



Annual Report 2014

San Remo District
Financial Services Limited

ABN 20 102 770 150

San Remo District **Community Bank**[®] Branch
Cowes **Community Bank**[®] Branch
Grantville & District **Community Bank**[®] Branch

Contents

Chairman's report	2
San Remo Manager's report	3
Cowes Manager's report	4
Grantville Manager's report	5
Bendigo and Adelaide Bank report	6
Directors' report	8
Auditor's independence declaration	13
Financial statements	14
Notes to the financial statements	18
Directors' declaration	42
Independent audit report	43
NSX report	45

Chairman's report

For year ending 30 June 2014

Our Annual General Meeting will be held at the Newhaven Yacht Club in Seaview Street, Newhaven on Monday 27 October at 7.30pm. A light supper will be served after the meeting.

The **Community Bank**[®] network has now returned in excess of \$122 million to support and strengthen local communities.

Our three branches have now contributed in excess of \$1.4 million back to our local communities and shareholders have received \$263,000 in dividends.

The major beneficiaries in the past year have been:

Defibrillator (20) various locations	\$38,600
Woolamai Surf Lifesaving Club	\$29,750
Archies Creek Hall	\$26,220
Wonthaggi Secondary College	\$15,400
Corinella Public Hall	\$15,000
San Remo Recreation Centre	\$13,749
Kilcunda Bass Football/Netball Club	\$13,000
Dalyston Football/Netball Club	\$13,000
Phillip Island Football/Netball Club	\$13,000
Wonthaggi Little Athletics	\$12,629
Bass Coast Community Health	\$11,140
Phillip Island Bowling Club	\$10,000
San Remo District Business & Tourism	\$10,000

In total for the year we funded 86 individual sponsorships and 25 grants. We have continued our four scholarships from last year and added two more for this year's university studies.

Both San Remo District and Cowes **Community Bank**[®] branches have contributed with profits for the year and Grantville & District **Community Bank**[®] branch is still moving towards being in profit.

Our three branches have a total staffing of 14 plus we have two part time in administration. We continue to get excellent service from all and I thank all the willing workers for their pleasant and beneficial outlook in servicing all our customers.

I also thank my fellow Directors and our franchise partner, Bendigo and Adelaide Bank for their continued input throughout the year.

Finally to our shareholders, who believed in the model and our customers, thanks for supporting us. In doing this, you are supporting your own community.



Terry Ashenden
Chairman

San Remo Manager's report

For year ending 30 June 2014

It is with pleasure that I again present the following results for the financial year ending June 2014 on behalf of the San Remo District **Community Bank®** Branch.

In what was again a very challenging year, the San Remo District **Community Bank®** Branch was still able to achieve some fantastic outcomes.

- Our total footings held increased to \$95 million
- Our profit was above budget by over \$63,000
- Our lending activity was again #1 in the Region
- We were ranked #1 in Australia with our mystery shopper results
- We have again contributed, along with Cowes and Grantville & District **Community Bank®** branches, over \$170,000 in community grants at our Grants night.

Sponsorship is an important part of our make up, however we also require the support coming back through our doors. This has been evident with many major sponsorships that we have been involved in this year. San Remo Channel Challenge, Kilcunda Bass & Dalyston Football Clubs to name a few, were some of the wonderful partnerships that we embarked on this year.

Thank you again to Chairman Terry and the Board for your tireless voluntary work throughout the year, and also to Sophia and her staff at our Regional Office for their continued support.

Congratulations also to the teams at Cowes and Grantville & District **Community Bank®** branches for your fantastic success over the past year.

I'd like to thank Natasha for all her great work and wish her luck as she pursues a new career in the police force. To our current staff, Tanya, Di, Marcia, thank you again for all of your support and effort throughout the year and we look forward to working together to make 2015 a successful year for the San Remo District **Community Bank®** Branch.



Michael Scott
Branch Manager
San Remo

Cowes Manager's report

For year ending 30 June 2014

It's with great pleasure I present the fifth annual report for the Cowes **Community Bank®** Branch for the financial year ending June 2014. We have had another successful year with further growth of business and my staff working closely with the community.

Once again we have focused on providing the customers with exceptional customer service, which has reflected on the growth of the branch during the financial year. The staff really enjoy assisting our customers and we look forward to building strong relationships with the Cowes and the surrounding community.

For the financial year, we have managed to increase our overall footings from \$91.7 million to \$101.1 million which is a really pleasing outcome from our team. The branch ended up exceeding budget by \$2.9 million which I was really pleased to do in these tough economic times;

- Total footings in lending at the end of the financial year stood at \$69.3 million which was an increase of \$9.1 million
- In deposits we had a slight decrease, but due to loans increasing rapidly, this was well and truly covered.

The community focus was outstanding again with another \$111,000 going back into our local community and contributing to some really exciting projects. We have continued to support events such as the Cowes Classic, Carols by the Bay, Phillip Island Football Netball Club and many more groups in our area

We have another big year ahead for us in the 2014/15 financial year with the branch setting a budget of \$7 million in footings in a tough economy, we face some challenges ahead.

I would like to take this opportunity to thank Bendigo Bank staff for all their assistance. Also a special thank you to Terry Ashenden and the Board of Directors of the San Remo District Financial Services Limited for all their support to my team as well as the other staff of the San Remo District Financial Services Limited team.

Finally, most importantly, I would like to formally congratulate my team of Robyn Thom, Robyn George, Brian Quinn, Carlie Jordan and Penny Barnett for their contribution and I look forward to having another successful year with you all.

Kind regards,



Peter Wayman
Branch Manager
Cowes

Grantville Manager's report

For year ending 30 June 2014

It is with great pleasure that I present the fourth Annual Report for the financial year ending 30 June 2014, on behalf of Grantville & District **Community Bank**[®] Branch.

In what was a very challenging year for us. Our business grew by \$4 million to \$37 million; the book is split with deposits of \$19 million and loans of \$18 million.

