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

Review and results of operations

Operations have continued to perform in line with expectations. The net profit/(loss) after providing for income tax of the company for the financial period was \$717 (2011:(\$2,347)).

Tongala & District Financial Services Limited
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Directors' Report

Matters subsequent to the end of the reporting period

On 22 February 2013, Bendigo and Adelaide Bank Limited, the company's franchise partner, informed the company that effective from 1 April 2013 the trailer commission on fixed rate home loans and term deposits greater than 90 days will reduce from 0.375 per cent to 0.25 per cent.

Bendigo and Adelaide Bank Limited also informed the company the regional manager will make time with the Board to discuss the potential impact of this change.

The reduction in trailer commission rates is expected to have a financial effect on the expected revenue and financial performance of the company in future periods.

At the date of this report the Board is unable to quantify the financial effect. Further confirmation of the financial effect will be available in the annual report for the year ended 30 June 2013.

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

Significant changes in the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the Company that occurred during the financial period under review not otherwise disclosed in this report.

Auditor's independence declaration

The auditor's independence declaration under Section 307C of the Corporations Act 2001 is set out on page 3 for the half year ended 31 December 2012.

Signed in accordance with a resolution of the Board of Directors at Tongala & District Financial Services Limited on 15 March 2013.


.....
Neil Pankhurst, Chairman



**Richmond
Sinnott &
Delahunty**

Chartered Accountants

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

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Auditor's Independence Declaration under section 307C of the Corporations Act 2001 to the Directors of Tongala & District Financial Services Limited

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2012 there has been:

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

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

Philip Delahunty
Partner
Level 2, 10-16 Forest Street
Bendigo VIC 3550

Dated, 15 March 2013

Richmond Sinnott & Delahunty
ABN 60 616 244 809
Liability limited by a scheme
approved under Professional
Sealboards Legislation

Partners	
Warren Sinnott	Philip Delahunty
Chris Hall	Kathie Tinsdale
Brett Andrews	David Robinson

Tongala & District Financial Services Limited
ABN 22 094 334 665
Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 31 December 2012

	31-Dec 2012 \$	31-Dec 2011 \$
Revenue	319,554	314,707
Other revenue	3,594	1,822
Employee benefit expense	(152,746)	(158,372)
Depreciation and amortisation expense	(3,981)	(7,599)
Borrowing costs expense	(2,557)	(2,305)
Other expenses from ordinary activities	<u>(143,043)</u>	<u>(135,769)</u>
Profit before charitable donations & sponsorships	20,821	12,484
Charitable donations and sponsorships	<u>(18,431)</u>	<u>(14,706)</u>
loss before income tax	2,390	(2,222)
Income tax benefit	<u>717</u>	<u>125</u>
Profit/(loss) for the period	1,673	(2,347)
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u><u>1,673</u></u>	<u><u>(2,347)</u></u>
Earnings per share (cents per share)		
- basic earnings per share	0.49	(0.69)
- diluted earnings per share	0.49	(0.69)

The accompanying notes form part of these financial statements

Tongala & District Financial Services Limited
ABN 22 094 334 665
Condensed Statement of Financial Position
as at 31 December 2012

	31-Dec 2012 \$	30-Jun 2012 \$
ASSETS		
Current Assets		
Cash and cash equivalents	111,683	152,593
Trade and other receivables	24,211	24,933
Total Current Assets	<u>135,894</u>	<u>177,526</u>
Non-Current Assets		
Property, plant and equipment	26,034	8,121
Deferred tax asset	12,521	13,238
Intangible assets	30,000	35,000
Total Non-Current Assets	<u>68,555</u>	<u>56,359</u>
Total Assets	<u>204,449</u>	<u>233,885</u>
LIABILITIES		
Current Liabilities		
Trade and other payables	9,826	14,504
Loans and borrowings	5,871	10,447
Provisions	24,990	24,990
Total Current Liabilities	<u>40,687</u>	<u>49,941</u>
Non-Current Liabilities		
Loans and borrowings	16,633	38,488
Total Non-Current Liabilities	<u>16,633</u>	<u>38,488</u>
Total Liabilities	<u>57,320</u>	<u>88,429</u>
Net Assets	<u>147,129</u>	<u>145,456</u>
Equity		
Issued capital	341,350	341,350
Accumulated losses	(194,221)	(195,894)
Total Equity	<u>147,129</u>	<u>145,456</u>

