



Sarina & District Community Financial Services Limited

ABN 28 112 407 182

ANNUAL REPORT 2013

Sarina **Community Bank®** Branch

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Chairman's Report

For year ending 30 June 2013

COMPANY PERFORMANCE:

We have again experienced a year of growth increasing the business on the books from \$103 million previous year to \$122 million this year, an increase of 18.3% and can report a similar percentage increase in revenue. Controllable costs have been monitored and contained responsibly and effectively. An unfranked dividend of 8.5 cents per share was paid from the previous year in the later part of 2012.

Profit after provision for Income Tax has risen to \$174,394 compared to previous year of \$81,007. Your Board has chosen to retain more profit this year to increase shareholders equity and to provide for capital reserves. We have decided to increase shareholders equity annually by an amount equal to that provided for distribution of dividends.

There is more detailed information on company performance in the section of the Directors' Report headed Operating Financial Review.

COMMUNITY STRENGTHENING:

Our results are particularly pleasing considering the local economic outlook has been impacted negatively by the decline in mining activity and workforce and a consequential dampening of local support industries and retail activity and confidence.

I believe that our community is supporting us because we are supporting them through our recent grants and sponsorship programmes that have enabled a wide cross section of the community to benefit. Our support means projects happen that otherwise would not happen, or they are achieved earlier or to greater effect. It also means that organisations can focus on providing their charter services. For example, the Lifesavers can focus on providing that community service and deliver the requisite training and development and nurturing of the next generation of lifesavers.

We have participated in the national trial of the Community Strengthening Index (CSI) tool. Deloitte Access Economics has constructed a ground breaking model that takes data from a wide range of variables and project outcomes to arrive at amongst other things "Economic Impact - \$ benefit for \$ spend" Of fifteen projects entered three achieved up to \$1 benefit for \$1 spend; six achieved up to \$1.30 benefit; three gained up to \$2 benefit per dollar spent and another three exceeded \$2 benefit per dollar spent.

Obviously, we are attracted to supporting projects that deliver the maximum dollar benefit per dollar spent. The difference now is that the modelling framework will allow us greater understanding of the complex inter-relationships of factors such as:

- Economic sector supported,
- The effect of local inputs,
- Increasing participation, volunteerism, internal and external networking and sustainability,
- Environmental impacts and sustainability,
- Economic flow on factors.

As we gain more experience, we will be able to select projects that make a greater difference in the community. This should increase the attractiveness of the projects to potential partners that will further leverage outcomes. A portion of our effort will centre on providing information and training to community organisations around this concept. Once the concepts are appreciated and understood, organisations will be able to devise strategies to meet their needs that are more effective and produce more robust and resilient outcomes in a more prosperous community.

Chairman's Report continued

COMMUNITY AND MARKETING INITIATIVES:

Your Board and branch staff have maintained a very active, innovative and hands-on role in continuing to “tell our story” to the community. A few examples follow:

- We became the major sponsor for the Sarina Show as well as sponsoring the Lucky Gate Prize – entering the prize-draw involved patrons visiting our stand. This gave staff and Directors the opportunity over the two days to meet and chat with many people and generate leads. It also promoted our visibility and brand through the media exposure.
- Believing that it is far more powerful and credible for other to tell our story, we independently commissioned a series of professionally produced video stories. Individual grant recipients talked about the success of their project and how our grant helped to realise the dream. We were humbled by the enthusiasm and advocacy that emerged.

Each story was edited to two minutes or less making it highly suitable to post to YouTube. The individual stories were then edited together to give an overview of our community support and to explain the Community Bank® model point of difference. Three versions have been produced – a short, punchy 1 minute 37 seconds version that powerfully and quickly covers the essential concepts and two longer versions which are progressively more comprehensive.

The video was launched at our Hollywood Night in June as the prelude to awarding our grants that totalled in excess of \$115,000. The 17 minute version received an enthusiastic and emotional response. The videos have been so effective at a variety of functions that we will consider continuing production of future projects.

- Out of session grants were provided to:
 - Sarina BMX Club for the Skate Park for \$30,000 – essentially triggering the Rotary Club of Sarina to commit \$20,000, Mackay Regional Council \$120,000, Department of Sport and Recreation \$100,000 and Norton Earthmoving \$39,000 of in kind work.

Shareholders can be justifiably proud of Sarina Community Bank® Branch and Rotary Club of Sarina's \$50,000 initiative catalysing a \$309,000 community outcome. We will actively pursue other suitable projects and partnering arrangements with business, corporate and government entities that leverage our contribution.

- Sarina State High School P&C for \$50,000 to assist in purchasing a bus. The P&C had saved a substantial amount due to our previous grant for commercial ovens in their canteen exceeding expectations in improving turnover and profitability. The bus is used every day and multiple times a day. All painted surfaces apart from the roof are sign-written creating a striking mobile billboard. More importantly, the students of Sarina SHS and surrounding schools are able to engage in new learning opportunities.
- The Rotary Club of Sarina Inc. – for a BBQ Trailer to assist with catering for functions and to manage its loan to other not-for-profit organisations. This will be a \$15,000 community asset and has been built locally. Again, it will be a mobile billboard for both us and Rotary.
- We have begun communicating and marketing through social and digital media:
 - By establishing a Facebook site that is continually updated with photos and brief stories of our engagement in community events.
 - Allied to this is a strategic placement of QR Codes on sponsorship signage or grants projects. For example, QR Codes have been placed on the outside and interior of the bus.
 - Scanning the code with a smart phone uploads the video that tells of the success of the canteen ovens leading to the capacity to purchase the bus.

Chairman's Report continued

- Similarly, QR Codes will be placed on the BBQ Trailer that will take the user to our website or Facebook page.

