

# FORM: Half yearly/preliminary final report

Name of issuer

**Sarina and District Community Financial Services Limited**

ACN or ARBN

**28 112 407 182**

Half yearly  
(tick)

Preliminary  
final (tick)

✓

Half year/financial year ended  
(‘Current period’)

**30 June 2014**

## For announcement to the market

Extracts from this statement for announcement to the market (see note 1).

				\$A,000
Revenue (item 1.1)	up	3%	to	1,184
Profit (loss) for the period (item 1.9)	Down	6%	to	165
Profit (loss) for the period attributable to members of the parent (item 1.11)	Down	6%	to	165
<b>Dividends</b>		Current period		Previous corresponding period
Franking rate applicable:		-		
<b>Final dividend</b> (preliminary final report only)(item 10.13-10.14)				
Amount per security		8.5¢		8.5¢
Franked amount per security		-		-
<b>Interim dividend</b> (Half yearly report only) (item 10.11 – 10.12)				
Amount per security		-		-
Franked amount per security		-		-
Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				



**Consolidated income statement** *(The figures are not equity accounted)**(see note 3)**(as per paragraphs 81-85 and 88-94 of AASB 101: Presentation of Financial Statements)*

	Current period - \$A'000	Previous corresponding period - \$A'000
1.1 Revenues <i>(item 7.1)</i>	1184	1,150
1.2 Expenses, excluding finance costs <i>(item 7.2)</i>	(949)	(901)
1.3 Finance costs	-	-
1.4 Share of net profits (losses) of associates and joint ventures <i>(item 15.7)</i>	-	-
1.5 <b>Profit before income tax</b>	235	249
1.6 Income tax expense <i>(see note 4)</i>	(71)	(75)
1.7 Profit (loss) from continuing operations	-	-
1.8 Profit (loss) from discontinued operations <i>(item 13.3)</i>	-	-
1.9 <b>Profit (loss) for the period</b>	164	174
1.10 Profit (loss) attributable to minority interests	-	-
1.11 <b>Profit (loss) attributable to members of the parent</b>	164	174
1.12 Basic earnings per security <i>(item 9.1)</i>	22.86¢	24.22¢
1.13 Diluted earnings per security <i>(item 9.1)</i>	22.86¢	24.22¢
1.14 Dividends per security <i>( item 9.1)</i>	-¢	-¢

**Comparison of half-year profits***(Preliminary final statement only)*

	Current period - \$A'000	Previous corresponding period - \$A'000
2.1 Consolidated profit (loss) after tax attributable to members reported for the 1st half year <i>(item 1.11 in the half yearly statement)</i>	166	166
2.2 Consolidated profit (loss) after tax attributable to members for the 2nd half year	(1)	8



## Consolidated balance sheet

(See note 5)

(as per paragraphs 68-69 of AASB 101: Financial Statement Presentation)

<b>Current assets</b>		Current period - \$A'000	Previous corresponding period - \$A'000
3.1	Cash and cash equivalents	549	450
3.2	Trade and other receivables	78	58
3.3	Inventories	-	-
3.4	Other current assets (provide details if material)	-	-
3.5	<b>Total current assets</b>	627	508
<b>Non-current assets</b>			
3.6	Available for sale investments	-	-
3.7	Other financial assets	-	-
3.8	Investments in associates	-	-
3.9	Deferred tax assets	-	-
3.10	Exploration and evaluation expenditure capitalised (see para. 71 of AASB 1022 – new standard not yet finalised)	-	-
3.11	Development properties (mining entities)	-	-
3.12	Property, plant and equipment (net)	239	151
3.13	Investment properties	-	-
3.14	Goodwill	-	-
3.15	Other intangible assets	14	28
3.16	Other (Deferred Tax Asset)	-	-
3.17	<b>Total non-current assets</b>	253	179
3.18	<b>Total assets</b>	880	687
<b>Current liabilities</b>			
3.19	Trade and other payables	150	61
3.20	Short term borrowings	-	-
3.21	Current tax payable	-	-
3.22	Short term provisions	-	-
3.23	Current portion of long term borrowings	-	-
3.24	Other current liabilities (Deferred Tax Liability)	3	3
		153	64
3.25	Liabilities directly associated with non-current assets classified as held for sale (para 38 of AASB 5)	-	-
3.26	<b>Total current liabilities</b>	152	64



<b>Non-current liabilities</b>			
		Current period - \$A'000	Previous corresponding period - \$A'000
3.27	Long-term borrowings	-	-
3.28	Deferred tax liabilities	-	-
3.29	Long term provisions	-	-
3.30	Other (provide details if material)	-	-
3.31	<b>Total non-current liabilities</b>	-	-
3.32	<b>Total liabilities</b>	153	64
3.33	<b>Net assets</b>	727	623
	<b>Equity</b>		
3.34	Share capital	688	688
3.35	Other reserves	-	-
3.36	Retained Earnings/Accumulated Losses	39	(65)
	Amounts recognised directly in equity relating to non-current assets classified as held for sale	-	-
3.37	<b>Parent interest</b>	-	-
3.38	<b>Minority interest</b>	-	-
3.39	<b>Total equity</b>	727	623



## Consolidated statement of changes in equity

(as per paragraphs 96-97 of AASB 101: Presentation of Financial Statements)

	Current period – A\$'000	Previous corresponding period – A\$'000
Revenues recognised directly in equity:	-	-
Expenses recognised directly in equity:	-	-
4.1 <b>Net income recognised directly in equity</b>	-	-
4.2 <b>Profit for the period</b>	165	174
4.3 <b>Total recognised income and expense for the period</b>	165	174
Attributable to:		
4.4 Members of the parent	165	174
4.5 Minority interest	-	-
Effect of changes in accounting policy ( <i>as per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors</i> ):		
4.6 Members of the parent entity	-	-
4.7 Minority interest	-	-



**Consolidated statement of cash flows***(See note 6)**(as per AASB 107: Cash Flow Statements)*

		Current period - \$A'000	Previous corresponding period - \$A'000
	<b>Cash flows related to operating activities</b>		
5.1	Receipts from customers	1,283	1,266
5.2	Payments to suppliers and employees	(1,015)	(962)
5.3	Interest and other costs of finance paid	-	-
5.4	Income taxes paid	(102)	(38)
5.5	Other (interest received)	11	11
5.6	<b>Net cash used in operating activities</b>	176	277
	<b>Cash flows related to investing activities</b>		
5.7	Payments for purchases of property, plant and equipment	(16)	(44)
5.8	Proceeds from sale of property, plant and equipment	-	-
5.9	Payment for purchases of equity investments	-	-
5.10	Proceeds from sale of equity investments	-	-
5.11	Loans to other entities	-	-
5.12	Loans repaid by other entities	-	-
5.13	Interest and other items of similar nature received	-	-
5.14	Dividends received	-	-
5.15	Other (provide details if material)	-	-
5.16	<b>Net cash used in investing activities</b>	(16)	(44)
	<b>Cash flows related to financing activities</b>		
5.17	Proceeds from issues of securities (shares, options, etc.)	-	-
5.18	Proceeds from borrowings	-	-
5.19	Repayment of borrowings	-	-
5.20	Dividends paid	(61)	(61)
5.21	Other (provide details if material)	-	-
5.22	<b>Net cash used in financing activities</b>	(61)	(61)
	<b>Net increase (decrease) in cash and cash equivalents</b>	99	172
5.23	Cash at beginning of period <i>(see Reconciliations of cash)</i>	450	278
5.24	Exchange rate adjustments to item 5.23	-	-
5.25	<b>Cash at end of period</b> <i>(see Reconciliation of cash)</i>	549	450



