

Supplement to the Half Year Report  
For the period ended 31 December 2013

*Details to be read in conjunction with the Half Year Report attached herewith.*

**For announcement to the market**

				\$A,000
Revenue	down	0.79%	to	2,026
Profit (loss) after tax for the period	down	8.34%	to	97
Profit (loss) for the period attributable to members of the parent	down	8.34%	to	97
<b>Dividends</b>		Current period	Previous corresponding period	
Franking rate applicable: 100%				
<b>Final dividend</b>				
Record date: 03 October 2013 Payment date: 25 October 2013				
Amount per security		\$0.03	\$0.02	
Franked amount per security		\$0.03	\$0.02	
<b>Interim dividend</b> <i>(Half yearly report only)</i>				
Amount per security				
Franked amount per security		N/A	N/A	
Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:  NIL				
<b>NTA Backing</b>		Current period	Previous corresponding period	
Net tangible asset backing per ordinary security		\$0.35	\$0.30	

**Valley Community Financial Services Limited**  
**Financial Statements**  
**as at**  
**31 December 2013**

**Valley Community Financial Services Limited**  
**ABN 86 092 399 730**  
**Directors' Report**

Your Directors submit the financial report of the Company for the half year ended 31 December 2013

**Directors**

The names of directors who held office during or since the end of the half-year:

Barry Henwood (Chairman)

Malcolm Hackett

Ingrid Crichton

Stephen Bennett

Daryl Brooke

Hugh Stubley

Philip Marendaz

Carole Bury

Carol Jenkinson

Phillip Burr (appointed 13th November 2013)

John Bot (resigned 27th November 2013)

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 & Adelaide Bank Limited.

**Review and results of operations**

Operations have continued to perform in line with expectations. The net profit/(loss) of the company for the financial period was \$97,317 (2012: \$106,168).

**Matters subsequent to 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.

**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.

Valley Community Financial Services Limited

ABN 86 092 399 730

Directors' 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 2013.

The director's report is signed in accordance with a resolution of the Board of Directors at Valley Community Financial Services Limited on 26th February 2014

A handwritten signature in dark ink, appearing to read 'Barry Henwood', is written over a horizontal dotted line.

Barry Henwood, Chairperson

**Auditor's Independence Declaration under section 307C of the Corporations Act 2001 to  
the Directors of Valley Community Financial Services Limited.**

I declare that to the best of my knowledge and belief, during the half-year ended 31 December 2013 there have been no contraventions of:

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

**RICHMOND SINNOTT & DELAHUNTY**  
Chartered Accountants



**P. P. Delahunty**  
Partner  
Level 2, 10-16 Forest Street  
Bendigo VIC 3550  
Dated at Bendigo, 28 February 2014

**Valley Community Financial Services Limited**  
**ABN 86 092 399 730**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**for the half-year ended 31 December 2013**

	31-Dec 2013 \$	31-Dec 2012 \$
Revenue	2,026,232	2,042,428
Employee benefits expense	(1,050,695)	(982,602)
Depreciation and amortisation expense	(100,539)	(101,460)
Other expenses from ordinary activities	<u>(588,053)</u>	<u>(664,915)</u>
<b>Profit before charitable donations &amp; sponsorships</b>	286,945	293,451
Charitable donations and sponsorship	<u>(146,056)</u>	<u>(135,565)</u>
<b>Profit before income tax</b>	140,889	157,886
Income tax expense	<u>(43,572)</u>	<u>(51,718)</u>
<b>Profit for the period</b>	97,317	106,168
Other comprehensive income	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>	<u><u>97,317</u></u>	<u><u>106,168</u></u>
<b>Earnings per share (cents per share)</b>		
- basic earnings per share	2.40	2.64
- diluted earnings per share	2.40	2.64

The accompanying notes form part of these financial statements

**Valley Community Financial Services Limited**  
**ABN 86 092 39 730**  
**Statement of Financial Position**  
**as at 31 December 2013**

	31-Dec 2013 \$	30-Jun 2013 \$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	698,676	678,347
Trade and other receivables	310,168	297,288
Other	20,384	16,444
<b>Total Current Assets</b>	<u>1,029,228</u>	<u>992,079</u>
<b>Non-Current Assets</b>		
Property, plant and equipment	860,346	888,714
Deferred tax asset	47,754	42,858
Intangible assets	711,895	777,810
<b>Total Non-Current Assets</b>	<u>1,619,995</u>	<u>1,709,382</u>
<b>Total Assets</b>	<u>2,649,223</u>	<u>2,701,461</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	115,591	148,221
Loans and borrowings	33,432	33,432
Current tax payable	22,744	21,275
Provisions	157,217	142,859
<b>Total Current Liabilities</b>	<u>328,984</u>	<u>345,787</u>
<b>Non-Current Liabilities</b>		
Loans and borrowings	200,936	212,130
<b>Total Non-Current Liabilities</b>	<u>200,936</u>	<u>212,130</u>
<b>Total Liabilities</b>	<u>529,920</u>	<u>557,917</u>
<b>Net Assets</b>	<u>2,119,303</u>	<u>2,143,544</u>
<b>Equity</b>		
Issued capital	2,055,876	2,055,876
Retained earnings / (accumulated losses)	63,427	87,668
<b>Total Equity</b>	<u>2,119,303</u>	<u>2,143,544</u>

The accompanying notes form part of these financial statements

Valley Community Financial Services Limited  
ABN 86 092 399 730  
Statement of Changes in Equity  
for the half-year ended 31 December 2013