BOARD, STAFF AND BENDIGO AND ADELAIDE BANK:

The Board has met regularly and has pioneered facilitating access to meetings through video-conferencing via Skype Premium for directors or BEN representatives unable to be physically present.

The investment in the technical support equipment has been moderate and useful in other settings. For example, Callum Wright CEO of Community Enterprise Foundation™ was able to videoconference from Bendigo with approx 50 community members attending a Grants Information evening in March. I believe that Callum has sourced an equipment package that will allow other boards to follow suit for their meetings and community applications.

Debra Rhule resigned from the Board 25 October 2012 and Christina Brady resigned 10 November 2012. I extend the Board's appreciation and on behalf of the shareholders thank Christina and Debbie for their contribution to the success of our company. Christina will continue to assist through membership of the Marketing Sub-Committee. We also welcomed three new Directors – Jeff Burt 27 September and Aleesha Birch and Karen May on 22 November.

Our staff and Manager deserve special recognition and thanks not only for building the business but the way that they do this.

We have a highly effective team and an outstanding Manager – Roanna Brady. Congratulations to Roanna and her team for being recognised as 'Branch of the Year' and 'Manager of the Year'. This requires excellence to achieve a balanced scorecard mix of business building, customer satisfaction, product blend and attention to process. It indicates the passion, dedication and attention to detail of Roanna and her staff and their engagement in the community and support of the Community Bank® ethos.

I would like to commend and thank Bendigo and Adelaide Bank for the comprehensive network of support, especially the efforts of our Regional Manager Geoff Power for his support of the Board, Roanna and staff and his unflagging efforts on our behalf. This network of support extends to the Community Strengthening Team in Brisbane – Kate Wakeling and Malcolm Frizzell and state Manager Noel Jessup who have been proactive and also responsive to issues.

Finally, I would like to thank all Directors for volunteering their time and unique talents. However, I would like to especially recognise the efforts, dedication and commitment of Secretary Lesley Ward and Treasurer Rodney Nunn who give so much towards the effective and efficient running of the company and the outcomes achieved.



Ralph Johnson

Chairman of the Board

Manager's Report

For year ending 30 June 2013

Another year has passed in an extremely challenging environment and although there were added pressures of more staff changes the sustainability and profitability of the branch has still grown considerably. As at the end of 30 June 13 Sarina Community Bank® Branch holds a lending book of \$67.768 million and a deposit book of \$49.511 million, with our total business for the period of 2012/2013 growing from \$103 million in the previous year to \$122 million, which is a remarkable achievement.

Performance

I am proud to announce as at 30 June 2013 the Sarina Community Bank® Branch settled \$24.864 million compared to \$26.351 million the previous year, although this was a decline it was still amazing what our branch achieved given some of the challenges we faced in relation to heavy competition and economy decline. Our branch had the highest lending activity within our region of 11 branches over the past 12 months.

I have noticed a very strong connection to our branch within the community, we are not just their branch but we are their centralised community hub, their voice for our community needs and their support to make dreams a possibility. We are touching more and more through our sponsorships and grants and our dedicated staff follow through by committing to our 100% customer service satisfaction rating within our branch. Bendigo & Adelaide Bank Limited were awarded a total customer satisfaction rating of 86.5% under the Roy Morgan Research, which was well above the major banks where the next highest rating was 79.5%. This is a proud achievement and is what our organisation lives by. Our service is committed to continuing to promote an exceptional standard of customer satisfaction, customer advocacy, brand trust, sustainability and corporate responsibility.

Staff

We introduced our new Customer Relationship Manager, Joy Huxham. This was a new position created to assist with our lending growth and to commit to servicing all of our valuable customers, great and small. Joy has over 30 years of service in the banking industry; her strengths are shown through her lending abilities and management skills. Joy has a customer service outlook that involves meeting customers' needs and believes this her duty of care with her daily responsibilities.

Appreciation

This successful financial year was made possible by our shareholders and customers. Thank you becoming advocates for us and believing in what we do for our community. In return, our commitment is, and has been, that my team and I will continue to look after each and every one of our customers and will go the extra mile. We will always be passionate in our belief of the success behind banking with the Sarina Community Bank® Branch.

Again I would like to thank the Regional Manager of Bendigo and Adelaide Bank, Geoff Power, for his continuous support to the entire team and also to our board of directors. You are an asset to this company and we really value the time that you have committed to our branch.

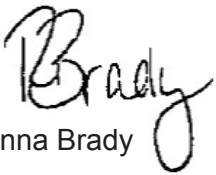
Our Chairman, Ralph Johnson, again has shown some tremendous efforts and has been extremely dedicated in promoting and delivering some mutually beneficial outcomes for our customers and organisation. Your entire team of Directors are committed and have become very powerful advocates in the community, they play an instrumental role in the success of our branch and each and every one of them should be acknowledged for their time and passion.

Manager's Report continued

The entire team in the branch worked extremely hard to reach our goals and to also display each and every one of our corporate values. We have been lucky in the sense that our staff have also had a strong belief in the benefits of banking with the Sarina Community Bank® Branch, which has shone through their dealings with our local community. It must be acknowledged that our team have been rewarded for the 3rd time now as 'Branch of the Year' and myself as 'Manager of the Year'. As our shareholders, I hope that you would be very proud of some outstanding achievements throughout the last financial year as Sarina is again on the map nationally throughout Bendigo and Adelaide Bank Limited.

As your Manager I will continue to perform so we can grow our business, and in return make many more dreams a reality.

We will continue to stand by our vision: "Together we will build a stronger community"

A handwritten signature in black ink, appearing to read 'Brady' with a stylized flourish.

Roanna Brady

BRANCH MANAGER

Secretary's Report

For year ending 30 June 2013

General

It is with great pleasure that I provide the following Secretary's report. Most people are now aware that the Company Secretary is responsible for the overall governance of the Company and also the compliance and reporting to relevant bodies such as ASIC (Australian Securities and Investment Commission) and the NSX (National Stock Exchange) as we are a listed Company.