## Reconciliation of cash provided by operating activities to profit or loss

(as per paragraph Aus20.1 of AASB 107: Cash Flow Statements)

		Current period \$A'000	Previous corresponding period \$A'000
6.1	<b>Profit</b> <i>(item 1.9)</i>	165	174
	Adjustments for:		
6.2	Depreciation	23	13
6.3	Amortisation	14	14
6.4			
6.5	(Increase)/decrease in receivables	(19)	32
6.6	(Increase)/decrease in other assets	-	-
6.7	Increase in payables	26	8
6.8	Increase/(decrease) in provisions	-	-
6.9	Increase/(decrease) in tax liabilities	(32)	37
6.10	<b>Net cash from operating activities</b> <i>(item 5.6)</i>	176	278



## **Notes to the financial statements**

### **Details of revenues and expenses**

(see note 16)

(Where items of income and expense are material, disclose nature and amount below in accordance with paragraphs 86-87 of AASB 101: Presentation of Financial Statements)

		Current period - \$A'000	Previous corresponding period - \$A'000
	Revenue		
	Services commissions	1,173	1,139
	Interest	11	11
	Other revenue	-	-
7.1	Total Revenue	1,184	1,150
	Expenses		
	Employee benefits expense	(447)	(410)
	Charitable donations, sponsorship, advertising and promotion	(221)	(265)
	Occupancy and associated costs	(73)	(69)
	Systems costs	(27)	(23)
	Depreciation and amortisation expense	(37)	(26)
	Finance costs	-	-
	General administration expenses	(143)	(108)
7.2	Total Expenses	(949)	(901)
	Profit (loss) before tax	235	249

### **Ratios**

		Current period	Previous corresponding period
	<b>Profit before tax / revenue</b>		
8.1	Consolidated profit (loss) before tax (item 1.5) as a percentage of revenue (item 1.1)	20.05%	21.87%
	<b>Profit after tax / equity interests</b>		
8.2	Consolidated profit (loss) after tax attributable to members (item 1.11) as a percentage of equity (similarly attributable) at the end of the period (item 3.37)	22.65%	27.97%



### Earnings per Security

- 9.1 Provide details of basic and fully diluted EPS in accordance with paragraph 70 and Aus 70.1 of AASB 133: Earnings per Share below:

	Current period	Previous corresponding period
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating earnings per share	164	174
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	720,109	720,109
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share (if different from basic)	-	-

### Dividends

- 10.1 Date the dividend is payable

- 10.2 Record date to determine entitlements to the dividend (i.e. on the basis of registrable transfers received up to 5.00 pm if paper based, or by 'End of Day' if a proper ASTC/CHESS transfer)

- 10.3 If it is a final dividend, has it been declared?

*(Preliminary final report only)*

- 10.4 The dividend or distribution plans shown below are in operation.

The last date(s) for receipt of election notices to the dividend or distribution plans

- 10.5 Any other disclosures in relation to dividends or distributions



**Dividends paid or provided for on all securities***(as per paragraph Aus126.4 AASB 101: Presentation of Financial Statements)*

	Current period - \$A'000	Previous corresponding period - \$A'000	Franking rate applicable
<b>Dividends paid or provided for during the reporting period</b>			
10.6 Current year interim	-	-	-
10.7 Franked dividends	-	-	-
10.8 Previous year final	-	(61)	-
10.9 Franked dividends	(61)	-	-
<b>Dividends proposed and not recognised as a liability</b>			
10.10 Franked dividends	-	-	-

**Dividends per security***(as per paragraph Aus126.4 of AASB 101: Presentation of Financial Statements)*

	Current year	Previous year	Franking rate applicable
<b>Dividends paid or provided for during the reporting period</b>			
10.11 Current year interim	-	-	-
10.12 Franked dividends – cents per share	-	-	-
10.13 Previous year final	-	8.5¢	-
10.14 Franked dividends – cents per share	8.5¢	-	-
<b>Dividends proposed and not recognised as a liability</b>			
10.15 Franked dividends – cents per share	-	-	-



**Exploration and evaluation expenditure capitalised**

*To be completed only by issuers with mining interests if amounts are material. Include all expenditure incurred regardless of whether written off directly against profit*

	Current period \$A'000	Previous corresponding period \$A'000
11.1 Opening balance	-	-
11.2 Expenditure incurred during current period	-	-
11.3 Expenditure written off during current period	-	-
11.4 Acquisitions, disposals, revaluation increments, etc.	-	-
11.5 Expenditure transferred to Development Properties	-	-
11.6 <b>Closing balance as shown in the consolidated balance sheet</b> (item 3.10)	-	-

**Development properties**

*(To be completed only by issuers with mining interests if amounts are material)*

	Current period \$A'000	Previous corresponding period \$A'000
12.1 Opening balance	-	-
12.2 Expenditure incurred during current period	-	-
12.3 Expenditure transferred from exploration and evaluation	-	-
12.4 Expenditure written off during current period	-	-
12.5 Acquisitions, disposals, revaluation increments, etc.	-	-
12.6 Expenditure transferred to mine properties	-	-
12.7 <b>Closing balance as shown in the consolidated balance sheet</b> (item 3.11)	-	-

**Discontinued Operations**

*(see note 18)*

*(as per paragraph 33 of AASB 5: Non-current Assets Held for Sale and Discontinued Operations)*

	Current period – A\$'000	Previous corresponding period – A\$'000
13.1 Revenue	-	-
13.2 Expense	-	-
13.3 <b>Profit (loss) from discontinued operations before income tax</b>	-	-
13.4 Income tax expense <i>(as per para 81 (h) of AASB 112)</i>	-	-
13.5 <b>Gain (loss) on sale/disposal of discontinued operations</b>	-	-
13.6 Income tax expense <i>(as per paragraph 81(h) of AASB 112)</i>	-	-



## Movements in Equity

(as per paragraph 97 of AASB 101: Financial Statement Presentation)

		Number issued	Number listed	Paid-up value (cents)	Current period – A\$'000	Previous corresponding period – A\$'000
14.1	<b>Preference securities</b> <i>(description)</i>					
14.2	Balance at start of period	-	-	-	-	-
14.3	a) Increases through issues	-	-	-	-	-
14.4	a) Decreases through returns of capital, buybacks etc.	-	-	-	-	-
14.5	Balance at end of period	-	-	-	-	-
14.6	<b>Ordinary securities</b> <i>(ordinary shares fully paid)</i>					
14.7	Balance at start of period	720,109	720,109	100	720	720
14.8	a) Increases through issues	-	-	-	-	-
14.9	b) Decreases through returns of capital, buybacks etc.	-	-	-	-	-
14.10	Balance at end of period	720,109	720,109	100	720	720
14.11	<b>Convertible Debt Securities</b> <i>(description &amp; conversion factor)</i>					
14.12	Balance at start of period	-	-	-	-	-
14.13	a) Increases through issues	-	-	-	-	-
14.14	b) Decreases through maturity, converted.	-	-	-	-	-
14.15	Balance at end of period	-	-	-	-	-