We have 1,640 accounts and this number continues to have steady growth each week, with our community keen to support their local **Community Bank**[®] branch. Our ATM continues to provide a valuable service processing over 3,000 transactions each month.

We have again contributed very generously within our community with over \$72,000 going back through grants and sponsorships, with some of the recipients being Kilcunda Bass Football & Netball Clubs Inc., Bass Valley Music Festival 'Serenade at Sunset', Corinella Bowling Club, Pony Club Association of Vic. West Gippsland Zone, Corinella & District Community Centre, Bass Valley Primary School Breakfast Program, Ambulance Victoria (Grantville), Corinella Public Hall, Bass Valley Community Group Inc. and Coronet Bay Combined Community Group.

We congratulate San Remo District and Cowes **Community Bank**[®] branches for their achievements this year, which again led us to another very successful Grants Program, where collectively on this one evening we distributed over \$170,000 within our vast communities. It's a proud moment seeing excited community groups being able to achieve their dreams and goals.

To the Board of San Remo District Financial Services Limited, especially our Chairman Terry Ashenden, thank you for your commitment and dedication towards leading us in the right direction.

I would like to convey my thanks to Kim, Emily, Sharon, who we farewelled in December and Jo, who we very much welcomed to our team in March. To all staff, thank you for your commitment and dedication in providing exceptional service and strengthening relationships for and with our wonderful community. Also to the staff within our company who have assisted our branch throughout this very challenging year, thank you for your support.

We are very much looking forward to the year ahead; we have a budget of \$6 million in growth to achieve. Our growth will be centred around establishing and deepening relationships.

From a **Community Bank**[®] branch perspective, these goals can only be achieved by our communities partnering our success and foremost by you supporting your local **Community Bank**[®] branch with your banking; be it loans, deposit accounts, insurances, superannuation, or any of your financial needs.

Please share our stories. Our investors, supporters and customers are our greatest advocates in encouraging others to come join and share in the **Community Bank**[®] model's success in our district.



Trudy Jamieson
Branch Manager
Grantville

Bendigo and Adelaide Bank report

For year ending 30 June 2014

The past year marked two very significant milestones for our **Community Bank**[®] network, celebrating the opening of its 300th branch while also reaching \$120 million in community contributions. Both achievements could not have been accomplished without your ongoing support as shareholders and customers.

The **Community Bank**[®] network has grown considerably since it was first launched in 1998, in partnership with the people from the western Victorian farming towns of Rupanyup and Minyip. For these communities the **Community Bank**[®] model was seen as a way to restore branch banking services to the towns, after the last of the major banks closed its doors.

Sixteen years later, the model has grown into something even bigger than that. It has rapidly developed into a partnership that generates a valued, alternative source of income for a community, funding activities or initiatives that make a local town or suburb a better place to live.

In June 2014, the network welcomed its 305th branch in Penola, South Australia, and in the same week, the Victorian coastal town of Port Fairy introduced its community to our unique style of banking. These branches join a robust and maturing banking network where valued partnerships enhance banking services, taking the profits their banking business generates and reinvesting that funding into initiatives that will ultimately strengthen their community.

The **Community Bank**[®] network has returned more than \$20 million in contributions to local communities in this financial year alone. Our branches have been able to fund projects that make a difference to a community; improved health services, sports programs, aged care facilities, education initiatives and community events that connect communities and encourage prosperity.

Demand from communities remains strong, with about 30 **Community Bank**[®] branch sites currently in development, and 10 branches expected to open nationally in the next 12 months. The network's steady expansion demonstrates the strength and relevance of a banking model where the desire to support the financial needs of customers is equalled by the desire to realise shared aspirations by harnessing the power of community.

At the end of the financial year 2013/14 the **Community Bank**[®] network had achieved the following:

- Returns to community – \$122.2 million
- **Community Bank**[®] branches – 305
- **Community Bank**[®] branch staff – more than 1,500
- **Community Bank**[®] company Directors – 1,900
- Banking business – \$24.46 billion
- Customers – 550,000
- Shareholders – 72,000
- Dividends paid to shareholders since inception – \$36.7 million.

The communities we partner with also have access to Bendigo and Adelaide Bank's extensive range of other community building solutions including the Community Enterprise Foundation[™] (philanthropic arm), Community Sector Banking (banking service for not-for-profit organisations), Generation Green[™] (environment and sustainability initiative), Community Telco[®] (telecommunications solution), tertiary education scholarships and Connected Communities Enterprises that provide **Community Bank**[®] companies with further development options.

Bendigo and Adelaide Bank report (continued)

In September last year the Bank announced it would commence a comprehensive review of the **Community Bank®** model. The intention of the review is to rigorously explore and analyse the model, setting the vision and strategy for a sustainable and successful commercial model, regardless of changes to operational and market conditions. An update of this review will be provided at the **Community Bank®** National Conference in Darwin in September.

Bendigo and Adelaide Bank's vision is to be Australia's most customer-connected bank. We believe our strength comes from our focus on the success of our customers, people, partners and communities. We take a 100-year view of our business; we respectfully listen and respond to every customer's choice, needs and objectives. We partner for sustainable long-term outcomes and aim to be relevant, connected and valued.

To this aim, the Bank supports the Financial Systems Inquiry (FSI) which calls for an even playing field for all banks in an effort to increase customer choice. It takes a principled approach to governing, encouraging banks to consider all members of a community when they do business.

Bendigo and Adelaide Bank is a signatory to the Regional Banking submission in collaboration with Bank of Queensland, Suncorp and ME Bank, while our independent submission focuses on the important role banks play in communities.

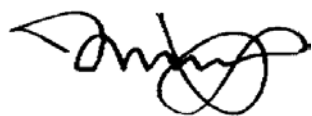
Banks inject a high-level of capability and knowledge in the places they operate, supporting the sustainability of communities and helping to ensure they're viable. The Bank calls for a framework that incentivises banks, and the people who work for them, to be good corporate citizens, while promoting ethical decision making, innovation and better outcomes for customers and communities.