The implementation of good governance practices in our **Community Bank®** has resulted in a continual improvement in the management of board processes and the transparency of governance to shareholders,

Over the past year my role has encompassed the following:

- The overall management of board processes.
- Ensuring members' and directors' meetings are properly called and held.
- Provision of agendas for general meetings and directors' meetings.
- Providing minutes of meetings.
- Ensuring records of members' and directors' meetings are kept in compliance with the Corporations Act and our own constitution.
- Ensuring legal requirements with ASIC and other various regulations are met.
- Ensuring that the continuous disclosure rules of the NSX are met.
- Ensuring that any directors' interests or conflicts of interest are recorded as stated at directors' meetings.

As you are aware from the Annual Report, directors meetings are held each month and may be called more often if required for special issues. Our experience has been that the Company's business has been adequately dealt with at monthly directors' meetings.

The Share Registry

In March 2009, the directors accepted the offer of Sharedata Pty Ltd to maintain the Share Registry of the Company and provide any new share certificates required. Sharedata Pty Ltd maintains the registry in full accordance with the NSX requirements. The Board is satisfied that Sharedata Pty Ltd manages this process in an independent and professional manner.

Shareholder Information

The Company wishes to distribute any dividend payment via direct debit to your nominated bank account. If this information has not been provided you should forward to Sharedata Pty Ltd, or via the registered office.

When changing any of your name, address, banking or tax file number details you should advise the share registry or the registered office. We also wish to compile a data base of mobile numbers and e-mail addresses.

Secretary's Report continued

By not declaring your tax file number to the share registry they must retain 46.5% of the dividend which is then forwarded to the Australian Taxation Office.

Trading Shares in Sarina & District Community Financial Services Limited.

In order to trade shares, shareholders will need to contact a broker that are approved/registered with the NSX. Once you are registered, it is a relatively easy matter to sell or purchase shares on the NSX, subject to there being buyers and sellers available. A list of brokers are available at www.nsx.com.au go to the brokers list.

When looking to sell your shares it is important to remember you must have a share certificate.

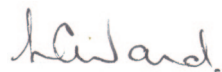
It is also easy to monitor the shares by visiting the NSX website (nsx.com.au) connect to Community Board and type in SDC which is the code for Sarina & District Community Financial Services Limited. There is an ability to monitor trades in all listed Community Banks by using this website.

Company Auditor

The Company since commencement in 2005 appointed AFS & Associates as Company auditor conducting half yearly and end of financial year audits. AFS & Associates also act in a capacity as accountants to the Company. The board is satisfied that AFS & Associates manage this process in an independent and professional way. Control of expenditure and paying all accounts are locally controlled.

Registered Office of Sarina & District Community Financial Services Limited

The registered office of the Company is 37 Broad Street Sarina Qld 4737



Lesley Ward

Company Secretary

Director's Report

For year ending 30 June 2013

Your directors submit the financial statements of the company for the financial year ended 30 June 2013.

Directors

The names and details of the company's directors who held office during or since the end of the financial year:

Ralph Godschall Johnson

Chairman

Medical Education Officer

Bachelor of Education, Commissioner for Declaration, active in Rotary Club and on Management Committee of Sarina Aged Residential Home.

Interest in shares: 15,001

Sonja Synnove Solli

Director

Retired Primary Teacher

Long term resident of Sarina. Involved in a number of voluntary activities and community organisations such as Girl Guides, The Anglican Church, G.F.S Leader and Parents and Citizens Association

Interests in shares: 5,000

Dr. Natasja Steenkamp

Director

Senior Lecturer, CQ University

Senior lecturer in accounting CQ University, Mackay campus. Academic Involvement in New Zealand for 11 years and South Africa for 6 years. Manager of National Technical department for PWC and KPMG

Interest in shares: Nil

Karen Lesley May (Appointed 22 November 2012)

Director

Self Employed

Graduate Australian Institute of Company Directors Certificate III in Frontline Management, Certificate in Community Development. 12 years local government experience. Owned Sarina Motor Inn Restaurant for five and a half years and currently owns and operates Eagle Boys Pizza and have been for the past 8 years.

Interest in shares: 1,000

Debra May Rhule (Resigned 25 November 2012)

Director

Committee

Retired creditor and rates clerk for Sarina Shire Council pre amalgamation. Life long Sarina resident. Currently treasurer of Fibre Arts Group, past President

Interest in shares: Nil

Lesley Christine Ward

Secretary

Business Owner

Owner manager of a local jewellery business Resides of more than ten years with extensive community voluntary work including voluntary Executive Secretary of Sarina Tourist Art & Craft Centre and voluntary Life Line councillor.

Interest in shares: 1,001

Rodney David Nunn

Treasurer

Retired ex-Queensland Public Service

Extensive experience in Public Service in the area of commercial law and accounting.

Interests in shares: 1,251

Jeffrey William Burt (Appointed 27 September 2012)

Director

Self Employed in Equipment Hire

Most recently employed as a Marine Engineer.

Significant experience as proprietor of small business and agricultural operations. Previously a member of management team of large scale dredging operation, making operation, budgeting and management decisions

Interest in Shares: Nil

Aleesha Joy Birch (Appointed 22 November 2012)

Director

Stay at Home Mother

Holds a Bachelor of Business and majored in Human Resources. Was a small business owner for 4 years and had previously worked as an accountant for 6 years.

Interest in shares: Nil

Christina May Brady (Resigned 10 November 2012)

Director

Registered Nurse and Cane Farmer

Business operator with experience in community involvement including 5 years involvement with Sarina Swimming Club.