		Issued Capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2012		2,055,876	(37,251)	2,018,625
Total comprehensive income for the period		-	106,168	106,168
<b>Transactions with owners in their capacity as owners:</b>				
Shares issued during the period		-	-	-
Dividends recognised for the period	5	<u>-</u>	<u>(81,038)</u>	<u>(81,038)</u>
<b>Balance at 31 December 2012</b>		<u><b>2,055,876</b></u>	<u><b>(12,121)</b></u>	<u><b>2,043,755</b></u>
 Balance at 1 July 2013		 2,055,876	 87,668	 2,143,544
Total comprehensive income for the period		-	97,317	97,317
<b>Transactions with owners in their capacity as owners:</b>				
Shares issued during the period		-	-	-
Dividends recognised for the period	5	<u>-</u>	<u>(121,558)</u>	<u>(121,558)</u>
<b>Balance at 31 December 2013</b>		<u><b>2,055,876</b></u>	<u><b>63,427</b></u>	<u><b>2,119,303</b></u>

The accompanying notes form part of these financial statements



**Valley Community Financial Services Limited**  
**ABN 86 092 399 730**  
**Statement of Cash Flows**  
**for the half-year ended 31 December 2013**

	31-Dec 2013 \$	31-Dec 2012 \$
<b>Cash Flows From Operating Activities</b>		
Receipts from customers	1,771,576	2,186,020
Payments to suppliers and employees	(1,537,823)	(2,129,725)
Interest paid	(5,403)	(2,417)
Interest received	12,747	12,381
Income tax paid	(81,761)	(52,686)
<b>Net cash flows from operating activities</b>	<u>159,336</u>	<u>13,573</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(6,256)	(182,118)
<b>Net cash flows used in investing activities</b>	<u>(6,256)</u>	<u>(182,118)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from borrowings	-	200,000
Repayment of borrowings	(11,194)	(1,851)
Dividends paid	(121,558)	(81,038)
<b>Net cash flows from / (used in) financing activities</b>	<u>(132,752)</u>	<u>117,111</u>
<b>Net increase / (decrease) in cash held</b>	20,328	(51,434)
Cash and cash equivalents at beginning of period	<u>678,347</u>	<u>676,104</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>698,675</u></u>	<u><u>624,670</u></u>

The accompanying notes form part of these financial statements

**Valley Community Financial Services Limited**  
**ABN 86 092 399 730**  
**Notes to the Financial Statements**  
**for the half-year ended 31 December 2013**

**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 2013 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 Valley Community 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 2013, 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 2013 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 2013, 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:

**Fair Value Measurements and disclosures**

The Company has adopted AASB 13: Fair Value Measurement and AASB 2011-8: *Amendments to Australian Accounting Standards arising from AASB 13* from July 1 2013 together with consequential amendments to other Standards. These Standards became mandatorily applicable from 1 January 2013 and became applicable to the Company for the first time in the current half-year reporting period 1 July 2013 to 31 December 2013. AASB 13 sets out a comprehensive framework for measuring the fair value of assets and liabilities and prescribes enhanced disclosures regarding all assets and liabilities measured at fair value. New disclosures prescribed by AASB 13 that are material to this interim financial report have been provided in Note 7. Although these Standards do not significantly impact the fair value amounts reported in the Company's financial statements, the directors have determined that additional accounting policies providing a general description of fair value measurement and each level of the fair value hierarchy, as set out in Note 1(e), should be incorporated in these financial statements.

**Other**

Other new and amending Standards that became applicable to the Group for the first time during this half-year reporting period are as follows:

*AASB 2012-2: Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities* and *AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle*.

Valley Community Financial Services Limited  
 ABN 86 092 399 730  
 Notes to the Financial Statements  
 for the half-year ended 31 December 2013

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

These Standards make changes to presentation and disclosure requirements, but did not affect the Company's accounting policies or the amounts reported in the financial statements.

AASB 119: *Employee Benefits* (September 2011) and AASB 2011-10: *Amendments to Australian Accounting Standards arising from AASB 119* (September 2011).

These Standards did not affect the Company's accounting policies or the amounts reported in the financial statements, mainly because the Company does not have defined benefit plan assets or obligations.

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

**2. Events after the End of the Interim Period**

There have been no events subsequent to reporting 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 within the Shires of Nillumbik, Whittlesea and Murrundindi Victoria. The company has a franchise agreement in place with Bendigo & Adelaide Bank Limited who account for 100% of the revenue. (2013: 100%)

**5. Dividends**

*Dividends paid during the half year*

Final fully franked dividend for the year ended 30 June 2013 of 3 cents  
 (2012: 2 cents) paid on 3rd October 2013

2013	2012
\$	\$
121,557	81,038

**6. Analysis of other comprehensive income**

There was no other comprehensive income during the reporting period.

**Valley Community Financial Services Limited**  
**ABN 86 092 399 730**  
**Directors Declaration**  
**for the half-year ended 31 December 2013**

In accordance with a resolution of the directors of Valley Community Financial Services Limited the directors of the Company 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 2013 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

  
Barry Henwood, Chairperson

Signed at Diamond Creek on 26th February 2014



## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF VALLEY COMMUNITY FINANCIAL SERVICES LIMITED

### Report on the Half-year Financial Report

We have reviewed the accompanying half year financial report of Valley Community Financial Services Limited, which comprises the Condensed Statement of Financial Position as at 31 December 2013, the Condensed 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 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 Valley Community 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 gives a true and fair view and 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 Valley Community Financial Services Limited's financial position as at 31 December 2013 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 Valley Community 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 Valley Community Financial Services Limited is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of Valley Community Financial Services Limited's financial position as at 31 December 2013 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**



**P. P. Delahunty**  
**Partner**  
**Level 2, 10 – 16 Forest Street**  
**Bendigo VIC 3550**

**Dated: 28 February 2014**