The accompanying notes form part of these financial statements

Tongala & District Financial Services Limited
ABN 22 094 334 665
Condensed Statement of Changes in Equity
for the half-year ended 31 December 2012

	<u>Notes</u>	Issued Capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2012		341,350	(195,894)	145,456
Total comprehensive income for the period		-	1,673	1,673
Transactions with owners in their capacity as owners:				
Shares issued during the period		-	-	-
Dividends recognised for the period	5	-	-	-
Balance at 31 December 2012		<u>341,350</u>	<u>(194,221)</u>	<u>147,129</u>
Balance at 1 July 2011		341,350	(193,146)	148,204
Total comprehensive income for the period		-	(2,347)	(2,347)
Transactions with owners in their capacity as owners:				
Shares issued during the period		-	-	-
Dividends recognised for the period	5	-	(17,068)	(17,068)
Balance at 31 December 2011		<u>341,350</u>	<u>(212,561)</u>	<u>128,789</u>

The accompanying notes form part of these financial statements

Tongala & District Financial Services Limited
ABN 22 094 334 665
Condensed Statement of Cash Flows
for the half-year ended 31 December 2012

	31-Dec 2012 \$	31-Dec 2011 \$
Cash Flows From Operating Activities		
Receipts from customers	352,260	358,197
Payments to suppliers and employees	(350,882)	(362,655)
Interest received	3,594	1,822
Interest paid	<u>(2,557)</u>	<u>(2,305)</u>
Net cash flows used in operating activities	<u>2,415</u>	<u>(4,941)</u>
Cash Flows From Investing Activities		
Proceeds from sale of property, plant and equipment	(20,894)	-
Purchase of intangible assets	<u>4,000</u>	<u>-</u>
Net cash flows used in investing activities	<u>(16,894)</u>	<u>-</u>
Cash Flows From Financing Activities		
Repayment of borrowings	(26,431)	(5,603)
Dividends paid	<u>-</u>	<u>(17,068)</u>
Net cash flows used in financing activities	<u>(26,431)</u>	<u>(22,671)</u>
Net decrease in cash held	(40,910)	(27,612)
Cash and cash equivalents at beginning of period	<u>152,593</u>	<u>164,222</u>
Cash and cash equivalents at end of period	<u><u>111,683</u></u>	<u><u>136,610</u></u>

The accompanying notes form part of these financial statements

Tongala & District Financial Services Limited
ABN 22 094 334 665
Notes to the Financial Statements
for the half-year ended 31 December 2012

1. Summary of significant accounting policies

(a) Basis of preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2012 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Tongala & District Financial Services Limited ("the Company"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2012, together with any public announcements made during the following half-year.

(b) Accounting policies

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

(c) Critical accounting estimates and judgements

The critical estimates and judgements are consistent with those applied and disclosed in the June 2012 annual report.

(d) New and revised accounting requirements applicable to the current half year reporting period

For the half year reporting period to 31 December 2012, a number of new and revised Accounting Standard requirements became mandatory for the first time, some of which are relevant to the Company. A discussion of these new and revised requirements that are relevant to the Company is provided below:

The Company adopted AASB 2011-9: Amendments to Australian Accounting Standards- Presentation of Items of Other Comprehensive Income on 1 July 2012. AASB 2011-9 is mandatorily applicable from 1 July 2012 and amends AASB 101: Presentation of Financial Statements.

AASB 2011-9 amends the presentation requirements of other comprehensive income. As the financial report contains no other comprehensive income, this has not affected the presentation of the financial statements.

AASB 2011-9 also amends AASB 101 to change the title "Income Statement" to "Statement of Profit or Loss and Other Comprehensive Income" when the single statement approach is followed. Although other titles are also permitted, the Company has decided to use the title "Statement of Profit or Loss and Other Comprehensive Income."