Interest in shares: Nil

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

No Directors have material interests in contracts or proposed contracts with the company.

Director's Report continued

Company Secretary

The company secretary is Lesley Christine Ward. She was appointed to the position of secretary on 14 January 2005. Lesley has extensive experience in retail management.

Principal Activities

The principal activities of the company during the course of the financial year were in facilitating **Community Bank** services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

There has been no significant changes in the nature of these activities during the year.

Operating Results

Operations have continued to perform in line with expectations. The profit of the company for the financial year after provision for income tax was:

	Year Ended 30 June 2013 \$	Year Ended 30 June 2012 \$
	174,394	81,007

Operating and Financial Review

Operations

The business of the company is the operation of **Sarina Community Bank®** Branch of Bendigo and Adelaide Bank Limited under a franchise agreement.

The company continues to grow for the benefit of both the shareholders and the community. This growth comes through our increasing community funding and profile in the community. The company is a special purpose company and our charter provides that shareholders can receive up to 20% of company profits and the community 80% of profits.

Revenue has grown from \$980,231 (2011-2012) to \$1,150,165, an increase of 18.3%.

This reflects a success in our marketing strategies to increase the business on the books from \$103,164,000 (2011-2012) to \$122,024,328 and increase of 18.3%.

Financial Position

Our financial position remains strong. Net profit has increased from \$81,007 (2011-2012) to \$174,394. The current year's profit is to provide for a prudent amount of capital to satisfy future capital needs of the business and to provide for future dividends.

The position for shareholders has improved as follows:-

Dividends paid increased from 8 cents per share (2011-2012) to 8.5 cents per share.

Net asset position has grown from \$510,300 (2011-2012) to \$619,299, an increase of 21.3%.

Business Strategy

We have conducted strategic planning for the next 3 years. From the exercise we develop marketing strategies to grow the business and target those areas where we have potential to increase the banking business and our share of the market. We also look to be involved in partnering opportunities to grow the business and progress our passion to strengthen the local community.

Director's Report continued

Prospects for future financial years

Given the current economic conditions in our area the Directors believe that considerable growth potential is still available. We expect that growth will continue for at least the next 3 years in line with the past. The increase in our profile raised in the community will continue to auger well for increased growth in business activity.

Remuneration Report

No Director of the Company receives any remuneration for services as a Company Director or receives any remuneration directly or indirectly for any other purpose associated with the company.

The Branch Manager attends all Board meetings and presents a full report to the Board of Directors. The Branch Manager advises the Directors on a number of issues but does not have any voting rights. She is also a member of sub-committees, being the Marketing Committee and the Grants Committee.

The Branch Manager is employed by Bendigo and Adelaide Bank Limited, with her services seconded to Sarina and District Community Financial Services Limited. She is employed on a contract which is in line with the standard remuneration levels applicable to Bendigo and Adelaide Bank Limited staff in similar roles.

Dividends	Year Ended 30 June 2013	
	Cents	\$
Unfranked dividend paid:	8.5	61,210

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 year under review not otherwise disclosed in this report or the financial statements.

Matters Subsequent to the End of the Financial Year

There are no matter or circumstances that have arisen since the end of the financial year 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, in future years.

Likely Developments

The company will continue its policy of facilitating banking services to the community.

Environmental Regulation

The company is not subject to any significant environmental regulation.

Directors Benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

Indemnification and Insurance of Directors and Officers

The company has indemnified all directors and the manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or manager of the company except where the liability arises out of conduct involving the lack of good faith.

Director's Report continued

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an auditor of the company or a related body corporate.

Directors Meetings

The number of directors meetings attended by each of the directors of the company during the year were:

Ralph Godschall Johnson
Lesley Christine Ward
Sonja Synnove Solli
Rodney David Nunn
Dr. Natasja Steenkemp
Jeffrey William Burt (*Appointed 27 September 2012*)
Karen Lesley May (*Appointed 22 November 2012*)
Aleesha Joy Birch (*Appointed 22 November 2012*)
Debra May Rhule (*Resigned 25 October 2012*)
Christina Mary Brady (*Resigned 10 November 2012*)

Board Meetings Attended		Sub-Committee Marketing	
Eligible	Attended	Eligible	Attended
12	12	-	-
12	11	10	10
12	9	6	2
12	12	-	-
12	11	-	-
10	10	-	-
7	5	-	-
7	3	-	-
4	1	-	-
5	5	4	4

Non Audit Services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andres Frewin & Stewart) for audit and non audit services provided during the year are set out in the notes to the accounts.

The board of directors has considered the position, in accordance with the advice received from the audit committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes do not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the auditor.
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

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 4.

Signed in accordance with a resolution of the board of directors at Sarina, Queensland on 16 August 2013.



Rodney David Nunn, Director / Treasurer



Lesley Christine Ward, Director / Secretary

Auditor's independence declaration



Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Sarina and District Community Financial Services Limited

I declare, that to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2013 there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

Graeme Stewart
Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550

Dated: 16 August 2013

Financial statements

Statement of Comprehensive Income for the Year Ended 30 June 2013

	Notes	2013 \$	2012 \$
Revenues from ordinary activities	4	1,150,165	980,231
Employee benefits expense		(409,612)	(329,598)
Charitable donations, sponsorship, advertising and promotion		(265,336)	(311,038)
Occupancy and associated costs		(68,727)	(65,900)
Systems costs		(23,067)	(22,385)
Depreciation and amortisation expense	5	(26,475)	(24,472)
General administration expenses		(107,814)	(114,614)
Profit before income tax expense		249,134	112,224
Income tax expense	6	(74,740)	(31,217)
Profit after income tax expense		174,394	81,007
Total comprehensive income for the year		174,394	81,007
Earnings per share (cents per share)		c	c
- basic for profit for the year	21	24.22	11.25

The accompanying notes form part of these financial statements.