This financial year we launched our new www.bendigobank.com.au website. Packed with useful information and easy to access online services, our 1.4 million customers can easily connect with us at home, at work or on their mobile or tablet as well as learn more about our commitment to strengthening and supporting local communities.

In line with increasing demand for "anywhere, anytime" banking, we're excited about the impending introduction of our improved online banking platform to our customers later this year.

As **Community Bank®** shareholders you are part of something special, a unique banking movement founded on a whole new way of thinking about banking and the role it plays in modern society.

The **Community Bank®** model is the ultimate example of a win/win partnership and I thank you for your important support of your local **Community Bank®** branch.



Robert Musgrove
Executive Community Engagement

Directors' report

For the financial year ended 30 June 2014

Your Directors present their report of the company for the financial year ended 30 June 2014. The information in the preceding operating and financial review forms part of this Directors' report for the financial year ended 30 June 2014 and is to be read in conjunction with the following information:

Directors

The following persons were Directors of San Remo District Financial Services Limited during or since the end of the financial year up to the date of this report:

Name and position held	Qualifications	Experience and other Directorships
Terry Ashenden Director since 08/11/2002 Chairman		
Joan Matthews Director since 08/11/2002 Director		
Miranda Sage Director since 08/11/2002 Director	Pharmaceutical Chemist Ph. C.	Former councillor and mayor of Bass Coast Shire, Chief pharmacist at Wonthaggi Hospital.
Caroline Talbot Director since 25/10/2004 Director	Cert III Business Administration Justice of the Peace	25 years school office Manager, member of Community Advisory Group, Wonthaggi Regional Health.
Janice Rowlingson Director since 25/10/2004 Director		
Bruce Procter Director since 24/10/2005 Director	Cert Course in Post Office Administration	Past Director of Warley Hospital, past Director of Bass Coast Regional Health.
Craig Semple Director since 29/10/2007 Director	B Theol Previous Registered Nurse	2-3 years Board of East Bentleigh Community Health.
Kathy Jones Director since 26/10/2009 Director	Diploma Education Diploma Applied Science	
Patrick Russell Director since 26/10/2009 Director	Cert IV Training Diploma Management	

Directors' report (continued)

Directors (continued)

Name and position held	Qualifications	Experience and other Directorships
Peter Paul Director since 24/10/2011 Director	B.A., B. Ed B. Tech T.P.T.C	30 years school principal, former councillor and mayor of Bass Coast Shire.
Anthony Zoanetti Director since 24/10/2011 Director		

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

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

Principal activities

The principal activities of the company during the course of the financial year were in providing **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.

Review of operations

The profit/(loss) of the company for the financial year after provision for income tax was \$125,214 (2013 profit/(loss): \$86,902), which is a 44% increase as compared with the previous year.

The net assets of the company have increased to \$1,423,216 (2013: \$1,379,513). The increase/ decrease is largely due to established profitability of all three bank branches.

Dividends

	Year ended 30 June 2014	
	Cents per share	\$
Dividends paid in the year (interim /or final) dividend:	6	89,324

Significant changes in the state of affairs

No significant changes in the company's state of affairs occurred during the financial year.

Events subsequent to reporting date

No matters or circumstances have arisen since the end of the financial year that significantly affect or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company, in future financial years.

Remuneration report

Remuneration policy

There has been no remuneration policy developed as Director positions are held on a voluntary basis and Directors are not remunerated for their services.

Directors' report (continued)

Remuneration report (continued)

Remuneration benefits and payments

Other than detailed below, no Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

The San Remo Financial Services Limited has not accepted the Bendigo and Adelaide Bank Limited's **Community Bank®** Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilize the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be \$Nil for the year ended 30 June 2014.

Joan Matthews is a Director of and shareholder in Park Accommodation (Vic) Pty Ltd, which owns the premises situated at 103A Marine Parade, San Remo. The company has entered into a lease arrangement with Park Accommodation (Vic) Pty Ltd with regard to these premises. During the year ended 30 June 2014 \$29,334 (2013: \$27,541) was paid in relation to this lease.

Newhaven Hardware & Plant Hire, of which Terry Ashenden is a partner, received \$3,600 (2013: \$3,600) in respect of the lease and associated outgoings for the office space for San Remo District Financial Services Limited.

Indemnifying Officers or Auditor

The company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The company also has Officers Insurance for the benefit of Officers of the company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the company or in or arising out of the discharge of the Officer's duties.

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.

Directors' meetings

The number of Directors' meetings held during the year were 11. Attendances by each Director during the year were as follows:

Director	Board meetings #
Terry Ashenden	11 (11)
Joan Matthews	9 (11)
Miranda Sage	7 (11)
Caroline Talbot	9 (11)
Janice Rowlingson	10 (11)

Directors' report (continued)

Directors' meetings (continued)

Director	Board meetings #
Bruce Procter	10 (11)
Craig Semple	10 (11)
Kathy Jones	8 (11)
Patrick Russell	7 (11)
Peter Paul	9 (11)
Anthony Zoanetti	10 (11)

The first number is the meetings attended while in brackets is the number of meetings eligible to attend.

N/A - not a member of that committee.

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation. However, the Board believes that the company has adequate systems in place for the management of its environment requirements and is not aware of any breach of these environmental requirements as they apply to the company.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or 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 any part of those proceedings. The company was not a party to any such proceedings during the year.

Company Secretary

Leonie Gardiner has been the Company Secretary of San Remo Financial Services Limited since 2011. Leonie has worked in the family business since 1998. Prior to this she was office Manager for various other businesses.

Non audit services

The Board of Directors, in accordance with advice from the audit committee, are satisfied that the provision of non audit services during the year is compatible with the general standard of independence for Auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed in Note 5 did not compromise the external Auditor's independence for the following reasons:

- all non audit services are reviewed and approved by the Audit Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the Auditor; and
- the nature of the services provided does not compromise the general principles relating to Auditor independence in accordance with APES 110 "Code of Ethics for Professional Accountants" set by the Accounting Professional and Ethical Standards Board.