		Number issued	Number listed	Paid-up value (cents)	Current period – A\$'000	Previous corresponding period – A\$'000
14.16	<b>Options</b>  <i>(description &amp; conversion factor)</i>					
14.17	Balance at start of period	-	-	-	-	-
14.18	Issued during period	-	-	-	-	-
14.19	Exercised during period	-	-	-	-	-
14.20	Expired during period	-	-	-	-	-
14.21	Balance at end of period	-	-	-	-	-
14.22	<b>Debentures</b>  <i>(description)</i>					
14.23	Balance at start of period	-	-	-	-	-
14.24	a) Increases through issues	-	-	-	-	-
14.25	b) Decreases through maturity, converted	-	-	-	-	-
14.26	Balance at end of period	-	-	-	-	-
14.27	<b>Unsecured Notes</b>  <i>(description)</i>					
14.28	Balance at start of period	-	-	-	-	-
14.29	a) Increases through issues	-	-	-	-	-
14.30	b) Decreases through maturity, converted	-	-	-	-	-
14.31	Balance at end of period	-	-	-	-	-
14.32	<b>Total Securities</b>	720,109	720,109	100	720	720



		Current period – A\$'000	Previous corresponding period – A\$'000
<b>Reserves</b>			
14.33	Balance at start of period	-	-
14.34	Transfers to/from reserves	-	-
14.35	Total for the period	-	-
14.36	Balance at end of period	-	-
14.37	<b>Total reserves</b>	-	-
<b>Retained earnings</b>			
14.38	<b>Balance at start of period</b>	(65)	(178)
14.39	Changes in accounting policy	-	-
14.40	Restated balance	-	-
14.41	Profit for the balance	165	174
14.42	Total for the period	-	-
14.43	Dividends	(61)	(61)
14.44	<b>Balance at end of period</b>	39	(65)



**Details of aggregate share of profits (losses) of associates and joint venture entities***(equity method)**(as per paragraph Aus 37.1 of AASB 128: Investments in Associates and paragraph Aus 57.3 of AASB 131: Interests in Joint Ventures)*

Name of associate or joint venture entity

Reporting entities percentage holding

		Current period - \$A'000	Previous corresponding period - \$A'000
15.1	Profit (loss) before income tax	-	-
15.2	Income tax	-	-
15.3	<b>Profit (loss) after tax</b>	-	-
15.4	Impairment losses	-	-
15.5	Reversals of impairment losses	-	-
15.6	Share of non-capital expenditure contracted for (excluding the supply of inventories)	-	-
15.7	<b>Share of net profit (loss) of associates and joint venture entities</b>	-	-

**Control gained over entities having material effect***(See note 8)*16.1 Name of *issuer* (or *group*)16.2 Consolidated profit (loss) after tax of the *issuer* (or *group*) since  
the date in the current period on which control was acquired16.3 Date from which profit (loss) in *item 16.2* has been calculated16.4 Profit (loss) after tax of the *issuer* (or *group*) for the whole of the  
previous corresponding period

\$A'000
-
-
-



**Loss of control of entities having material effect***(See note 8)*17.1 Name of *issuer* (or *group*)17.2 Consolidated profit (loss) after tax of the entity (or *group*) for the current period to the date of loss of control17.3 Date from which the profit (loss) in *item 17.2* has been calculated17.4 Consolidated profit (loss) after tax of the entity (or *group*) while controlled during the whole of the previous corresponding period

17.5 Contribution to consolidated profit (loss) from sale of interest leading to loss of control

\$A'000
-
-
-
-

**Material interests in entities which are not controlled entities***The economic entity has an interest (that is material to it) in the following entities.*

		Percentage of ownership interest (ordinary securities, units etc) held at end of period or date of disposal		Contribution to profit (loss) ( <i>item 1.9</i> )	
18.1	<b>Equity accounted associated entities</b>	Current period	Previous corresponding period	Current period \$A'000	Previous corresponding period \$A'000
				<i>Equity accounted</i>	
		-	-	-	-
		-	-	-	-
18.2	<b>Total</b>	-	-	-	-
18.3	<b>Other material interests</b>			Non equity accounted (i.e. part of <i>item 1.9</i> )	
		-	-	-	-
		-	-	-	-
18.4	<b>Total</b>	-	-	-	-



## Reports for industry and geographical segments

Information on the industry and geographical segments of the entity must be reported for the current period in accordance with AASB 114: Segment Reporting. Because of the different structures employed by entities, a pro forma is not provided. Segment information should be completed separately and attached to this statement. However, the following is the personation adopted in the Appendices to AASB 114 and indicates which amount should agree with items included elsewhere in this statement.

		Current period - \$A'000	Previous corresponding period - \$A'000
	<b>Segments</b>		
	Revenue:		
19.1	External sales	-	-
19.2	Inter-segment sales	-	-
19.3	<b>Total</b> (consolidated total equal to <i>item 1.1</i> )	-	-
19.4	Segment result	-	-
19.5	Unallocated expenses	-	-
19.6	<b>Operating profit</b> (equal to <i>item 1.5</i> )	-	-
19.7	Interest expense	-	-
19.8	Interest income	-	-
19.9	Share of profits of associates	-	-
19.10	Income tax expense	-	-
19.11	<b>Net profit</b> (consolidated total equal to <i>item 1.9</i> )	-	-
	<b>Other information</b>	-	-
19.12	Segment assets	-	-
19.13	Investments in equity method associates	-	-
19.14	Unallocated assets	-	-
19.15	<b>Total assets</b> (equal to <i>item 3.18</i> )	-	-
19.16	Segment liabilities	-	-
19.17	Unallocated liabilities	-	-
19.18	<b>Total liabilities</b> (equal to <i>item 3.32</i> )	-	-
19.19	Capital expenditure	-	-
19.20	Depreciation	-	-
19.21	Other non-cash expenses	-	-



## NTA Backing

(see note 7)

20.1	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	98¢	83¢

## Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.

21.1	n/a
------	-----

## International Financial Reporting Standards

Under paragraph 39 of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, an entity's first Australian-equivalents-to-IFRS's financial report shall include reconciliations of its equity and profit or loss under previous GAAP to its equity and profit or loss under Australian equivalents to IFRS's. See IG63 in the appendix to AASB 1 for guidance.

22.1	n/a
------	-----

Under paragraph 4.2 of AASB 1047: Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards, an entity must disclose any known or reliably estimable information about the impacts on the financial report had it been prepared using the Australian equivalents to IFRSs or if the aforementioned impacts are not known or reliably estimable, a statement to that effect.