Financial statements

Balance Sheet

As at 30 June 2013

	Notes	2013 \$	2012 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	450,567	277,905
Trade and other receivables	8	58,321	90,322
Total Current Assets		508,888	368,227
Non-Current Assets			
Property, plant and equipment	9	151,101	119,942
Intangible assets	10	27,901	41,851
Total Non-Current Assets		179,002	161,793
Total Assets		687,890	530,020
LIABILITIES			
Current Liabilities			
Trade and other payables	12	15,568	7,538
Income Tax Payable	11	45,733	10,365
Deferred Tax Liability	11	3,105	1,817
Total Liabilities		64,406	19,720
Net Assets		623,484	510,300
Equity			
Issued capital	13	688,018	688,018
Accumulated losses	14	(64,534)	(177,718)
Total Equity		623,484	510,300

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity for the Year Ended 30 June 2013

	Issued Capital \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2011	688,018	(201,117)	486,901
Total comprehensive income for the year	-	81,007	81,007
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(57,608)	(57,608)
Balance at 30 June 2012	688,018	(177,718)	510,300
Balance at 1 July 2012	688,018	(177,718)	510,300
Total comprehensive income for the year	-	174,394	174,394
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(61,210)	(61,210)
Balance at 30 June 2013	688,018	(64,534)	623,484

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows

As at 30 June 2013

	Notes	2013 \$	2012 \$
Cash Flows From Operating Activities			
Receipts from customers		1,266,763	1,002,127
Payments to suppliers and employees		(962,387)	(921,963)
Interest received		11,264	12,658
Income Taxes Paid		(38,084)	(15,863)
Net cash provided by operating activities	15	277,556	76,959
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(43,684)	(7,260)
Net cash used in investing activities		(43,684)	(7,260)
Cash Flows From Financing Activities			
Dividends paid		(61,210)	(57,608)
Net cash used in financing activities		(61,210)	(57,608)
Net increase in cash held		172,662	12,091
Cash and cash equivalents at the beginning of the financial year		277,905	265,814
Cash and cash equivalents at the end of the financial year 7(a)		450,567	277,905

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies

a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standard Boards and the Corporations Act 2001. The company is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

These financial statements and notes comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. These areas involving a higher degree of judgement or complexities, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Historical cost convention

The financial statements have been prepared under the historical cost convention on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Comparative figures

Where required by Australian Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Adoption of new and revised Accounting Standards

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. Amendments made to AASB 101 Presentation of Financial Statements effective 1 July 2012 now require the statement of comprehensive income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in a future period and those that may have to be reclassified if certain conditions are met. The amendment has not affected the presentation of the statement of comprehensive income of the company in the current period and is not likely to affect future periods.

The company has not elected to apply any pronouncements before their mandatory operative date in the annual reporting period beginning 1 July 2012.

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank®** branch at Sarina, Queensland.

The accompanying notes form part of these financial statements.

Notes to the financial statements continued

Note 1. Summary of Significant Accounting Policies (continued)

a) Basis of Preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

The branch operates as a franchise of Bendigo and Adelaide Bank Limited, using the name “Bendigo Bank” and the logo and system of operations of Bendigo and Adelaide Bank Limited. The company manages the **Community Bank®** branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank®** branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank®** branch franchise operations. It also continues to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

- advice and assistance in relation to the design, layout and fit out of the **Community Bank®** branch;
- training for the branch manager and other employees in banking, management systems and interface protocol;
- methods and procedures for the sale of products and provision of services;
- security and cash logistic controls;
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs; and
- sales techniques and proper customer relations.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

b) Revenue

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefit will flow to the company and any specific criteria have been met. Interest and fee revenue is recognised when earned. The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue. All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue calculation

The franchise agreement with Bendigo and Adelaide Bank Limited provides for three types of revenue earned by the company. First, the company is entitled to 50% of the monthly gross margin earned by Bendigo and Adelaide Bank Limited on products and services provided through the company that are regarded as “day to day” banking business (ie ‘margin business’). This arrangement also means that if the gross margin reflects a loss (that is, the gross margin is a negative amount), the company effectively incurs, and must bear, 50% of that loss.

Notes to the financial statements continued

Note 1. Summary of Significant Accounting Policies (continued)

b) Revenue (continued)

Revenue calculation (continued)

The second source of revenue is commission paid by Bendigo and Adelaide Bank Limited on the other products and services provided through the company (ie 'commission business'). The commission is currently payable on various specified products and services, including insurance, financial planning, common fund, Sandhurst Select, superannuation, commercial loan referrals, products referred by Rural Bank, leasing referrals, fixed loans and certain term deposits (>90 days). The amount of commission payable can be varied in accordance with the Franchise Agreement (which, in some cases, permits commissions to be varied at the discretion of Bendigo and Adelaide Bank Limited). This discretion has been exercised on several occasions previously. For example in February 2011 and February 2013 Bendigo and Adelaide Bank Limited reduced commissions on two core banking products to ensure a more even distribution of income between Bendigo and Adelaide Bank Limited and its **Community Bank®** partners. The revenue share model is subject to regular review to ensure that the interests of Bendigo and Adelaide Bank

Limited and **Community Bank®** companies remain balanced.

The third source of revenue is a proportion of the fees and charges (ie, what are commonly referred to as 'bank fees and charges') charged to customers. This proportion, determined by Bendigo and Adelaide Bank Limited, may vary between products and services and may be amended by Bendigo and Adelaide Bank Limited from time to time.

c) Income Tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the balance sheet liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the company entity intends to settle its tax assets and liabilities on a net basis.

