



Annual Report 2015

Sarina and District Community
Financial Services Limited

ABN 28 112 407 182

Sarina **Community Bank®** Branch

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Chairman's report

For year ending 30 June 2015

The company and banking business was founded on good solid relationships, between the shareholders, Board, Branch Manager, our banking team, customers and the community. Each year we continue to draw on those relationships to help improve the business. Many of the Board and the branch activities are focussed on improving those relationships to achieve good results for the business, customers and shareholders.

Congratulations to our Branch Manager, Roanna Bella, and her great team for the way they have been able to focus on growing the business and customer expectations in what has proven to be a very challenging time to realise economic growth. Unfortunately, Sarina's economy has been impacted by the downturn in the surrounding mining areas. The Board and the banking team have done a great job in growing our business in such a difficult economic climate.

It's been a significant year for the Sarina **Community Bank**[®] Branch as we celebrate 10 years of trading in our community. We celebrated by holding a special birthday party to coincide with the presentation of our grant and sponsorship program in June of this year. It was pleasing to see many of the past Directors, shareholders, community organisations and customers attend the celebrations. Bendigo and Adelaide Bank Managing Director, Mr Mike Hirst, delivered a special congratulations and thank you message that was played on the night.

We also were fortunate in May to host the **Community Bank**[®] State Conference, winning this event from a very competitive field, based on the Board's impressive bid. We welcomed approximately 200 delegates and guests including Bendigo and Adelaide Bank staff to this two-day event.

Delegates were treated to an impressive Sarina showcase with tours of the Sarina Sugar Shed, Sarina Museum, Sarina Tourist Arts and Craft and Hay Point Coal Terminals, followed by a welcome function at Sarina Beach. The conference proper was held at the Mackay Entertainment and Convention Centre with many delegates stating this was the best conference they had attended.

In March of this year we launched the new Community Engagement Program aimed at building the capacity of local community organisations, strengthening relationships between the branch and the community and providing a direct benefit to Sarina and district community. The Marketing and Grants Committee spent a considerable amount of time and dedicated research to develop the new program, which will assist us to better monitor our community investment.

Community Engagement Program

Sarina and District Community Financial Services Limited (S&DCFSL) operates Sarina **Community Bank**[®] Branch of Bendigo Bank and is proud to invest in our community through the Community Engagement Program. Our overarching aim of this community investment is to influence positive change in the community.

Sarina **Community Bank**[®] Branch, through its Community Engagement Program proudly invests in our community through sponsorships, grants and major community projects.

Since opening the Sarina **Community Bank**[®] Branch in 2005, S&DCFSL has invested over \$1 million directly in the community. This only is possible thanks to the customers of Sarina **Community Bank**[®] Branch. Growing the customer base allows this unique banking model to thrive and prosper thereby allowing us to continue to invest in the local community into the future by investing in sponsorships and grants.

We encourage a diverse range of organisations to apply to the Community Engagement Program.

Chairman's report (continued)

Objectives

The objectives of the Community Engagement Program are to:

- Enhance visibility of the benefits of Sarina's own **Community Bank®** branch
- Develop an ongoing mutually beneficial relationship between community and Sarina **Community Bank®** Branch
- Build community capacity.

The tables below set out the Community Engagement contributions for 2014/15.

Community grants

A community grant is about building capacity that addresses local needs and makes a positive contribution to the Sarina and district community. When Sarina **Community Bank®** Branch provides community grant funding to an organisation; the focus is on the positive benefit to the broader community. These grants are paid by funds placed in the Community Enterprise Foundation™.