Directors' report (continued)

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 13 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Signed in accordance with a resolution of the Board of Directors at Newhaven on 8 September 2014.



Terence Stirling Ashenden
Director

Auditor's independence declaration



**Richmond
Sinnott &
Delahunty**

Chartered Accountants

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

Ph: (03) 5445 4200
Fax: (03) 5444 4344
rsd@rsdadvisors.com.au
www.rsdadvisors.com.au

8 September 2014

The Directors
San Remo District Financial Services Limited
103A Marine Parade
Can Remo VIC 3925

Dear Directors

To the Directors of San Remo District Financial Services Limited

Auditor's Independence Declaration under section 307C of the Corporations Act 2001

I declare that to the best of my knowledge and belief, during the year ended 30 June 2014 there has been:

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

P. P. Delahunty
Partner
Richmond Sinnott & Delahunty

Richmond Sinnott Delahunty Pty Ltd
ABN 60 616 244 309
Liability limited by a scheme approved under Professional Standards Legislation

Partners:
Kathie Teasdale
David Richmond
Philip Delahunty
Cara Hall
Brett Andrews

Financial statements

Statement of profit or loss and other comprehensive income for the year ended 30 June 2014

	Note	2014 \$	2013 \$
Revenue	2	2,208,414	2,030,256
Employee benefits expense	3	(961,728)	(833,089)
Depreciation and amortisation expense	3	(82,627)	(106,414)
Finance costs	3	(1,561)	(4,120)
Bad and doubtful debts expense	3	(836)	(500)
Rental expense		(106,295)	(110,701)
Other expenses		(365,864)	(419,737)
Operating profit/(loss) before charitable donations & sponsorships		689,503	555,695
Charitable donations and sponsorships		(450,462)	(416,496)
Profit/(loss) before income tax expense		239,041	139,199
Tax expense / (benefit)	4	113,827	52,297
Profit/(loss) for the year		125,214	86,902
Other comprehensive income		-	-
Total comprehensive income		125,214	86,902
Profit/(loss) attributable to:			
Members of the company		-	-
Total		125,214	86,902
Earnings per share (cents per share)			
- basic for profit / (loss) for the year	21	8.79	6.14
- diluted for profit / (loss) for the year	21	8.79	6.14

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of financial position as at 30 June 2014

	Note	2014 \$	2013 \$
Assets			
Current assets			
Cash and cash equivalents	6	608,305	1,086,061
Trade and other receivables	7	184,555	153,206
Total current assets		792,860	1,239,267
Non-current assets			
Property, plant and equipment	8	1,206,734	409,060
Deferred tax asset	4	25,310	21,046
Intangible assets	9	38,067	60,020
Total non-current assets		1,270,111	490,126
Total assets		2,062,971	1,729,393
Liabilities			
Current liabilities			
Trade and other payables	10	7,561	70,455
Loans and borrowings	11	50,602	11,824
Provisions	12	247,077	190,701
Total current liabilities		305,240	272,980
Non current liabilities			
Loans and borrowings	11	313,898	13,215
Deferred tax liability	4	18,603	63,685
Total non current liabilities		332,501	76,900
Total liabilities		637,741	349,880
Net assets / (liabilities)		1,425,230	1,379,513
Equity			
Issued capital	13	1,423,739	1,415,926
Retained earnings / (accumulated losses)	14	(523)	(36,413)
Total equity		1,423,216	1,379,513

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of changes in equity for the year ended 30 June 2014

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2012		1,415,926	(33,991)	1,381,935
Total comprehensive income for the year		-	86,902	86,902
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	22	-	(89,324)	(89,324)
Balance at 30 June 2013		1,415,926	(36,413)	1,379,513
Balance at 1 July 2013		1,415,926	(36,413)	1,379,513
Total comprehensive income for the year		-	125,214	125,214
Transactions with owners, in their capacity as owners				
Reversal of equity raising costs		7,813		
Shares issued during the year		-	-	-
Dividends paid or provided	22	-	(89,324)	(89,324)
Balance at 30 June 2014		1,423,739	(523)	1,415,403

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of cash flows for the year ended 30 June 2014

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Receipts from customers		2,323,875	2,006,838
Payments to suppliers and employees		(2,151,462)	(1,726,366)
Other income		-	1,707
Interest paid		(3,435)	(4,120)
Interest received		22,959	29,505
Income tax paid		-84,601	(48,056)
Net cash provided by/(used in) operating activities	15b	107,336	259,508
Cash flows from investing activities			
Proceeds from sale of property, plant & equipment		-	18,954
Proceeds from sale of investments		-	-
Purchase of property, plant & equipment		(845,878)	(7,521)
Net cash flows from/(used in) investing activities		(845,878)	11,433
Cash flows from financing activities			
Proceeds from borrowings		339,461	-
Repayment of borrowings		-	(32,691)
Adjustment to share capital		7,813	-
Dividends paid		(88,502)	(89,324)
Net cash provided by/(used in) financing activities		258,772	(122,015)
Net increase/(decrease) in cash held		(479,770)	148,926
Cash and cash equivalents at beginning of financial year		1,086,061	937,135
Cash and cash equivalents at end of financial year	15a	606,291	1,086,061

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2014

These financial statements and notes represent those of San Remo District Financial Services Limited.

San Remo District Financial Services Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 8 September 2014.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The company is a for profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

(b) Income tax

The income tax expense / (income) for the year comprises current income tax expense / (income) and deferred tax expense / (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/ (assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

(c) Fair value of assets and liabilities

The company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(c) Fair value of assets and liabilities (continued)

As fair value is a market-based measure, the closes equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair value of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of the liabilities and the entity's own equity instruments may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted, and where significant, are detailed in the respective note to the financial statements.

(d) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are measured at cost and therefore are carried at cost less accumulated depreciation and any accumulated impairment. In the even the carrying amount of land and buildings is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of land and buildings is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses related to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

Class of asset	Depreciation rate
Buildings	3%
Leasehold improvements	4-5%
Plant & equipment	10-20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An assets' carrying amount is written down immediately to its recoverable amount if the assets' carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(e) 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 entities in the company, are classified as finance leases.