Notes to the financial statements continued

Note 1. Summary of Significant Accounting Policies (continued)

c) Income Tax (continued)

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

d) Employee Entitlements

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

The company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

e) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

f) Trade Receivables and Payables

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

g) Property, Plant and Equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- leasehold improvements 40 years
- plant and equipment 2.5 - 40 years
- furniture and fittings 4 - 40 years

Notes to the financial statements continued

Note 1. Summary of Significant Accounting Policies (continued)

h) Intangibles

The franchise fee paid to Bendigo and Adelaide Bank Limited has been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

The renewal processing fee paid to Bendigo and Adelaide Bank Limited when renewing the franchise agreement has also been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

i) Payment Terms

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

j) Borrowings

All loans are initially measured at the principal amount. Interest is recognised as an expense as it accrues.

k) Financial Instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Classification and subsequent measurement

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

Notes to the financial statements continued

Note 1. Summary of Significant Accounting Policies (continued)

l) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the company are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

m) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions of other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

n) Contributed Equity

Ordinary shares are recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

o) Earnings Per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

p) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Notes to the financial statements continued

Note 2. Financial Risk Management

The company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the board of directors.

(i) Market risk

The company has no exposure to any transactions denominated in a currency other than Australian dollars.

(ii) Price risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The company is not exposed to commodity price risk.

(iii) Credit risk

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank Limited.

(iv) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo and Adelaide Bank Limited and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

(vi) Capital management

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2013 can be seen in the statement of comprehensive income.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the distribution limit.

(i) the distribution limit is the greater of:

(a) 20% of the profit or funds of the franchisee otherwise available for distribution to shareholders in that 12 month period; and

(b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the franchisee over that 12 month period; and

(ii) the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

Notes to the financial statements continued

Note 2. Financial Risk Management (continued)

(vi) Capital management (continued)

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2012 can be seen in the statement of comprehensive income.

There were no changes in the company's approach to capital management during the year.

Note 3. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Taxation

Judgement is required in assessing whether deferred tax assets and certain tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in corresponding credit or charge to the statement of comprehensive income.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and the condition of the asset is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Notes to the financial statements continued

Note 3. Critical Accounting Estimates and Judgements (continued)

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired branch/agency at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

The calculations require the use of assumptions.

Impairment of assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes to the financial statements continued

	2013 \$	2012 \$
Note 4. Revenue from Ordinary Activities		
- services commissions	1,139,079	967,573
- other revenue	-	-
Total revenue from operating activities	1,139,079	967,573
Non-operating activities:		
- Interest received	11,086	12,658
Total revenue from non-operating activities	11,086	12,658
Total revenues from ordinary activities	1,150,165	980,231

Note 5. Expenses

Depreciation of non-current assets:

- plant and equipment	3,904	3,413
- leasehold improvements	8,621	7,109

Amortisation of non-current assets:

- franchise agreement	13,950	13,950
	26,475	14,472
Bad debts	629	1,512

Note 6. Income Tax Expense

The components of tax expense comprise:

- Current tax	73,452	16,496
- Adjustment to tax expense of prior years	-	(2,450)
- Future income tax benefit attributed to losses	-	-
- Movement in deferred tax	1,288	(1,202)
- Recoup of prior year tax loss	-	18,373
	74,740	31,217

Notes to the financial statements continued

	Note	2013 \$	2012 \$
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Note 6. Income Tax Expense (continued)

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

Operating profit		249,134	112,224
Prima facie tax on profit from ordinary activities at 30%		74,740	33,667
Add tax effect of:		-	-
- non-deductible expenses		-	-
- timing difference expenses		(1,288)	1,202
- other deductible expenses		-	-
		73,452	34,869
Movement in deferred tax	11	1,288	(1,202)
Under/(Over) provision of income tax in the prior year		-	(2,450)
		74,740	31,217

Note 7. Cash and Cash Equivalents

Cash at bank and on hand	14,466	36,804
Term deposits	436,101	241,101
	450,567	277,905

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cashflows as follows:

Note 7.(a) Reconciliation of cash

Cash at bank and on hand	14,466	36,804
Term deposits	436,101	241,101
	450,567	277,905

Note 8. Trade and Other Receivables

Trade receivables	39,331	84,266
Other receivables and accruals	11,786	3,325
Prepayments	7,204	2,731
	58,321	90,322

Notes to the financial statements continued

	2013 \$	2012 \$
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Note 9. Property, Plant and Equipment

Plant and equipment

At cost	54,193	50,234
Less accumulated depreciation	(31,930)	(28,026)
	22,263	22,208

Leasehold improvements

At cost	199,144	159,419
Less accumulated depreciation	(70,306)	(61,685)
	128,838	97,734
Total written down amount	151,101	119,942

Movements in carrying amounts:

Plant and equipment

Carrying amount at beginning	22,208	22,915
Additions	3,959	2,706
Disposals	-	-
Less: depreciation expense	(3,904)	(3,413)
Carrying amount at end	22,263	22,208

Leasehold improvements

Carrying amount at beginning	97,734	100,289
Additions	39,725	4,554
Disposals	-	-
Less: depreciation expense	(8,621)	(7,109)
Carrying amount at end	128,838	97,734
Total written down amount	151,101	119,942

Note 10. Intangible Assets

Franchise fee

At cost	71,625	71,625
Less: accumulated amortisation	(66,975)	(64,650)
	4,650	6,975

Notes to the financial statements continued

	2013 \$	2012 \$
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Note 10. Intangible Assets (continued)

Renewal processing fee

At cost	58,126	58,126
Less: accumulated amortisation	(34,875)	(23,250)
	23,251	34,876
Total written down amount	27,901	41,851

Note 11. Tax

Current:

Income tax payable/(refundable)	45,733	10,365
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Non-Current:

Deferred tax assets

- accruals	-	-
- tax losses carried forward	-	-
	-	-

Deferred tax liability

- accruals	(944)	(998)
- deductible prepayments	(2,161)	(819)
	(3,105)	(1,817)

Net deferred tax asset	3,105	1817
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Movement in deferred tax charged to statement of comprehensive income	(1,288)	(1,202)
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Note 12. Trade and Other Payables

Trade creditors	12,018	4,238
Other creditors and accruals	3,550	3,300
	15,568	7,538

Note 13. Contributed Equity

720,109 Ordinary shares fully paid (2012: 720,109)	720,109	720,109
Less: equity raising expenses	(32,091)	(32,091)
	688,018	688,018

Notes to the financial statements continued

Note 13. Contributed Equity (continued)

Rights attached to shares

(a) Voting rights

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the **Community Bank®** have the same ability to influence the operation of the company.