22.2	n/a
------	-----



**Comments by directors**

*Comments on the following matters are required by the Exchange or, in relation to the half yearly statement, by AASB 134: Interim Financial Reporting. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) but may be incorporated into the directors' report and statement. For both half yearly and preliminary final statements, if there are no comments in a section, state NIL. If there is insufficient space in comment, attach notes to this statement.*

**Basis of accounts preparation**

*If this statement is a half yearly statement, it is a general purpose financial report prepared in accordance with the listing rules and AASB 134: Interim Financial Reporting. It should be read in conjunction with the last annual report and any announcements to the market made by the issuer during the period. This report does not include all notes of the type normally included in an annual financial report.*

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible). In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations (as per paragraphs 16(b), 16(b) and Aus 16.1 of AASB 134: Interim Financial Reporting)

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.

Any other factors which have affected the results in the period, or which are likely to affect results in the future, including those where the effect could not be quantified.

n/a

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

Franking Credits currently available are: \$131,821

The amount of dividends to be paid is assessed by the board at the conclusion of each financial year. The Board expect that future dividend payments will be fully franked.

Changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows.

*(Disclose changes in the half yearly statement in accordance with paragraph 16(a) of AASB 134: Interim Financial Reporting. Disclose changes in the preliminary final statement in accordance with paragraphs 28-29 of 108: Accounting Policies, Changes in Accounting Estimates and Errors.)*

n/a



An issuer shall explain how the transition from previous GAAP to Australian equivalents to IFRS' affected its reported financial position, financial performance and cash flows. (as per paragraph 38 of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards)

n/a

Revisions in estimates of amounts reported in previous periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous annual reports if those revisions have a material effect in this half year (as per paragraph 16(d) of AASB 134: Interim Financial Reporting)

n/a

Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last annual report (as per paragraph 16(j) of AASB 134: Interim Financial Reporting)

n/a

The nature and amount of items affecting assets, liabilities, equity, profit or loss, or cash flows that are unusual because of their nature, size or incidence (as per paragraph 16(c) of AASB 134: Interim Financial Reporting)

n/a

Effect of changes in the composition of the entity during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinued operations (as per paragraph 16(i) of AASB 134: Interim Financial Reporting)

n/a



**Annual meeting***(Preliminary final statement only)*

The annual meeting will be held as follows:

Place

Sarina Community Bank Branch  
37 Broad Street

Date

Monday 10 November 2014

Time

5.45 pm

Approximate date the annual report will be available

12 October 2014

**Compliance statement**

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (see note 13).

Identify other standards used

2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.
3. This statement does give a true and fair view of the matters disclosed (see note 2).
4. This statement is based on financial statements to which one of the following applies:

- ☒ The financial statements have been audited. ☐ The financial statements have been subject to review by a registered auditor (or overseas equivalent).
- ☐ The financial statements are in the process of being audited or subject to review. ☐ The financial statements have *not* yet been audited or reviewed.

5. If the accounts have been or are being audited or subject to review details of any qualifications are attached.
6. The *issuer* has a formally constituted audit committee.

Sign here:

  
(Director/Company secretary)

Date:

31/8/2014

Print name:

RODNEY D NUNN



## Notes

1. **For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show the amount of the change up or down. If changes in accounting policies or procedures have had a material effect on reported figures, do not show either directional or percentage changes in profits. Explain the reason for the omissions in the note at the end of the announcement section. *Issuers* are encouraged to attach notes or fuller explanations of any significant changes to any of the items in page 1. The area at the end of the announcement section can be used to provide a cross reference to any such attachment.
2. **True and fair view** If this statement does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the *issuer* must attach a note providing additional information and explanations to give a true and fair view.
3. **Consolidated statement of financial performance**
  - Item 1.1 The definition of "revenue" is set out in *AASB 118: Revenue*
  - Item 1.6 This item refers to the total tax attributable to the amount shown in *item 1.5*. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as expenses from ordinary activities (eg. fringe benefits tax).
4. **Income tax** If the amount provided for income tax in this statement differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the issuer must explain in a note the major items responsible for the difference and their amounts. The rate of tax applicable to the franking amount per dividend should be inserted in the heading for the column "Franking rate applicable" for items in *section 9*.
5. **Consolidated statement of financial position**

**Format** The format of the consolidated statement of financial position should be followed as closely as possible. However, additional items may be added if greater clarity of exposition will be achieved, provided the disclosure still meets the requirements of *AASB 134: Interim Financial Reporting*, and *AASB 101: Presentation of Financial Statements*. Banking institutions, trusts and financial institutions may substitute a clear liquidity ranking for the Current/Non-Current classification.

**Basis of revaluation** If there has been a material revaluation of non-current assets (including investments) since the last annual report, the *issuer* must describe the basis of revaluation adopted. The description must meet the requirements of *AASB 116: Property, Plant and Equipment*. If the *issuer* has adopted a procedure of regular revaluation, the basis for which has been disclosed and has not changed, no additional disclosure is required.
6. **Consolidated statement of cash flows** For definitions of "cash" and other terms used in this statement see *AASB 107: Cash Flow Statements*. *Issuers* should follow the form as closely as possible, but variations are permitted if the *directors* (in the case of a trust, the management company) believe that this presentation is inappropriate. However, the presentation adopted must meet the requirements of *AASB 107*.
7. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary *securities* (i.e. all liabilities, preference shares, outside equity interests, etc). Mining *issuers* are *not* required to state a net tangible asset backing per ordinary *security*.
8. **Gain and loss of control over entities** The gain or loss must be disclosed if it has a material effect on the consolidated financial statements. Details must include the contribution for each gain or loss that increased or decreased the *issuer's* consolidated operating profit (loss) after tax by more than 5% compared to the previous corresponding period.



9. **Equity accounting** If an *issuer* adopts equity accounting, no comparative equity accounting figures are required in the first period following its adoption.
10. **Rounding of figures** This statement anticipates that the information required is given to the nearest \$1,000. However, an *issuer* may report exact figures, if the \$A'000 headings are amended. If an *issuer* qualifies under ASIC Class Order 98/0100 dated 15 July 2004, it may report to the nearest million dollars, or to the nearest \$100,000, if the \$A'000 headings are amended.
11. **Comparative figures** Comparative figures are to be presented in accordance with AASB 101: *Presentation of Financial Statements* or AASB 134: *Interim Financial Reporting* as appropriate and are the unadjusted figures from the last annual or half year report as appropriate. However, if the previously reported figures are adjusted to achieve greater comparability, in accordance with an accounting standard or other reason, a note explaining the adjustment must be included with this statement. If no adjustment is made despite a lack of comparability, a note explaining the position should be attached.
12. **Additional information** An *issuer* may disclose additional information about any matter, and must do so if the information is material to an understanding of the financial statements. The information may be an expansion of the material contained in this statement, or contained in a note attached to the statement. The requirement under the listing rules for an *issuer* to complete this statement does not prevent the *issuer* issuing statements more frequently. Additional material lodged with the ASIC under the *Corporations Act* must also be given to the *Exchange*. For example, a *directors'* report and declaration, if lodged with the ASIC, must be given to the *Exchange*.
13. **Accounting Standards** the *Exchange* will accept, for example, the use of International Accounting Standards for *foreign issuers*. If the standards used do not address a topic, the Australian standard on that topic (if one exists) must be complied with.
14. **Borrowing corporations** This statement may be able to be used by an *issuer* required to comply with the *Corporations Act* as part of its half yearly financial statements if prepared in accordance with Australian Accounting Standards.
15. **Details of expenses** AASB 101: *Presentation of Financial Statements* requires disclosure of expenses according to either their nature or function. For foreign entities, there are similar requirements in other accounting standards accepted by the *Exchange*. *Issuers* must disclose details of expenses using the layout (by nature or function) employed in their accounts.