Finance leases are capitalised by recognising 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 recognised as expenses in the periods in which they are incurred.

(f) Impairment of assets

At each reporting period, the company assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(g) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(h) Employee benefits

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations.

The company's obligation for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(i) Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the Statement of Profit or Loss and Other Comprehensive Income.

(j) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(k) Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Revenue comprises service commissions and other income received by the company.

Interest, dividend and fee revenue is recognised when earned.

All revenue is stated net of the amount of goods and services tax (GST).

(l) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(m) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(n) Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they relate.

(o) New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company.

The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in the future reporting periods is set below:

(i) AASB 9 Financial Instruments and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

This Standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

Although the Directors anticipate that the adoption of AASB 9 may have an impact on the company's financial instruments, it is impractical at this stage to provide a reasonable estimate of such impact.

(ii) AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to impact the company's financial statements.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(o) New accounting standards for application in future periods (continued)

(iii) AASB 2013-3: Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard amends the disclosure requirements in AASB 136: Impairment of Assets pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the company's financial statements.

(p) Loans and borrowings

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

(q) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which is probable that the outflow of economic benefits will result and the outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

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.

(r) Share capital

Issued and paid up capital is 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.

(s) Comparative figures

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

(t) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company. Estimates and judgements are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and judgements that have a significant risk of causing material adjustments to the carrying values of assets and liabilities are as follows:

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation changes for its property, plant and equipment and intangible assets. The depreciation and amortisation charge will increase where useful lives are less than previously estimated lives.

Fair value assessment of non-current physical assets

The new AASB 13 Fair Value standard requires fair value assessments that may involved both complex and significant judgement and experts. The value of land and buildings may be materially misstated and potential classification and disclosure risks may occur.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(t) Critical accounting estimates and judgements (continued)

Employee benefits provision

Assumptions required for wage growth and CPI movements. The likelihood of employees reaching unconditional service is estimated. Treatment of leave under updated AASB 119 standard.

Income tax

The company is subject to income tax. Significant judgement is required in determining the deferred tax asset or the provision for income tax liability. Deferred tax assets are recognised only when it is considered sufficient future profits will be generated. The assumptions made regarding future profits is based on the company's assessment of future cash flows.

Impairment

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

(u) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to the profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discount estimated future cash payments or receipts over the expected life (or where this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability.

(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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Financial liabilities

Non derivative financial liabilities are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(u) Financial instruments (continued)

Impairment

A financial asset (or group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency on interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial asset is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to receipt of cash flows expire 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. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

	2014 \$	2013 \$
Note 2. Revenue and other income		
Revenue		
- services commissions	2,184,692	1,999,044
	2,184,692	1,999,044
Other revenue		
- interest received	22,959	29,505
- other revenue	763	1,707
	23,722	31,212
Total revenue	2,208,414	2,030,256

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 3. Expenses		
Employee benefits expense		
- wages and salaries	823,846	701,748
- superannuation costs	73,145	68,581
- other costs	64,737	62,760
	961,728	833,089
Depreciation of non-current assets:		
- plant and equipment	48,204	46,659
Amortisation of non-current assets:		
- intangible assets	34,423	59,755
	82,627	106,414
Finance costs:		
- Interest paid	1,561	4,120
Bad debts	836	500

Note 4. Tax expense

a. The components of tax expense/(income) comprise

- current tax expense/(income)	64,481	39,693
- deferred tax expense/(income) relating to the origination and reversal of temporary differences	49,346	12,604
- recoupment of prior year tax losses		
- adjustments for under/(over)-provision of current income tax of previous years	-	-
	113,827	52,297

b. The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:

Prima facie tax on profit/(loss) before income tax at 30% (2013: 30%)	56,909	41,760
Add tax effect of:		
- Adjustments in respect of current income tax of previous year	-	-
- Utilisation of previously unrecognised carried forward tax losses	-	-
- Deductible expenses	(33,993)	(9,352)
- Non-deductible expenses	90,911	19,889
Current income tax expense	113,827	52,297
Income tax attributable to the entity	113,827	52,297
The applicable weighted average effective tax rate is	47.62%	37.57%

Notes to the financial statements (continued)

	2014 \$	2013 \$
--	------------	------------

Note 4. Tax expense (continued)

Deferred tax asset

Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.

25,310 21,046

The applicable income tax rate is the Australian Federal tax rate of 30% (2013: 30%) applicable to Australian resident companies.

Note 5. Auditors' remuneration

Remuneration of the Auditor for:

- Audit or review of the financial report	6,090	4,607
- Taxation services	-	-
- Share registry services	470	3,902
	6,560	8,509

Note 6. Cash and cash equivalents

Cash at bank and on hand	146,728	501,339
Short-term bank deposits	459,563	584,722

The effective interest rate on short-term bank deposits was 3.35% (2013: 4.10%); these deposits have an average maturity of 60 days.

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	608,305	1,086,061
Bank overdrafts	-	-
	608,305	1,086,061

Note 7. Trade and other receivables

Current

Trade debtors	177,211	138,114
Other assets	7,344	6,632
	184,555	144,746

Notes to the financial statements (continued)

Note 7. Trade and other receivables (continued)

Credit risk

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 7.

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be high credit quality.

