



Annual Report 2014

Sarina Community Bank® Branch

Sarina Community Bank® Branch

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Chairman's Report

For year ending 30 June 2014

Our business is built from relationships and the people in those relationships are instrumental in our success. Numbers are important, for example our business has grown \$21mil in the last financial year, but the story behind the numbers is more important.

I would like to congratulate Manager Roanna Brady and our great staff team for the way they forge the relationships with our customers and the community. They have been recognised yet again as Branch of the Year in North Queensland.

Part of the story behind our numbers comes from our extraordinary engagement with our community through our grants and sponsorships and being part of a national network of **305 communities with a \$122 million reasons to celebrate**.

Thanks to the support of Community Bank® customers and shareholders, the Australia-wide network has now returned more than \$122 million to support and strengthen local communities.

This enormous achievement came as the Community Bank® network celebrated the opening of its 305th branch in Penola, South Australia, 16 years after the Community Bank® concept was born in the western Victorian farming townships of Rupanyup and Minyip in 1998.

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.

These community grants and sponsorships have made a significant difference to a number of local organisations including sponsoring Ag Trade Life to elevate the profile of Rural Bank amongst canegrowers in particular and the agricultural sector in general. We look forward to continuing to support many community groups as more people bank with us and we become more successful.

Other people key to our success, are our board of directors who all devote many hours voluntarily to ensure the success of the company which resulted in a dividend of 8.5 cents per share fully franked for 2014. We farewelled Sonja Solli and welcomed Amanda Pelagalli, Tim Kummerfeld and Maree Franettovich bringing our number of director to nine.

I would also bring to your attention the unflagging efforts of Company Treasurer Rodney Nunn and Company Secretary Lesley Ward towards maintaining the highest standards of governance of our company.

I would also like to acknowledge our business partner Bendigo and Adelaide Bank and the contribution and support of Regional Manager Geoff Power, State Community Strengthening Team Kate Wakeling and Malcolm Frizzell and state Manager Noel Jessup and to announce that our company will be hosting the Community Bank® State Conference for Queensland in May 2015. This will coincide with celebrations to mark our tenth anniversary in business.

Chairman's Report continued

Interest rate movements

Our Community Bank[®] Company and our partner Bendigo and Adelaide Bank, encourage transparency when setting interest rates and fees. We believe it is our shared responsibility to ensure customers understand the environment banks operate in, so they can make educated judgement calls on who they choose to do their banking business with.

We support our partner Bendigo and Adelaide Bank in its decision making and believe it is committed to striking a fair balance between all key stakeholders – borrowers, depositors, shareholders, staff and the wider communities – when it sets interest rates.

Ratings upgrade

Bendigo and Adelaide Bank remains one of the few banks globally to be awarded an upgraded credit rating since the onset of the Global Financial Crisis.

This means the Bank continues to be rated at least “A-” by Standard & Poor’s, Moody’s and Fitch in recognition of its strong performance in the face of what continues to be a challenging economic environment.

Government Guarantee

In September 2011, the Federal Government announced changes to its Financial Claims Scheme (FCS), also known as the “government guarantee”, lowering it from \$1 million to a permanent guarantee cap of \$250,000 per account holder per Authorised Deposit-taking Institution (ADI) effective 1 February 2012.

All Community Bank[®] branches operate under Bendigo and Adelaide Bank’s banking licence, and as such the first \$250,000 of a depositor’s funds held with a Community Bank[®] branch are guaranteed by the Federal Government, free of charge, and supported by the capital base and financial strength of their franchise partner, Bendigo and Adelaide Bank.

Lowering the cap is an indication of the strength of Australian banks, including Bendigo and Adelaide Bank and the combination of healthy, profitable banks and strong prudential regulation is the best guarantee our customers have that their money is safe in our bank.

Review of Community Bank[®] model

The review of the Community Bank[®] model, also known as Project Horizon, is a collaborative effort to rigorously explore and analyse the model; an approach strongly underpinned by financial modelling and empirical analysis. The future model will then be tested and reviewed through extensive consultation and enquiry. With a holistic strategic review of the Community Bank[®] model, and with a joint commitment to set the vision and strategy for a sustainable commercial model, the Bank and its Community Bank[®] partners will create a shared vision for future long-term success regardless of changes to operational and market conditions. My thanks to our loyal customers, shareholders, staff, directors and “friends of the bank” who do so much to make our company part of our community.