The information in *items 7.1 - 7.2* may be provided in an attachment to Appendix 3

**Relevant items** AASB 101: *Presentation of Financial Statements* requires the separate disclosure of specific revenues and expenses which are of a size, nature or incidence that disclosure is *relevant*, as defined in AASB 101, in explaining the financial performance of the *issuer*. There is an equivalent requirement in AASB 134: *Interim Financial Reporting*. For foreign entities, there are similar requirements in other accounting standards accepted by the *Exchange*.

16. **Dollars** If reporting is not in A\$, all references to \$A must be changed to the reporting currency. If reporting is not in thousands of dollars, all references to "000" must be changed to the reporting value.
17. **Discontinuing operations**

Entities must either provide a description of any significant activities or events relating to discontinuing operations equivalent to that required by *paragraph 7.5 (g) of AASB 134: Interim Financial Reporting*, or, the details of discontinuing operations they are required to disclose in their accounts in accordance with AASB 5: *Non-current Assets for Sale and Discontinued Operations*

In any case, the information may be provided as an attachment to this Appendix 3.



# **Sarina and District Community Financial Services Limited**

## **Financial Statements**

**30 June 2014**



Sarina and District Community Financial Services Limited  
ABN 28 112 407 182  
Directors' report

Your directors submit the financial statements of the company for the financial year ended 30 June 2014.

**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.

Special responsibilities: Chairman, Business Development Committee

Interest in shares: 15,001

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 LifeLine councillor.

Special responsibilities: Company secretary, Marketing & Grants Committee

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.

Special responsibilities: Treasurer

Interest in shares: 1,251

Dr. Natasja Steenkamp

Director

Academic

Dr Natasja Steenkamp is a Senior Lecturer in Accounting in the School of Commerce and Law at CQUnivesity, Mackay campus. She teaches Financial Management Accounting courses at undergraduate levels. Natasja gained her PhD in Accounting from AUT University in New Zealand, and also holds a Bachelor of Commerce, a Bachelor of Commerce Honours, and a Master of Commerce degree as well as a Certificate in Tertiary Education. She has worked in Academia in South Australia for 6 years and in New Zealand for 11 years and has taught auditing and a range of accounting subjects at undergraduate and postgraduate levels. Natasja qualified as a Chartered accountant in South Africa. She has worked in a number of different capacities in the corporate world for 11 years, including as a manger in the National Technical departments of PwC and of KPMG Chartered Accountants in South Africa and New Zealand respectively. Natasja also had her own Chartered Accountant practice in South Africa for several years.

Special responsibilities: Chair of Audit and Governance Committee

Interest in shares: Nil

Jeffrey William Burt

Director

Self Employed business manager with Burt's Machinery Service's Pty Ltd

Many years experience in small business and rural pursuits. Previously sat on management board for large scale dredging operation in Papua New Guinea. Familiar with Quality Control and Safety Management systems. Chairman of Cliftonville Rural Fire Brigade, Treasurer Rotary Club of Sarina, Member of Mackay Sarina Clay Target Club

Special responsibilities: Audit and Governance Committee

Interest in shares: Nil



Sarina and District Community Financial Services Limited  
ABN 28 112 407 182  
Directors' report

**Directors (continued)**

Karen Lesley May  
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 own and operate Eagle Boys Pizza and have been for past eight years.

Special responsibilities: Marketing & Grants Committee

Interest in shares: 1,000

Maree Gail Franettovich

Director (*Appointed 28 November 2013*)

Occupation: Associate Lecturer, School of Business & Law CQUniversity Mackay & Director, Business Services Network Pty Ltd Associate Lecturer in Management, Human resources and Marketing at CQUniversity Mackay; and Director of Business Services Network Pty Ltd, a boutique consultancy, dedicated to carefully tailored and integrated strategic business solutions with a key focus on the right people management and implementing specialised business frameworks. Throughout her career Maree has applied her professional expertise in management, human resources, marketing and corporate communications across a diverse range of industries in Australia, including the federal parliament, tourism, higher education, financial sector, health services, agribusiness, transport and logistics, and civil construction, as well as overseas. Maree holds a Bachelor of Business Management and Human Resources and a Graduate Diploma of Management, and is an Accredited Vocational and Workplace Trainer. Maree is a member of the Australian Institute of Company Directors, Australian Institute of Management, and Australian Institute of Training and Development. Maree has supported community organisations over the years providing professional services on a pro bono basis.

Special responsibilities: Chair - Marketing & Grants Committee

Interest in shares: Nil

Amanda Marie Pelagalli

Director (*Appointed 26 September 2013*)

Self-employed (Marketing Consulting)

Amanda owns a local Marketing consulting firm based in Mackay, called Heed Business Design. Prior to starting the business in March 2013, she spent 3 years in the Financial Planning industry, 3 years working in Tourism and 1 year managing a local Accounting firm. In Amanda's profession she has been accepted & contribute on a national panel, made up of only 20 Marketers for the company Media Connections.

Special responsibilities: Business Development Committee

Interest in shares: Nil

Timothy David Kummerfeld

Director (*Appointed 26 September 2014*)

Accountant

B. Bus (Acc), CPA, Dip FS, JP (Qual). Experience in the Accounting Industry, has advised clients both small and large in both income tax and business strategy.

Special responsibilities: Business Development Committee, Audit and Governance Committee

Interest in shares: Nil

Sonja Synnove Solli

Director (*Resigned 9 November 2013*)

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.

Special responsibilities: Marketing & Grants Committee, Audit and Governance Committee

Interest in shares: 5,000

Aleesha Joy Birch

Director (*Resigned 30 August 2013*)

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.

Special responsibilities: Nil

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.



**Sarina and District Community Financial Services Limited**  
**ABN 28 112 407 182**  
**Directors' report**

**Company Secretary**

The company secretary is Lesley Christine Ward. Lesley 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 financial year were facilitating **Community Bank®** services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

There have 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	Year ended
30 Jun 14	30 Jun 13
\$	\$
164,642	174,394

**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 \$1,150,165 (2013) to \$1,184,191 an increase of 3%.

This reflects a success in our marketing strategies to increase the business on the books from \$122,024,000(2012-2013) to \$143,245,000 an increase of 18.3%. As can be seen from these figures business competition has been more intense during the year and the increase in business on the books did not produce an equal percentage increase in revenue.

**Financial Position**

Our financial position remains strong. Net profit has decreased from \$174,394 (2012-2013) to \$164,641. 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:-

Net asset position has grown from \$623,484 (2012-2013) to \$726,916 an increase of 16.59%.

Dividend whilst the same as the previous year at 8.5 cents per share was for the first time fully franked which equates to a much more valuable dividend.

**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.

**Prospects for future financial years**

Given the current economic conditions in our area the Directors believe that 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 which is expanding will continue to auger well for increased growth in business activity.