	Gross amount	Past due and impaired	Past due but not impaired			Not past due
			< 30 days	31-60 days	> 60 days	
2014						
Trade receivables	177,211	-	-	-	-	177,211
Other receivables	7,344	-	-	-	-	7,344
Total	184,555	-	-	-	-	184,555
2013						
Trade receivables	138,115	-	-	-	-	138,115
Other receivables	6,131	-	-	-	-	6,131
Total	144,246	-	-	-	-	144,246

	2014	2013
	\$	\$

Note 8. Property, plant and equipment

Land and buildings

At cost	816,513	-
Less accumulated depreciation	(5,239)	-
	811,274	-

Leasehold improvements

At cost	422,530	422,530
Less accumulated depreciation	(138,476)	(121,072)
	284,054	301,458

Notes to the financial statements (continued)

	2014 \$	2013 \$
--	------------	------------

Note 8. Property, plant and equipment (continued)

Plant and equipment

At cost	274,945	245,581
Less accumulated depreciation	(163,539)	(137,978)
	111,406	107,603
Total written down amount	1,206,734	409,061

Movements in carrying amounts

Land and buildings

Balance at the beginning of the reporting period	-	-
Additions	816,513	-
Disposals	-	-
Depreciation expense	(5,239)	-
Balance at the end of the reporting period	811,274	-

Leasehold improvements

Balance at the beginning of the reporting period	301,458	318,868
Additions	-	-
Disposals	-	-
Depreciation expense	-	(17,410)
Balance at the end of the reporting period	301,458	301,458

Plant and equipment

Balance at the beginning of the reporting period	107,602	147,180
Additions	29,366	7,521
Disposals	-	-17,850
Depreciation expense	(25,562)	(29,249)
Balance at the end of the reporting period	111,406	107,602

Note 9. Intangible assets

Franchise fee

At cost	54,787	123,696
Less accumulated amortisation	(41,090)	(99,042)
	13,697	24,654

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 9. Intangible assets (continued)		
Preliminary expenses		
At cost	78,179	175,101
Less accumulated amortisation	(58,635)	(139,903)
	19,544	35,198
Borrowing costs		
At cost	5,487	525
Less accumulated amortisation	(661)	(357)
	4,826	168
Total Intangible assets	38,067	60,020
Movements in carrying amounts		
Franchise fee		
Balance at the beginning of the reporting period	24,654	49,393
Additions	-	-
Disposals	-	-
Amortisation expense	(10,957)	(24,739)
Balance at the end of the reporting period	13,697	24,654
Preliminary expenses		
Balance at the beginning of the reporting period	35,198	70,214
Additions	7,812	-
Disposals	-	-
Amortisation expense	(23,466)	(35,016)
Balance at the end of the reporting period	19,544	35,198
Borrowing costs		
Balance at the beginning of the reporting period	168	532
Additions	4,962	-
Disposals	(106)	(258)
Amortisation expense	(198)	(106)
Balance at the end of the reporting period	4,826	168

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 10. Trade and other payables		
Current		
Unsecured liabilities:		
Trade creditors	2,205	8,597
Other creditors and accruals	5,356	61,858
	7,561	70,455

Note 11. Borrowings

Current		
Chattel Mortgages	18,946	11,824
Secured mortgage facility	31,656	-
	50,602	11,824
Non-current		
Chattel Mortgages	24,411	13,215
Secured mortgage facility	289,487	-
	313,898	13,215

The company does not have an overdraft facility.

Note 12. Provisions

Employee benefits	84,359	56,671
Movement in employee benefits		
Opening balance	56,671	48,255
Additional provisions recognised	27,688	8,416
Amounts utilised during the year	-	-
Closing balance	84,359	56,671
Dividend payable	93,799	94,337
Provision for company tax	68,919	39,693
Current		
Dividend payable	93,799	94,337
Provision for company tax	68,919	39,693
Annual leave	52,482	37,576
Long-service leave	31,877	19,095
	247,077	190,701

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 12. Provisions (continued)		
Non-current		
Long-service leave	-	-
	-	-
Total provisions	247,077	190,701

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

	2014 \$	2013 \$
Note 13. Share capital		
650,011 Ordinary shares fully paid of \$1 each	650,011	650,011
436,498 Ordinary shares fully paid of \$1 each issued for Cowes branch	436,498	436,498
337,230 Ordinary shares fully paid of \$1 each issued for Grantville branch	337,230	337,230
1:10 Bonus shares issued for no consideration		
Less: Equity raising costs	-	(7,813)
	1,423,739	1,415,926

Movements in share capital

Fully paid ordinary shares:		
At the beginning of the reporting period	1,415,926	1,415,926
Reversal of equity raising costs	7,813	-
Shares issued during the year	-	-
At the end of the reporting period	1,423,739	1,415,926

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

Notes to the financial statements (continued)

Note 13. Share capital (continued)

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 Statement of Financial Position.

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

(i) the Distribution Limit is the greater of:

- (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

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

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 Profit or Loss and Comprehensive Income.

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

	2014 \$	2013 \$
Note 14. Retained earnings / (accumulated losses)		
Balance at the beginning of the reporting period	-36,413	-33,991
Profit/(loss) after income tax	125,214	86,902
Dividends paid or proposed	-89,324	-89,324
Balance at the end of the reporting period	-523	-36,413

Note 15. Statement of cash flows

(a) Cash and cash equivalents balances as shown in the statement of financial position can be reconciled to that shown in the statement of cash flows as follows

As per the statement of financial position	608,305	1,086,061
less Bank overdraft	-	-
As per the statement of cash flow	608,305	1,086,061

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 15. Statement of cash flows (continued)		
(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities		
Profit / (loss) after income tax	125,214	86,902
Non cash items		
- Depreciation	48,204	46,659
- Net (profit)/loss from sale of plant & equipment	-	-740
- Amortisation	21,127	59,755
Changes in assets and liabilities		
- (Increase) decrease in receivables	-31,350	8,898
- (Increase) decrease in income tax payable	29,226	10,124
- (Increase) decrease in deferred tax asset/liabilities	-49,346	-5,883
- Increase (decrease) in payables	30,910	-4,298
- Increase (decrease) in provisions	-66,649	58,091
Net cash flows from/(used in) operating activities	107,336	259,508

Note 16. Related party transactions

The company's main related parties are as follows:

(a) Key management personnel

Any person(s) having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company is considered key management personnel.

(b) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(c) Transactions with key management personnel and related parties

Other than detailed below, no key management personnel or related party has entered into any contracts with the company. No Director fees have been paid as the positions are held on a voluntary basis.