Ralph Johnson
Chairman

Manager's Report

For year ending 30 June 2014

To our shareholders and customers,

The sustainability and profitability of the branch has continued to show a consistent growth despite an extremely challenging environment with the recent economic downturn. As of 30 June 2014, Sarina Community Bendigo Bank Branch holds a lending book of \$77.464mil and a deposit book of \$53.708mil, with our total business for the period 2013/2014 of \$143.038mil including other business such as Financial Planning, Rural Bank & Financial Markets. We have grown from \$122mil in the previous year to \$143mil.

Performance

I am proud to announce your Sarina Community Bendigo Bank Branch won BRANCH OF THE YEAR again for 2014. We are now the largest branch in our region competing against city branches with a much larger population. Unfortunately our settlements were down from the previous year from \$25mil to \$22mil, but this was still an enormous effort given 6mths of the year the market had started to decline. We also remain strong with our depositors, managing to have had a further growth of \$4.1mil just in the last 12months, which I am quite pleased with considering the strong competitive dynamics we face.

Towards the end of the financial year we lifted our profile in the Rural Bank space and have been heavily promoting Bendigo & Adelaide Bank's new branding "Bigger than a Bank". Bigger than a Bank promotes that we are the 5th largest bank in Australia, we can offer all banking services to our customers and we still hold our unique point of difference where we contribute a portion of our profits directly into the local town of Sarina. We can confidently say that we are "Bigger than a Bank".

Our success continues because our local community see the benefits of banking with us, they are advocates for us, and our dedicated staff & directors actively promote our business and of course we hold a very trusted brand name, Bendigo & Adelaide Bank.

Staff

Please meet our dedicated, passionate and friendly team at our branch

Roanna Brady – Full-time Branch Manager

Joy Huxham- Full-time Customer Relationship Manager

Tyson Limpus- Full-time Customer Service Officer

Mel Nielsen – Full-time Customer Service Officer

Mary Blinco – Part-time Customer Service Officer

Alisa Bettini – Casual Customer Service Officer

Megan Gablonski – Casual Customer Service Officer

Manager's Report continued

All of our staff are extremely passionate about the projects and groups that we are supporting and therefore are very proud to be working for the Sarina Community Bendigo Bank Branch. At the Community Bank we try to be involved in our community events as much as possible. Sometimes we may not have the required funds to donate or sponsor, therefore we will offer our time to assist instead. We have been involved in numerous events, some which include: Relay for Life, Sarina Show, Arts Extravaganza, Sarina Festival, BMX Festival, Sarina Athletics, Sarina Kennel Club, local schools & kindergartens. We continue to personally attend the year 7 graduations at the end of the year to promote awareness about saving and offer a \$35 bank account voucher. Our team want to be involved in so much more than just your banking.

Appreciation

This successful financial year was made possible by our shareholders and customers. Thank you for sharing your stories and continuing to bank with the Sarina Community Bendigo Bank Branch. My commitment to you is and has been, that my team and I, will continue to greet you with a friendly smile and we will go the extra mile. We offer our exceptional service with competitive products and we stand by "what's good for you is good for our community".

I would like to show my appreciation to some particular people.

- Our executors: Chairman Ralph Johnson, Secretary Lesley Ward and Treasurer Rod Nunn. These 3 individuals support me immensely; over the past 6years I have had the pleasure of working alongside some remarkable people and they are some of them. They have embedded growth, profitability and passion into this organisation and into my own values.
- My team of staff: I am very lucky to have such friendly, passionate, professional staff. Our team is strong and we are all dedicated to giving exceptional customer service whilst delivering on our customer's expectations and needs.

A huge thank you to my team and directors who have all contributed to our success. All of our hard work has resulted in our branch becoming even more successful than ever.