**Branch refurbishment**

In March 2014 the Board completed a major refurbishment of the Banking premises to improve functionality. This was the first major change in the premises in over 9 years. It will auger well for conduct of the business for many years to come. A major part of the re-refurbishment was to create one additional office so that customer needs can be serviced more effectively.



Sarina and District Community Financial Services Limited  
ABN 28 112 407 182  
Directors' report

**Remuneration Report**

**(a) Remuneration of Directors**

All Directors of the Company are on a voluntary basis, therefore no remuneration guidelines have been prepared.

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.

**(b) Remuneration of Branch Manager**

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.

**Transactions with directors**

\$

Timothy David Kummerfeld provided consultancy services on 23/08/2013 which occurred before his appointment as a director on 26/09/2013

3,500

**Directors shareholdings**

Ralph Godschall Johnson  
Lesley Christine Ward  
Rodney David Nunn  
Dr. Natasja Steenkamp  
Jeffrey William Burt  
Karen Lesley May  
Maree Gail Franettovich (*Appointed 28 November 2013*)  
Amanda Marie Pelagalli (*Appointed 26 September 2013*)  
Timothy David Kummerfeld (*Appointed 26 September 2014*)  
Sonja Synnove Solli (*Resigned 9 November 2013*)  
Aleesha Joy Birch (*Resigned 30 August 2013*)

Balance at start of the year	Changes during the year	Balance at end of the year
15,001	-	-
1,001	-	-
1,251	-	-
-	-	-
-	-	-
1,000	-	-
-	-	-
-	-	-
-	-	-
5,000	-	-
-	-	-

**Dividends**

- Dividends paid in the year

Year ended 30 June 2014	
Cents	\$
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.



**Sarina and District Community Financial Services Limited**  
**ABN 28 112 407 182**  
**Directors' report**

**Events since the end of the financial year**

There are no matters 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.

**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.

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:

	Board Meetings		Committee Meetings Attended			
	Attended		Audit & Governance		Marketing/Grants	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Ralph Godschall Johnson	10	10	-	-	-	-
Lesley Christine Ward	10	10	-	-	10	10
Rodney David Nunn	10	10	-	-	-	-
Dr. Natasja Steenkamp	10	6	1	1	-	-
Jeffrey William Burt	10	9	1	1	-	-
Karen Lesley May	10	6	-	-	4	2
Maree Gail Franettovich ( <i>Appointed 28 November 2013</i> )	5	5	-	-	5	5
Amanda Marie Pelagalli ( <i>Appointed 26 September 2013</i> )	8	6	-	-	-	-
Timothy David Kummerfeld ( <i>Appointed 26 September 2014</i> )	8	5	-	-	-	-
Sonja Synnove Solli ( <i>Resigned 9 November 2013</i> )	5	3	-	-	4	1
Aleesha Joy Birch ( <i>Resigned 30 August 2013</i> )	-	-	-	-	-	-

**Proceedings on behalf of the company**

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.



Sarina and District Community Financial Services Limited  
ABN 28 112 407 182  
Directors' report

**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 (Andrew 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 and governance 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 did 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 and governance 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.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

Signed in accordance with a resolution of the board of directors at Sarina, Queensland on 8 September 2014.



Rodney David Nunn, Director/Treasurer




Lesley Christine Ward, Director/Secretary



**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, during the year ended 30 June 2014 there have been no contraventions of:

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



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

Dated: 8 September 2014



**Sarina and District Community Financial Services Limited**  
**ABN 28 112 407 182**  
**Statement of Comprehensive Income**  
**for the year ended 30 June 2014**

	Notes	2014 \$	2013 \$
Revenue from ordinary activities	4	1,184,191	1,150,165
Employee benefits expense		(447,455)	(409,612)
Charitable donations, sponsorship, advertising and promotion		(221,065)	(265,336)
Occupancy and associated costs		(73,275)	(68,727)
Systems costs		(27,040)	(23,067)
Depreciation and amortisation expense	5	(36,806)	(26,475)
General administration expenses		(143,317)	(107,814)
<b>Profit before income tax expense</b>		<b>235,233</b>	<b>249,134</b>
Income tax expense	6	(70,591)	(74,740)
<b>Profit after income tax expense</b>		<b>164,642</b>	<b>174,394</b>
<b>Total comprehensive income for the year</b>		<b>164,642</b>	<b>174,394</b>
<b>Earnings per share for profit attributable to the ordinary shareholders of the company:</b>		¢	¢
Basic earnings per share	19	22.86	24.22

The accompanying notes form part of these financial statements



Sarina and District Community Financial Services Limited  
ABN 28 112 407 182  
Balance Sheet  
as at 30 June 2014

	Notes	2014 \$	2013 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	549,146	450,567
Trade and other receivables	8	77,672	58,321
<b>Total Current Assets</b>		<b>626,818</b>	<b>508,888</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	9	238,544	151,101
Intangible assets	10	13,951	27,901
<b>Total Non-Current Assets</b>		<b>252,495</b>	<b>179,002</b>
<b>Total Assets</b>		<b>879,313</b>	<b>687,890</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	12	135,440	15,568
Income tax payable	11	13,907	45,733
Deferred tax liability	11	3,050	3,105
<b>Total Liabilities</b>		<b>152,397</b>	<b>64,406</b>
<b>Net Assets</b>		<b>726,916</b>	<b>623,484</b>
<b>Equity</b>			
Issued capital	13	688,018	688,018
Retained earnings/(Accumulated losses)	14	38,898	(64,534)
<b>Total Equity</b>		<b>726,916</b>	<b>623,484</b>

The accompanying notes form part of these financial statements



**Sarina and District Community Financial Services Limited**  
**ABN 28 112 407 182**  
**Statement of Changes in Equity**  
**for the year ended 30 June 2014**

	Issued capital \$	Retained earnings \$	Total equity \$
<b>Balance at 1 July 2012</b>	<u>688,018</u>	<u>(177,718)</u>	<u>510,300</u>
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>174,394</u>	<u>174,394</u>
<b>Transactions with owners in their capacity as owners:</b>			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(61,210)	(61,210)
<b>Balance at 30 June 2013</b>	<u><u>688,018</u></u>	<u><u>(64,534)</u></u>	<u><u>623,484</u></u>
<b>Balance at 1 July 2013</b>	<u>688,018</u>	<u>(64,534)</u>	<u>623,484</u>
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>164,642</u>	<u>164,642</u>
<b>Transactions with owners in their capacity as owners:</b>			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(61,210)	(61,210)
<b>Balance at 30 June 2014</b>	<u><u>688,018</u></u>	<u><u>38,898</u></u>	<u><u>726,916</u></u>

The accompanying notes form part of these financial statements



Sarina and District Community Financial Services Limited  
ABN 28 112 407 182  
Statement of Cash Flows  
for the year ended 30 June 2014