The adoption of AASB 2011-9 only changed the presentation of the Company's financial statements and did not have any impact on the amounts reported for the current period or for any prior period in the Company's financial statements.

The Company has not elected to adopt any other new standards or amendments that are issued but not yet effective.

Tongala & District Financial Services Limited
ABN 22 094 334 665
Notes to the Financial Statements
for the half-year ended 31 December 2012

2. Events subsequent to reporting date

On 22 February 2013, Bendigo and Adelaide Bank Limited, the company's franchise partner, informed the company that effective from 1 April 2013 the trailer commission on fixed rate home loans and term deposits greater than 90 days will reduce from 0.375 per cent to 0.25 per cent.

Bendigo and Adelaide Bank Limited also informed the company the regional manager will make time with the Board to discuss the potential impact of this change.

The reduction in trailer commission rates is expected to have a financial effect on the expected revenue and financial performance of the company in future periods.

At the date of this report the Board is unable to quantify the financial effect. Further confirmation of the financial effect will be available in the annual report for the year ended 30 June 2013.

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

3. Contingent assets and liabilities

Since the last annual reporting date there has been no material change of any contingent assets or contingent liabilities.

4. Segment reporting

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in one geographic area being Tongala, Victoria.

5. Dividends

	2012	2011
	\$	\$
Dividends paid during the half year		
Fully franked dividend of nil cents per share (2011: 5 cents per share)	-	17,068

6. Analysis of other comprehensive income


There was no other comprehensive income during the reporting period.

Tongala & District Financial Services Limited
ABN 22 094 334 665
Directors Declaration
for the half-year ended 31 December 2012

The directors of Tongala & District Financial Services Limited, declare that:

- (1) The financial statements and notes, as set out on pages 4 to 9 are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standard AASB 134, "Interim Financial Reporting"; and
 - (b) giving a true and fair view of the Company's financial position as at 31 December 2012 and of its performance for the half-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 declaration is made in accordance with a resolution of the Board of Directors


.....
Neil Pankhurst, Chairman

Signed at Tongala on 15 March 2013



**Richmond
Sinnott &
Delahunty**

Chartered Accountants

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TONGALA & DISTRICT FINANCIAL SERVICES LIMITED

Report on the Half-year Financial Report

We have reviewed the accompanying half year financial report of Tongala & District Financial Services Limited, which comprises the Condensed Statement of Financial Position as at 31 December 2012, the Statement of Profit or Loss and Other Comprehensive Income, Condensed Statement of Changes in Equity, and Condensed Statement of Cash Flows for the half-year ended on 31 December 2012, 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 Tongala & District Financial Services Limited 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 Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 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 *Corporations Act 2001* including: giving a true and fair view of Tongala & District Financial Services Limited'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 Tongala & District 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.

Independence

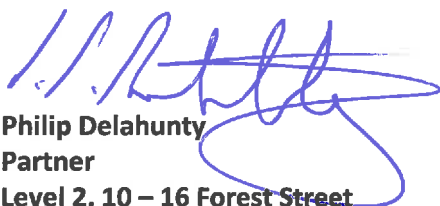
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written auditor's independence declaration, a copy which is included in the director's report.

Conclusion

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 Tongala & District Financial Services Limited is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of Tongala & District Financial Services Limited's financial position as at 31 December 2012 and of its performance for the half year ended on that date; and
- (ii) complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Richmond Sinnott & Delahunty
Chartered Accountants



Philip Delahunty
Partner
Level 2, 10 – 16 Forest Street
Bendigo VIC 3550

Dated: 15 March 2013



**Richmond
Sinnott &
Delahunty**

Chartered Accountants

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**Auditor's Independence Declaration under section 307C of the Corporations Act 2001 to
the Directors of Tongala & District Financial Services Limited**

I declare that to the best of my knowledge and belief, during the year ended 31 December 2012 there has been:

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

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

Philip Delahunty
Partner

Level 2, 10-16 Forest Street
Bendigo Vic 3550
Dated, 15 March 2013