Over the past 6 years of working for the Sarina Community Bendigo Bank Branch I have seen the words "Community" and "Bank" become one. Our success is a true indication that our Community believes in our Bank. We are seeing some real benefits and with the support we are getting from you, our shareholders and customers, the possibilities are endless.

Roanna Brady

BRANCH MANAGER

Director's 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

Director's Report continued

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

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

Director's Report continued

Timothy David Kummerfeld

Director (Appointed 26 September 2014)

Accountant

B. Bus (Ace), 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.

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 June 2014	30 June 2013
\$164,642	\$174,394

Director's Report continued

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 rerefurbishment was to create one additional office so that customer needs can be serviced more effectively.

Director's Report continued

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 (<i>Appointed 28 November 2013</i>)
Amanda Marie Pelagalli (<i>Appointed 26 September 2013</i>)
Timothy David Kummerfeld (<i>Appointed 26 September 2014</i>)
Sonja Synnove So Ili (<i>Resigned 9 November 2013</i>)
Aleesha Joy Birch (<i>Resigned 30 August 2013</i>)

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

Dividends

	Year ended 30 June 2014	
	cents	\$
- Dividends paid in the year	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.

Director's Report continued

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:

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)

Board meetings attended		Committee meetings attended			
		Audit & Governance		Marketing/Grants	
Eligible	Attended	Eligible	Attended	Eligible	Attended
10	10	-	-	-	-
10	10	-	-	10	10
10	10	-	-	-	-
10	6	1	1	-	-
10	9	1	1	-	-
10	6	-	-	4	2
5	5	-	-	5	5
8	6	-	-	-	-
8	5	-	-	-	-
5	3	-	-	4	1
-	-	-	-	-	-

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.

Director's Report continued

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

Auditor's independence declaration



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

I declare that, to the best of my knowledge and belief, 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

Financial statements

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		(447,445)	(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)
Profit before income tax expense		235,233	249,134
Income tax expense	6	(70,591)	(74,740)
Profit after income tax expense		164,642	174,394
Total comprehensive income for the year		164,642	174,394
Earnings per share for profit attributable to the ordinary shareholders of the company:		c	c
Basic earnings per share	19	22.86	24.22

The accompanying notes form part of these financial statements

Financial statements continued

Balance Sheet As at 30 June 2014

	Notes	2014 \$	2013 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	549,146	450,567
Trade and other equivalents	8	77,672	58,321
Total Current Assets		626,818	508,888
Non-Current Assets			
Property, plant and equipment	9	238,544	151,101
Intangible assets	10	13,951	27,901
Total Non-Current Assets		252,495	179,002
Total Assets		879,313	687,890
LIABILITIES			
Current Liabilities			
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
Total Liabilities		152,397	64,406
Net Assets		726,916	623,484
Equity			
Issued capital	13	688,018	688,018
Accumulated losses	14	38,898	(64,534)
Total Equity		726,916	623,484

The accompanying notes form part of these financial statements

Financial statements continued

Statement of changes in equity for the Year Ended 30 June 2014

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

The accompanying notes form part of these financial statements

Financial statements continued

Statement of cash flows As at 30 June 2014

	Notes	2014 \$	2013 \$
Cash Flows From Operating Activities			
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)
Net cash provided by operating activities	15	176,094	277,556
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(16,306)	(43,685)
Net cash used in investing activities		(16,306)	(43,685)
Cash Flows From Financing Activities			
Dividends Paid		(61,210)	(61,210)
Net cash used in financing activities		(61,210)	(61,210)
Net increase in cash held		98,578	172,662
Cash and cash equivalents at the beginning of the financial year		450,567	277,905
Cash and cash equivalents at the end of the financial year 7(a)	7(a)	549,145	450,567

The accompanying notes form part of these financial statements

Notes to the financial statements

For year ended 30 June 2014

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.

Notes to the financial statements

For 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.

Notes to the financial statements continued

For year ended 30 June 2014

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.

Notes to the financial statements continued

For year ended 30 June 2014

Note 1. Summary of significant accounting policies (continued)

Deferred Tax (continued)

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.

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.

Notes to the financial statements continued

For year ended 30 June 2014

Note 1. Summary of significant accounting policies (continued)

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	2.4 - 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.