	Notes	2014 \$	2013 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		1,282,743	1,266,763
Payments to suppliers and employees		(1,015,308)	(962,387)
Interest received		11,131	11,264
Income taxes paid		(102,472)	(38,084)
<b>Net cash provided by operating activities</b>	15	<u>176,094</u>	<u>277,556</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(16,306)	(43,684)
<b>Net cash provided used in investing activities</b>		<u>(16,306)</u>	<u>(43,684)</u>
<b>Cash flows from financing activities</b>			
Dividends paid		(61,210)	(61,210)
<b>Net cash used in financing activities</b>		<u>(61,210)</u>	<u>(61,210)</u>
<b>Net increase in cash held</b>		98,578	172,662
Cash and cash equivalents at the beginning of the financial year		450,567	277,905
<b>Cash and cash equivalents at the end of the financial year</b>	7(a)	<u><u>549,145</u></u>	<u><u>450,567</u></u>

The accompanying notes form part of these financial statements



**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 amended accounting standards**

The company adopted the following standards and amendments, mandatory for the first time for the annual reporting period commencing 1 July 2013:

- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements.
- AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, AASB 128 Investments in Associates and Joint Ventures, AASB 127 Separate Financial Statements and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards.
- AASB 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039.
- AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and other Amendments which provides an exemption from the requirement to disclose the impact of the change in accounting policy on the current period.
- AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13.
- AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011).
- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle.
- AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities.



Sarina and District Community Financial Services Limited  
ABN 28 112 407 182  
Notes to the Financial Statements  
for the year ended 30 June 2014

**Note 1. Summary of significant accounting policies (*continued*)**

**a) Basis of preparation (*continued*)**

*Adoption of new and amended accounting standards (*continued*)*

AASB 2011-4 removes the individual key management personnel disclosure requirements in AASB 124 Related Party Disclosures. As a result the company now only discloses the key management personnel compensation in total and for each of the categories required in AASB 124. Detailed key management personnel compensation is outlined in the remuneration report, included as part of the directors' report.

The adoption of revised standard AASB 119 has resulted in a change to the accounting for the company's annual leave obligations. As the entity does not expect all annual leave to be taken within 12 months of the respective service being provided, annual leave obligations are now classified as long-term employee benefits in their entirety. This changes the measurement of these obligations, as the entire obligation is now measured on a discounted basis and no longer split into a short-term and a long-term portion. However, the impact of this change is considered immaterial on the financial statements overall as the majority of the annual leave is still expected to be taken within 12 months after the end of the reporting period.

None of the remaining new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2013 affected any of the amounts recognised in the current period or any prior period and are 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 2013.

**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 branch operate 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®** branch 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
- sales techniques and proper customer relations.



**Note 1. Summary of significant accounting policies (*continued*)**

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 benefits 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 (i.e. '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.

The second source of revenue is commission paid by Bendigo and Adelaide Bank Limited on the other products and services provided through the company (i.e. '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 (i.e. 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.



**Sarina and District Community Financial Services Limited**  
**ABN 28 112 407 182**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2014**

**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 are 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

**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.



**Note 1. Summary of significant accounting policies (*continued*)**

**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) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in the Statement of Comprehensive Income. Available-for-sale financial assets are included in non-current assets except where that are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

*(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.

**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.



**Note 1. Summary of significant accounting policies (*continued*)**

**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 or 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

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.

**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.



**Note 2. Financial risk management (*continued*)**

(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's policy is to maintain a strong capital base so as to sustain future development of the company. The board of directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the balance sheet.

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

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 where 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%.

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 2014 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. There is therefore 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.



**Sarina and District Community Financial Services Limited**  
**ABN 28 112 407 182**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2014**

**Note 3. Critical accounting estimates and judgements (continued)**

**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.

**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.

<b>Note 4. Revenue from ordinary activities</b>	<b>2014</b> <b>\$</b>	<b>2013</b> <b>\$</b>
Operating activities:		
- services commissions	1,173,442	1,139,079
Total revenue from operating activities	<u>1,173,442</u>	<u>1,139,079</u>
Non-operating activities:		
- interest received	10,749	11,086
Total revenue from non-operating activities	<u>10,749</u>	<u>11,086</u>
Total revenues from ordinary activities	<u><u>1,184,191</u></u>	<u><u>1,150,165</u></u>



Sarina and District Community Financial Services Limited  
ABN 28 112 407 182  
Notes to the Financial Statements  
for the year ended 30 June 2014

	2014 \$	2013 \$
<b>Note 5. Expenses</b>		
Depreciation of non-current assets:		
- plant and equipment	11,491	3,904
- leasehold improvements	11,365	8,621
Amortisation of non-current assets:		
- franchise agreement	13,950	13,950
	<u>36,806</u>	<u>26,475</u>
Bad debts	<u>1,001</u>	<u>629</u>
Loss on disposal of assets	<u>15,479</u>	<u>-</u>
<b>Note 6. Income tax expense</b>		
The components of tax expense comprise:		
- Current tax	70,646	73,452
- Movement in deferred tax	(55)	-
- Recoupment of prior year tax losses	-	1,288
	<u>70,591</u>	<u>74,740</u>
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Operating profit	235,233	249,134
Prima facie tax on profit from ordinary activities at 30%	70,570	74,740
Add tax effect of:		
- non-deductible expenses	22	-
- timing difference expenses	55	(1,288)
	<u>70,646</u>	<u>73,452</u>
Movement in deferred tax	(55)	1,288
	<u>70,591</u>	<u>74,740</u>
<b>Note 7. Cash and cash equivalents</b>		
Cash at bank and on hand	63,045	14,466
Term deposits	486,101	436,101
	<u>549,146</u>	<u>450,567</u>
<b>Note 7.(a) Reconciliation to cash flow statement</b>		
The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:		
Cash at bank and on hand	63,044	14,466
Term deposits	486,101	436,101
	<u>549,145</u>	<u>450,567</u>
<b>Note 8. Trade and other receivables</b>		
Trade receivables	48,012	39,331
Other receivables and accruals	22,258	11,786
Prepayments	7,402	7,204
	<u>77,672</u>	<u>58,321</u>



Sarina and District Community Financial Services Limited  
ABN 28 112 407 182  
Notes to the Financial Statements  
for the year ended 30 June 2014

	2014 \$	2013 \$
<b>Note 9. Property, plant and equipment</b>		
Plant and equipment		
At cost	54,759	54,193
Less accumulated depreciation	(37,409)	(31,930)
	<u>17,350</u>	<u>22,263</u>
Leasehold improvements		
At cost	270,941	199,144
Less accumulated depreciation	(49,747)	(70,306)
	<u>221,194</u>	<u>128,838</u>
Total written down amount	<u>238,544</u>	<u>151,101</u>
<b>Movements in carrying amounts:</b>		
Plant and equipment		
Carrying amount at beginning	22,263	22,208
Additions	14,500	3,959
Disposals	(13,934)	-
Less: depreciation expense	(5,479)	(3,904)
Carrying amount at end	<u>17,350</u>	<u>22,263</u>
Leasehold improvements		
Carrying amount at beginning	128,838	97,734
Additions	111,278	39,725
Disposals	(17,802)	-
Less: depreciation expense	(1,120)	(8,621)
Carrying amount at end	<u>221,194</u>	<u>128,838</u>
Total written down amount	<u>238,544</u>	<u>151,101</u>
<b>Note 10. Intangible assets</b>		
Franchise fee		
At cost	71,625	71,625
Less: accumulated amortisation	(69,300)	(66,975)
	<u>2,325</u>	<u>4,650</u>
Renewal processing fee		
At cost	58,126	58,126
Less: accumulated amortisation	(46,500)	(34,875)
	<u>11,626</u>	<u>23,251</u>
Total written down amount	<u>13,951</u>	<u>27,901</u>
<b>Note 11. Tax</b>		
<b>Current:</b>		
Income tax payable	<u>13,907</u>	<u>45,733</u>
<b>Non-Current:</b>		
Deferred tax liability		
- accruals	(830)	(944)
- deductible prepayments	(2,220)	(2,161)
	<u>(3,050)</u>	<u>(3,105)</u>
Net deferred tax liability	<u>(3,050)</u>	<u>(3,105)</u>
Movement in deferred tax charged to statement of comprehensive income	<u>(55)</u>	<u>1,288</u>