The San Remo Financial Services Limited has not accepted the Bendigo and Adelaide Bank Limited's **Community Bank®** Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilize the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be \$Nil for the year ended 30 June 2014.

Notes to the financial statements (continued)

Note 16. Related party transactions (continued)

(c) Transactions with key management personnel and related parties (continued)

Joan Matthews is a Director of and shareholder in Park Accommodation (Vic) Pty Ltd, which owns the premises situated at 103A Marine Parade, San Remo. The company has entered into a lease arrangement with Park Accommodation (Vic) Pty Ltd with regard to these premises. During the year ended 30 June 2014 \$29,334 (2013: \$27,541) was paid in relation to this lease.

Newhaven Hardware & Plant Hire, of which Terry Ashenden is a partner, received \$3,600 (2013: \$3,600) in respect of the lease and associated outgoings for the office space for San Remo District Financial Services Limited.

(d) Key management personnel shareholdings

The number of ordinary shares in San Remo District Financial Services Limited held by each key management personnel of the company during the financial year is as follows:

	2014	2013
Terry Ashenden	22,751	22,751
Joan Matthews	17,801	17,801
Miranda Sage	7,500	7,500
Caroline Talbot	3,200	3,200
Janice Rowlingson	9,900	9,900
Bruce Procter	1,000	1,000
Craig Semple	8,000	8,000
Kathy Jones	1,100	1,100
Patrick Russell	2,000	2,000
Peter Paul	11,650	11,650
Anthony Zoanetti	500	500

There was no movement in key management personnel shareholdings during the year. Each share held has a paid up value of \$1 and is fully paid.

(e) Other key management transactions

There has been no other transactions involving equity instruments other than those described above.

Note 17. Events after the reporting period

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

Note 18. Contingent liabilities and assets

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

Notes to the financial statements (continued)

Note 19. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one geographic area being San Remo, Phillip Island, Grantville and District, Victoria. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2013: 100%).

Note 20. Company details

The registered office & principal place of business is:

103A Marine Parade
San Remo VIC 3925

	2014	2013
	\$	\$

Note 21. Earnings per share

Basic earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Profit/(loss) after income tax expense	125,214	86,902
Weighted average number of ordinary shares for basic and diluted earnings per share	1,423,739	1,415,926

Note 22. Dividends paid or provided for on ordinary shares

A fully franked final dividend of 6 cents per share has been provided for in respect of the year ended 30 June 2014.

Note 23. Fair value measurements

The company does not subsequently measure any liabilities at fair value on a non-recurring basis.

Notes to the financial statements (continued)

Note 24. Financial risk management

The company's financial instruments consist mainly of deposits with banks, account receivables and payables, bank overdraft and loans. The totals for each category of financial instruments measured in accordance with AASB 139 as detailed in the accounting policies are as follows:

	Note	2014 \$	2013 \$
Financial assets			
Cash and cash equivalents	6	608,305	1,086,061
Trade and other receivables	7	184,555	153,206
Total financial assets		792,860	1,239,267
Financial liabilities			
Trade and other payables	10	7,561	70,455
Borrowings	11	364,500	25,039
Bank overdraft	11	-	-
Total financial liabilities		372,061	95,494

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board.

Specific financial risk exposure and management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and other price risk. There have been no substantial changes in the types of risks the company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the company it arises from receivables and cash assets.

Credit risk is managed through maintaining procedures that ensure, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the statement of financial position.

The company's exposure to credit risk is limited to Australia by geographic area. The majority of receivables are due from Bendigo and Adelaide Bank Limited.

None of the assets of the company are past due (2013: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

Notes to the financial statements (continued)

Note 24. Financial risk management (continued)

(a) Credit risk (continued)

The company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Limited and therefore credit risk is considered minimal.

	2014 \$	2013 \$
Cash and cash equivalents:		
A rated	608,305	1,086,061

(b) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis:

30 June 2014	Note	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
Financial liabilities due					
Trade and other payables	10	7,561	7,561	-	-
Bank overdraft		- *	-	-	-
Loans and borrowings	11	364,500	50,602	151,035	162,863
Total expected outflows		372,061	58,163	151,035	162,863
Financial assets - realisable					
Cash & cash equivalents	6	608,305	608,305	-	-
Trade and other receivables	7	184,555	184,555	-	-
Total anticipated inflows		792,860	792,860	-	-
Net (outflow)inflow on financial instruments		420,799	(734,697)	151,035	162,863

Notes to the financial statements (continued)

Note 24. Financial risk management (continued)

(b) Liquidity risk (continued)

30 June 2013	Note	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
Financial liabilities due					
Trade and other payables	10	70,455	70,455	-	-
Bank overdraft		-	-	-	-
Loans and borrowings	11	25,039 *	11,824	13,215	-
Total expected outflows		95,494	82,279	13,215	-
Financial assets - realisable					
Cash & cash equivalents	6	1,086,061	1,086,061	-	-
Trade and other receivables	7	153,206	153,206	-	-
Total anticipated inflows		1,239,267	1,239,267	-	-
Net (outflow)/inflow on financial instruments		1,143,773 -	1,156,988	13,215	-

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments that primarily expose the company to interest rate risk are borrowings, fixed interest securities, and cash and cash equivalents.

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

Notes to the financial statements (continued)

Note 24. Financial risk management (continued)

(c) Market risk (continued)

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit \$	Equity \$
Year ended 30 June 2014		
+/- 1% in interest rates (interest income)	6,083	6,083
	6,083	6,083
Year ended 30 June 2013		
+/- 1% in interest rates (interest income)	10,861	10,861
	10,861	10,861

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Fair values

The fair values of financial assets and liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position. Refer to Note 23 for detailed disclosures regarding the fair value measurement of the company's financial assets and liabilities.

Differences between fair values and the carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied to the market since their initial recognition by the company. Most of these instruments, which are carried at amortised cost, are to be held until maturity and therefore the fair value figures calculated bear little relevance to the company.