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.

Notes to the financial statements continued

For year ended 30 June 2014

Note 1. Summary of significant accounting policies (continued)

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.

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.

Notes to the financial statements continued

For year ended 30 June 2014

Note 1. Summary of significant accounting policies (continued)

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.

Notes to the financial statements continued

For year ended 30 June 2014

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.

Notes to the financial statements continued

For year ended 30 June 2014

Note 3. Critical accounting estimates and judgements (continued)

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.

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.

Notes to the financial statements continued

For year ended 30 June 2014

Note 4. Revenue from ordinary activities

	2014 \$	2013 \$
Operating activities:		
-services commissions	1,173,442	1,139,079
Total revenue from operating activities	1,173,442	1,139,079
No-operating activities:		
-interest received	10,749	11,086
Total revenue from non-operating activities	10,749	11,086
Total revenues from ordinary activities	1,184,191	1,150,165

Note 5. Expenses

Depreciation of non-current assets:		
-plant and equipment	11,491	3,904
-leasehold improvements	11,365	8,621
Amortisation of non-current assets:	13,950	13,950
-franchise agreement	36,806	26,475
Bad debts	1,001	629
Loss on disposal of assets	15,479	

Note 6. Income tax expense

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
	70,591	74,740

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)
	70,646	73,452
Movement in deferred tax	11 (55)	1,288
	70,591	74,740

Note 7. Cash and cash equivalents

Cash at bank and on hand	63,045	14,446
Term deposits	486,101	436,101
	549,146	450,567

Notes to the financial statements continued

For year ended 30 June 2014

Note 7. (a) Reconcillation to cash flow statement

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:

	2014	2013
	\$	\$
Cash at back and on hand	63,044	14,466
Term deposits	486,101	436,101
	549,146	450,567

Note 8. Trade and other receivables

Trade receivables	48,012	39,331
Other receivables	22,258	11,786
Prepayments	7,402	7,204
	77,672	58,321

Note 9. Property, plant and equipment

Plant and equipment		
At cost	54,759	54,193
Less accumulated depreciation	(37,409)	(31,930)
	17,350	22,283
Leasehold improvements	270,941	199,144
At cost	(49,747)	(70,306)
Less accumulated depreciation	221,194	128,838
Total written down amount	238,544	151,101

Movements in carrying amounts:

Plant and equipment		
Carrying amount at beginning	22,263	22,208
Additional	14,000	3,959
Disposals	(13,934)	
Less depreciation expense	(5,479)	(3,904)
Carrying amount at end	17,350	22,263
Leasehold improvements		
Carrying amount at beginning	128,838	97,734
Additional	111,278	39,734
Disposals	(13,934)	
Less depreciation expense	(5,479)	(3,904)
Carrying amount at end	17,350	22,263
Leasehold improvements		
Carrying amount at beginning	128,838	97,734
Additional	111,278	39,725
Disposals	(17,802)	
Less depreciation expense	(1,120)	(8,621)
Carrying amount at end	221,194	128,838
Total written down amount	238,544	151,101

Notes to the financial statements continued

For year ended 30 June 2014

Note 10. Intangible assets

	2014 \$	2013 \$
Franchise fee		
At cost	71,625	71,625
Less accumulated amortisation	(69,300)	(66,975)
	2,325	4,650
Renewal processing fee		
At cost	58,126	58,126
Less accumulated amortisation	(46,500)	(34,675)
	11,628	23,251
Total written down amount	13,951	27,901

Note 11. Tax

Current:

Income tax payable	13,907	45,733
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Non-current:

Deferred tax liability	(830)	(944)
-accruals	(2,220)	(2,161)
-deductable prepayments	(3,050)	(3,105)
Net deferred tax liability	(3,050)	(3,105)
Movement in deferred tax charged to statement of comprehensive income	(55)	1,288

Note 12. Trade and other payables

Trade creditors	131,890	12,018
Other creditors and accruals	3,550	3,550
	135,440	15,568

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)
	688,018	688,018

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.

Notes to the financial statements continued

For year ended 30 June 2014

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").