(b) Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo and Adelaide Bank Limited contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

(c) Transfer

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the Corporations Act.

Prohibited shareholding interest

A person must not have a prohibited shareholding interest in the company.

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

The board has the power to request information from a person who has (or is suspected by the board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the board in selling or otherwise dealing with those shares.

Notes to the financial statements continued

Note 13. Contributed Equity (continued)

Prohibited shareholding interest (continued)

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

	2013 \$	2012 \$
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Note 14. Accumulated Losses

Balance at the beginning of the financial year	(177,718)	(201,117)
Net profit from ordinary activities after income tax	174,394	81,007
Dividends paid or provided for	(61,210)	(57,608)
Balance at the end of the financial year	(64,534)	(177,718)

Note 15. Statement of Cashflows

Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities

Profit from ordinary activities after income tax	174,394	81,007
Non cash items:		
- depreciation 10,522 16,830	12,525	10,522
- amortisation 13,950 8,168	13,950	13,950
Changes in assets and liabilities:		
- (increase)/decrease in receivables	32,001	(60,294)
- decrease in other assets	-	15,354
Increase in Tax Liability	36,656	-
- increase in payables	8,030	16,420
Net cashflows provided by operating activities	277,556	76,959

Note 16. Leases

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable - minimum lease payments		
- not later than 12 months	32,778	32,778
- between 12 months and 5 years	24,584	57,362
- greater than 5 years	-	-
	57,362	90,140

Notes to the financial statements continued

	2013 \$	2012 \$
Note 17. Auditors' Remuneration		
Amounts received or due and receivable by the auditor of the company for:		
- audit and review services	4,950	4,500
- non audit services	2,480	2,330
	7,430	6,830

Note 18. Director and Related Party Disclosures

The names of directors who have held office during the financial year are:

Ralph Godschall Johnson

Lesley Christine Ward

Sonja Synnove Solli

Rodney David Nunn

Dr. Natasja Steenkamp

Jeffrey William Burt (*Appointed 27 September 2012*)

Karen Lesley May (*Appointed 22 November 2012*)

Aleesha Joy Birch (*Appointed 22 November 2012*)

Debra Mary Rhule (*Resigned 25 October 2012*)

Christina Mary Brady (*Resigned 10 November 2012*)

No director or related entity has entered into a material contract with the company. No director's fees have been paid as the positions are held on a voluntary basis.

Directors' Shareholdings	2013	2012
Ralph Godschall Johnson	15,001	15,001
Lesley Christine Ward	1,001	1,001
Sonja Synnove Solli	5,000	5,000
Rodney David Nunn	1,251	1,251
Dr. Natasja Steenkamp	-	-
Jeffrey William Burt (<i>Appointed 27 September 2012</i>)	-	-
Karen Lesley May (<i>Appointed 22 November 2012</i>)	1,000	1,000
Aleesha Joy Birch (<i>Appointed 22 November 2012</i>)	-	-
Debra Mary Rhule (<i>Resigned 25 October 2012</i>)	-	-
Christina Mary Brady (<i>Resigned 10 November 2012</i>)	-	-

There was no movement in directors' shareholdings during the year.

Notes to the financial statements continued

	2013 \$	2012 \$
--	------------	------------

Note 19. Dividends Paid or Provided

a. Dividends paid during the year

Current year final dividend		
Unfranked dividend - 8.5 cents (2012: 8 cents) per share	61,210	57,609

b. Franking account balance

Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	41,765	3,681
- franking credits that will arise from payment of income tax payable as at the end of the financial year	45,733	10,365
- franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	-	-
Franking credits available for future financial reporting periods:	87,498	14,046
- franking debits that will arise from payment of dividends proposed or declared before the financial report was authorised for use but not recognised as a distribution to equity holders during the period	-	-
Net franking credits available	87,498	14,046

Note 20. Key Management Personnel Disclosures

No director of the company receives remuneration for services as a company director or committee member.

There are no executives within the company whose remuneration is required to be disclosed.

	2013 \$	2012 \$
--	------------	------------

Note 21. Earnings Per Share

(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	174,394	81,007
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	720,109	720,109

Note 22. Events Occurring After the Balance Sheet Date

There have been no events after the end of the financial year that would materially affect the financial statements.

Notes to the financial statements continued

Note 23. Contingent Liabilities

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

Note 24. Segment Reporting

The economic entity operates in the service sector where it facilitates **Community Bank®** services in Sarina and surrounding districts in Queensland pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 25. Registered Office/Principal Place of Business

The registered office and principal place of business is:

Registered Office	Principal Place of Business
37 Broad Street	37 Broad Street
Sarina QLD 4737	Sarina QLD 4737

Note 26. Financial Instruments

Net Fair Values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the balance sheet. The company does not have any unrecognised financial instruments at the year end.