	Note	2014		2013
		Carrying amount \$	Fair value \$	Carrying amount \$
Financial assets				
Cash and cash equivalents (i)		608,305	608,305	1,086,061
Trade and other receivables (i)		184,555	184,555	153,206
Investments		-	-	-
Total financial assets		792,860	792,860	1,239,267
Financial liabilities				
Trade and other payables (i)		7,561	7,561	70,455
Bank overdraft		-	-	-
Loans and borrowings		364,500	364,500	25,039
Total financial liabilities		372,061	372,061	95,494

Notes to the financial statements (continued)

Note 24. Financial risk management (continued)

(d) Price risk (continued)

Fair values (continued)

- (i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values. The fair values of receivables and payables are determined on the basis of an income approach using a discounted cash flow methodology. Discount rates are based on market interest rates for similar instruments and range between 7.8% and 9.3%, depending upon the nature of the instrument.

Directors' declaration

In accordance with a resolution of the Directors of San Remo District Financial Services Limited, the Directors of the company declare that:

- 1 the financial statements and notes, as set out on pages 14 to 41 are in accordance with the Corporations Act 2001 and:
 - (i) comply with Australian Accounting Standards, which as stated in accounting policy Note 1(a) to the financial statements constitutes compliance with International Financial Reporting Standards (IFRS); and
 - (ii) give a true and fair view of the company's financial position as at 30 June 2014 and of the performance for the year ended on that date;
- 2 in the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This resolution is made in accordance with a resolution of the Board of Directors.



Terence Stirling Ashenden
Director

Signed at Newhaven on 8 September 2014.

Independent audit report



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

Ph: (03) 5445 4200
Fax: (03) 5444 4344
rsd@rsdadvisors.com.au
www.rsdadvisors.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAN REMO DISTRICT FINANCIAL SERVICES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of San Remo District Financial Services Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 the auditor's 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, the auditor considers internal control relevant to the company's preparation 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 company'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.

Independent audit report (continued)

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of San Remo District Financial Services Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

Auditor's Opinion

In our opinion:

- (a) the financial report of San Remo District Financial Services Limited is 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 year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in the director's 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 s.300A of the *Corporations Act 2001*. Our responsibility is based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the remuneration report for San Remo District Financial Services Limited for the year ended 30 June 2014 complies with s.300A of the *Corporations Act 2001*.

RICHMOND SINNOTT & DELAHUNTY

Chartered Accountants



P. P. DELAHUNTY
Partner

Dated at Bendigo, 8th September 2014

NSX report

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

Shareholding

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

Number of shares held	Number of shareholders	Number of shares held
1 to 1,000	348	370,784
1,001 to 5,000	247	665,054
5,001 to 10,000	60	339,301
10,001 to 100,000	19	113,600
100,001 and over	0	0
Total shareholders	674	1,488,739

Equity securities

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

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

There are 23 shareholders holding less than a marketable parcel of shares (\$500 in value).

There are no restricted securities on issue.

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

NSX report (continued)

Ten largest shareholders

The following table shows the 10 largest shareholders.

Shareholder	Number of fully paid shares held	Percentage of issued capital
Northern Suburb Secretarial Services P/L	42,550	2.85
Bass Coast Shire Council	40,000	2.68
Thomas Leigh Pty Ltd	25,000	1.67
Morgeo Nominees Pty Ltd	21,000	1.41
Glenville Nominees Pty Ltd	20,000	1.34
Winpar Holdings Limited	20,000	1.34
Phillip Island RSL Sub Branch P/L	15,000	1.01
Head Station Property Trust	15,000	1.01
Dawn J Ashenden	12,500	0.84
Valerie Elaine Williams	11,000	0.74
	222,050	15

Registered office and principal administrative office

The registered office of the company is located at:

103a Marine Parade,
San Remo VIC 3925
Phone: (03) 5956 7658

The principal administrative office of the company is located at:

34 Boys Home Road,
Newhaven VIC 3925
Phone: (03) 5956 7658

Security register

The security register (share register) is kept at:

10-16 Forest Street,
Bendigo VIC 3550
Phone: (03) 5445 4200

Company Secretary

Leonie Gardiner has been the Company Secretary of San Remo District Financial Services Limited for 3 1/2 years. Leonies' qualifications and experience include 25 years office administration

NSX report (continued)

Corporate governance

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

- (a) The establishment of an Audit Committee. Members of the Audit Committee are Terry Ashenden, Janice Rowlingson, Miranda Sage, Tony Zoanetti, Michael Scott, Peter Wayman and Trudy Jamieson
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

Annexure 3

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

5 Year summary of performance

		2010	2011	2012	2013	2014
Gross revenue	\$	1,095,806	1,404,413	1,742,435	2,030,256	2,208,414
Net profit before tax	\$	98,668	95,297	192,633	139,199	125,213
Total assets	\$	1,114,957	1,526,957	1,685,426	1,729,393	2,107,594
Total liabilities	\$	151,601	180,476	303,491	349,880	684,379
Total equity	\$	963,356	1,346,481	1,381,935	1,379,513	1,423,215

San Remo District **Community Bank**[®] Branch
103A Marine Parade, San Remo VIC 3925
Phone: (03) 5678 5833
www.bendigobank.com.au/san_remo

Cowes **Community Bank**[®] Branch
Shop 1, 209-213 Settlement Road, Cowes VIC 3922
Phone: (03) 5952 3383
www.bendigobank.com.au/cowes

Grantville & District **Community Bank**[®] Branch
Shop 2, 1503 Bass Highway, Grantville VIC 3984
Phone: (03) 5678 8773
www.bendigobank.com.au/grantville

Franchisee: San Remo District Financial Services Limited
PO Box 101, San Remo VIC 3925
Phone: (03) 5956 7658 Fax: (03) 5678 5823
ABN: 20 102 770 150

www.bendigobank.com.au
(BMPAR14036) (08/14)

This Annual Report has been printed on 100% Recycled Paper



bendigobank.com.au