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.

Notes to the financial statements continued

For year ended 30 June 2014

Note 14. Retained earnings/(Accumulated losses)

	2014 \$	2013 \$
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	38,898	64,534

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	22,846	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	176,094	277,556
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	25,876	57,362

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.

Note 16. Auditor's remuneration

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
	7,821	7,430

Notes to the financial statements continued

For year ended 30 June 2014

Note 17. Director and related party disclosures

	2014 \$	2013 \$
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 Kummerfield 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		
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Net franking credits available	131,821	87,498
--------------------------------	---------	--------

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
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	720,109	720,109

Note 20. Events occurring after the reporting date

There have been not events after the end of the financial year that would materially affect the financial statements.

Notes to the financial statements continued

For year ended 30 June 2014

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 off/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	Principal Place of Business
37 Broad Street	37 Broad Street
Sarina QLD 4737	Sarina QLD 4737

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 economy.

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

Notes to the financial statements continued

For year ended 30 June 2014

Note 24. Financial instruments continued

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

Director's 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

signed on the 8th September 2014



Lesley Christine Ward, Director/Secretary

Independent audit report



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.

Independent audit report continued

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:

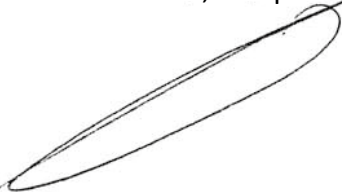
1. The financial report of Sarina and District Community Financial Services Limited is in accordance with the Corporations Act 2001 including giving a true and fair view of the company's financial position as at 30 June 2014 and of its financial performance and its cash flows for the year then ended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

NSX Report

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

Shareholding

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

	Number of shares held	Number of shareholders	Number of shares held
1 to 1,000		283	156,901
1,001 to 5,000		113	340,304
5,001 to 10,000		13	104,502
10,001 to 100,000		7	118,402
100,001 and over		0	0
Total shareholders		416	720109

Equity securities

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

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

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

There are no restricted securities on issue.

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

Ten largest shareholders

The following table shows the 10 largest shareholders.

Shareholder	Number of fully paid shares held	Percentage of issued capital
Ms Helen Dixon	25,000	3.47
Mr Laurence Wayne Dixon	25,000	3.47
Mrs Catherine Stewart Hutton	20,000	2.78
Mr Ralph and Mrs Suzanne Johnson	15,001	2.08
Winpar Holdings limited	12,900	1.79
Mr Gary Neil Loadsman	10,500	1.46
EGP Funo Pty Ltd	10,001	1.39
Callander Superannuation Fund	10,000	1.39
Mr P Holdsworth	10,000	1.39
Mr Paul and Mrs Francine Bennett	10,000	1.39
	148402	20.61

NSX Report continued

Registered office and principal administrative office

The registered office of the company is located at:

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

The principal administrative office of the company is located at:

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

Security register

The security register (share register) is kept at:

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

Company Secretary

Lesley Ward has been the Company Secretary of Sarina and District Community Financial Services Limited Limited for 9 years. Lesley's qualifications and experience include extensive experience in retail management.

Corporate governance

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

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

Annexure 3

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

5-Year summary of performance

		2010	2011	2012	2013	2014
Gross revenue	\$	712,198	819,298	980,231	1,150,165	1,184,191
Net profit before tax	\$	81,519	89,750	112,234	249,134	235,233
Total assets	\$	480,234	490,201	530,020	687,890	879,313
Total liabilities	\$	3,300	3,300	19,720	64,406	152,397
Total equity	\$	476,934	486,901	510,300	623,484	726,916



Sarina **Community Bank®** Branch

37 Broad Street Sarina Qld 4737

Phone: (07) 4943 2634 Fax: (07) 4943 2637

Franchisess: Sarina & District Community Financial Services Limited

37 Broad Street Sarina Qld 4737

Phone: (07) 4943 2634 Fax: (07) 4943 2637

A.B.N. 28 112 407 182

Share Register

Sharedata Pty Ltd

PO Box 298 St. Agnes S.A 5097

Www.bendigobank.com.au/sarina



bendigobank.com.au