Credit Risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the balance sheet and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Interest Rate Risk

Financial Instrument	Floating interest rate		Fixed interest rate maturing in						Non interest bearing		Weighted average effective interest rate	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	2013 %	2012 %
Financial Assets												
Cash and cash equivalents	14,446	36,244	436,101	241,101	-	-	-	-	-	-	2.32	3.51
Receivables	-	-	-	-	-	-	-	-	39,331	84,267	N/A	N/A
Financial Liabilities												
Payables	-	-	-	-	-	-	-	-	15,568	19,103	N/A	N/A

Directors' declaration

In accordance with a resolution of the directors of Sarina and District Community Financial Services Limited, we state that:

In the opinion of the directors:

(a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the financial year ended on that date; and

(ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

(c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

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



Rodney David Nunn, Director/Treasurer



Lesley Christine Ward, Director/Secretary

Signed on the 16th of August 2013.

Independent audit report



Independent auditor's report to the members of Sarina and District Community Financial Services Limited

Report on the financial report

We have audited the accompanying financial report of Sarina and District Community Financial Services Limited, which comprises the balance sheet as at 30 June 2013, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making fair accounting estimates that are reasonable in the circumstances. In note 1, the directors also state in accordance with the Accounting Standard AASB 101 Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These auditing standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the company's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337.

P: (03) 5443 0344

F: (03) 5443 5304

61-65 Bull St./PO Box 454 Bendigo Vic. 3552

afs@afsbendigo.com.au

www.afsbendigo.com.au

Independent audit report continued

Independence

In conducting our audit 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 of which is included in the directors' report. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's opinion on the financial report

In our opinion:

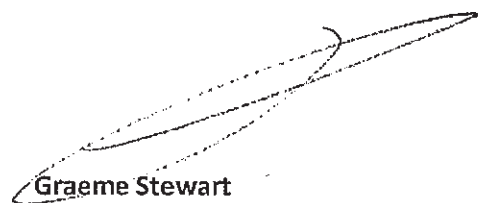
- 1) The financial report of Sarina and District Community Financial Services Limited is in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 30 June 2013 and of its financial performance and its cash flows for the year then ended and complying with Australian Accounting Standards and the Corporations Regulations 2001.
- 2) The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Sarina and District Community Financial Services Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.



Graeme Stewart
Andrew Frewin Stewart
61 Bull Street Bendigo Vic 3550

Dated: 16 August 2013

NSX Report

Sarina and District Community Financial Services Limited is a public company incorporated in Australia and listed on the National Stock Exchange of Australia (NSX).

Shareholding

The following table shows the number of shareholders, broken into various categories showing the total number of shares held.

Number of shares held	Number of shareholders	Number of shares Held
1 to 1,000	283	156,901
1,001 to 5,000	112	340,304
5,001 to 10,000	13	104,502
10,001 to 100,000	7	118,402
100,000 and over	0	0
Total shareholders	415	720,109

Equity securities

Each of the above shareholders are entitled to 1 vote, irrespective of the number of shares held.

There are no substantial shareholders (holding more than 5% of voting rights) as each shareholder is entitled to 1 vote. Normally holding more than 5% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the company.

There are 181 shareholders holding less than a marketable parcel of shares (\$500 in value).

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to \$1 per share. There are no unquoted equity securities.

NSX Report continued

Ten largest shareholders

The following table shows the 10 largest shareholders.

Shareholder	Number of fully paid shares held	Percentage of issued capital
Ms. Helen Dixon	25,000	3.47
Mr. Laurence Wayne Dixon	25,000	3.47
Mrs. Catherine Stewart Hutton	20,000	2.78
Mr. Ralph Johnson & Mrs. Suzanne Johnson	15,001	2.08
Winpar Holdings Limited	12,900	1.79
Mr. Gary .Neil. Loadsman	10,500	1.46
Barco Superannuation Fund	10,001	1.39
Callander Superannuation Fund	10,000	1.39
Mrs. P Holdsworth	10,000	1.39
Mr. Paul Bennett & Mrs. Francine Bennett	10,000	1.39
Total	148,402	20.61

Registered office and principal administrative office

The registered office of the company is located at:

37 Broad Street
Sarina Queensland 4737
Phone: (07) 4943 2634

The principal administrative office of the company is located at:

37 Broad Street
Sarina Queensland 4737
Phone: (07) 4943 2634

Security Register

The Security register (share register) is kept at:

Sharedata Pty Ltd
P O Box 298
St Agnes SA 5097
Phone: (08) 8395 2308 Email: info@sharedata.com.au

NSX Report continued

Company Secretary

Lesley Ward has been the Company Secretary of Sarina and District Community Financial Services Limited for 8 years. Lesley's qualifications and experience include extensive experience in retail management.

Corporate governance

The company as implemented various corporate governance practices, which include:

- (a) The establishment of an Audit and Governance Committee. Members of the committee are Dr Natasja Steenkamp (Chairperson) and Jeff Burt.
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

Annexure 3

There are no material differences between the information in the company's Annexure 3 and the information in the financial documents in its Annual Report.

5-Year summary of performance

		2009	2010	2011	2012	2013
Gross Revenue	\$	647,405	712,198	819,298	980,231	1,150,165
Net profit before tax	\$	113,330	81,519	89,750	112,234	249,134
Total Assets	\$	496,368	480,234	490,201	530,020	687,890
Total Liabilities	\$	10,877	3,300	3,300	19,720	64,406
Total Equity	\$	485,491	476,934	486,901	510,300	623,484



Sarina **Community Bank®** Branch
 37 Broad Street Sarina Qld 4737
 Phone: (07) 4943 2634 Fax: (07) 49436 2367

Franchisee: Sarina & District Community Financial Services Ltd
 37 Broad Street Sarina Qld 4737
 Phone: (07) 4943 2634 Fax: (07) 4943 2637
 ABN: 28 112 407 182

Share Registry:
 Sharedata Pty Ltd
 PO Box 298
 St. Agnes S.A. 5097

www.bendigobank.com.au/sarina