Sarina and District Community Financial Services Limited  
ABN 28 112 407 182  
Notes to the Financial Statements  
for the year ended 30 June 2014

Note 12. Trade and other payables	2014 \$	2013 \$
Trade creditors	131,890	12,018
Other creditors and accruals	3,550	3,550
	<u>135,440</u>	<u>15,568</u>

**Note 13. Contributed equity**

720,109 ordinary shares fully paid (2013: 720,109)	720,109	720,109
Less: equity raising expenses	(32,091)	(32,091)
	<u>688,018</u>	<u>688,018</u>

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®** branch 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 2001*.

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").



**Sarina and District Community Financial Services Limited**  
**ABN 28 112 407 182**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2014**

**Note 13. Contributed equity (continued)**

**Prohibited shareholding interest (continued)**

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.

The National Stock Exchange (NSX) has advised that in its view the prohibited shareholding provisions are appropriate and equitable but the 'base number test' is not, as a result the base number clause does not operate whilst the company remains listed on the NSX.

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.

<b>Note 14. Retained earnings/(Accumulated losses)</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Balance at the beginning of the financial year	(64,534)	(177,718)
Net profit from ordinary activities after income tax	164,642	174,394
Dividends paid or provided for	(61,210)	(61,210)
Balance at the end of the financial year	<u>38,898</u>	<u>(64,534)</u>

**Note 15. Statement of cash flows**

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

Profit from ordinary activities after income tax	164,642	174,394
Non cash items:		
- depreciation	22,856	12,525
- amortisation	13,950	13,950
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(19,351)	32,001
- increase in payables	25,879	-
- increase in provisions	-	8,030
- increase/(decrease) in current tax liabilities	(31,881)	36,656
Net cash flows provided by operating activities	<u>176,094</u>	<u>277,556</u>

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	25,876	32,778
- between 12 months and 5 years	-	24,584
- greater than 5 years	-	-
	<u>25,876</u>	<u>57,362</u>

The property lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance. The lease is due for renewal on 1 April 2015.



Sarina and District Community Financial Services Limited  
ABN 28 112 407 182  
Notes to the Financial Statements  
for the year ended 30 June 2014

**Note 16. Auditor's remuneration**

	2014	2013
	\$	\$
Amounts received or due and receivable by the auditor of the company for:		
- audit and review services	4,950	4,950
- non audit services	2,871	2,480
	<u>7,821</u>	<u>7,430</u>

**Note 17. Director and related party 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.

Transactions with Key Management Personnel

Timothy David Kummerfeld provided consultancy services on 23/08/2013 which occurred before his appointment as a director on 26/09/2013

3,500	-
-------	---

**Note 18. Dividends paid or provided**

**a. Dividends paid during the year**

Current year dividend

100% (2013: 0%) franked dividend - 8.5 cents (2013: 8.5 cents) per share

61,210	61,210
--------	--------

The tax rate at which dividends have been franked is 30% (2013: 30%).

**b. Franking account balance**

Franking credits available for subsequent reporting periods are:

-	franking account balance as at the end of the financial year	118,004	41,765
-	franking credits that will arise from payment of income tax payable as at the end of the financial year	13,817	45,733
-	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:

131,821	87,498
---------	--------

-	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

<u>131,821</u>	<u>87,498</u>
----------------	---------------

**Note 19. Earnings per share**

(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share

164,642	174,394
---------	---------

(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share

Number	Number
720,109	720,109



**Sarina and District Community Financial Services Limited**  
**ABN 28 112 407 182**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2014**

**Note 20. Events occurring after the reporting date**

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

**Note 21. Contingent liabilities and contingent assets**

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

**Note 22. 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 23. Registered office/Principal place of business**

The entity is a company limited by shares, incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office  
37 Broad Street  
Sarina QLD 4737

Principal Place of Business  
37 Broad Street  
Sarina QLD 4737



**Sarina and District Community Financial Services Limited**  
**ABN 28 112 407 182**  
**Notes to the Financial Statements for the Year Ended 30 June 2014**

**Note 24. Financial instruments**

**Financial Instrument Composition and Maturity Analysis**

The table below reflects the undiscounted contractual settlement terms for all financial instruments, as well as the settlement period for instruments with a fixed period of maturity and interest rate.

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash and cash equivalents	63,045	14,466	486,101	436,101	-	-	-	-	-	-	1.82	2.32
Receivables	-	-	-	-	-	-	-	-	48,012	39,331	N/A	N/A
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	135,440	15,568	N/A	N/A

**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 company.

**Interest Rate Risk**

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from the interest bearing financial assets and liabilities in place subject to

**Sensitivity Analysis**

The company has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in interest rates.

As at 30 June 2014, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2014	2013
	\$	\$
Change in profit		
Increase in interest rate by 1%	630	145
Decrease in interest rate by 1%	630	145
Change in equity		
Increase in interest rate by 1%	630	145
Decrease in interest rate by 1%	630	145



**Sarina and District Community Financial Services Limited**  
**ABN 28 112 407 182**  
**Directors' Declaration**

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

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 2014 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 8th September 2014.



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

### **Report on the financial report**

I have audited the accompanying financial report of Sarina and District Community Financial Services Limited, which comprises the balance sheet as at 30 June 2014, 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**

My responsibility is to express an opinion on the financial report based on the audit. I conducted the audit in accordance with Australian Auditing Standards. These auditing standards require that I 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 my 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, I 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.

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

I 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 my understanding of the company's financial position and of its performance.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

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



## **Independence**

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

## **Auditor's opinion on the financial report**

In my opinion:

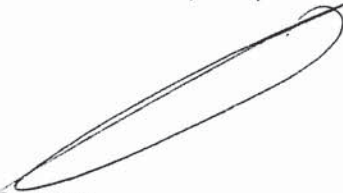
1. The financial report of Sarina and District Community Financial Services Limited is in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 30 June 2014 and of its financial performance and its cash flows for the year then ended 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**

I have audited the remuneration report included in the directors' report for the year ended 30 June 2014. 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*. My responsibility is to express an opinion on the remuneration report, based on the audit conducted in accordance with Australian Auditing Standards.

## **Auditor's opinion on the remuneration report**

In my opinion, the remuneration report of Sarina and District Community Financial Services Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.



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

Dated: 8 September 2014