Grants		
Organisation	Project title	Value \$
Sarina & District Community Men's Shed	"Sam's Place"	40,000
Sarina & District Community Men's Shed	Fit out shed	15,000
Sarina & District Historical Society	Archive Room	12,554
Ted Malone MP Rural Skills Centre	Multi-purpose trailer	10,850
Sarina & District BMX Club	Upgrade BMX track	8,000
RSL of Australia (Qld Branch)	Research Resources – Anzac Centenary Book	6,000
Sarina Landcare Catchment Management	Portable equipment for project work	5,179
Sarina Aged Residential Home Inc	BrainTrainer Plus machines for patients	5,167
Chelona State School P&C Association	Upgrade school reading resources	5,000
Sarina Country Music Association Inc	Sarina Country Music Talent Search 2015	5,000
Sarina Country Music Association Inc	Sarina Country Music Talent Search 2014	4,000
Sarina and District School's Chaplaincy Committee	Managing the Dark Side of Technology Program	3,000
Blue Care (Sarina)	Resources for respite centre patient activities	2,500
Mackay & District Italian Association	Book publishing software History of Italian settlement	1,600
Mackay Women's Centre	Resources to support Outreach Program Counsellor	1,200
Railway First Aid Volunteers	First Aid Volunteer/Member Development	1,000
Sarina & District Community Men's Shed	Challenge Grant for building	32,055
Sarina Saints Football Club	Challenge Grant – Playing Field lights	10,000
Total		\$168,105

Chairman's report (continued)

Sponsorship

Sponsorship is a business relationship whereby the parties receive a mutual benefit.

When Sarina **Community Bank**® Branch provides a sponsorship support to an organisation; these activities provide a benefit to the community. This should provide exposure and opportunities for Sarina **Community Bank**® Branch to expand its customer base, which allows us to continue to invest a percentage of profits back into the community. This is how we are different from other banks.

Sponsorships		
Organisation	Project title	Value \$
Community Bank® Ag.Trade Life	Naming Rights Sponsorship 2015	13,000
Sarina Festival Inc	Festival – Major Sponsor 2014	10,000
Sarina Bowls Club	Annual Carnival – Major Sponsor	5,000
Sarina District School Chaplaincy	Annual Schools Program Sponsor	4,545
Sarina & District BMX Club	Annual Carnival 2014 – Major Sponsor	3,636
Alligator Creek State School P & C	School Fair 2015 - Major Sponsor	2,727
Sarina Golf Club Inc	Wintersun carnival - Major Sponsor 2014	1,715
Sarina Tourist Art & Craft Centre	Anzac Day Community Family Fun Day	1,500
Sarina & District Amateur Athletics Club	Club Uniforms	1,000
Carmila Christmas Tree	Community Christmas Celebrations	1,000
Sarina State High School	Careers Day – Imagining Futures Together	454
Sarina Junior Rugby League	Crocs to Cane Toads Carnival	454
Alligator Creek School P&C	Fundraising Day	300
Plane Creek Productivity Services Ltd	Awards Night	300
Queensland Mud Trials Association	Annual Queensland competition	300
Zonta Club Sarina	Students' attendance - International Women's Day	227
Sarina State High School	Student Business Award	150
Sarina & District Community Kindergarten Assoc Inc	\$100 Bank voucher - Easter raffle	100
Year 7 Graduates	\$30 Bank Vouchers	450
Sarina State High School Technology Challenge Car	Car logos	70
Community Enterprise Foundation™	For Community Grants in 2015/16	136,842
Total		\$183,770

Chairman's report (continued)

Donations

Donations are distinct from sponsorship and grants. A donation is focussed on charitable purposes and only made to organisations that hold the status of Deduction Gift Recipient (DGR) approved by the Australian Taxation Office. Requests for donations are not confined to the timelines, however any organisation should make their request in a timely manner and allow 60 days for consideration.

Donations		
Organisation	Project title	Value \$
CQUniversity Australia Mackay	Student Scholarship	4,000
CQ Rescue	Donation	1,000
Sarina Australia Day Committee	Australia Day Community Celebrations	1,000
Mater Foundation	Oncology Patient Support Services	500
Sarina Anzac Day Committee	Anzac Diggers Celebration	300
Total		\$6,800

(Operational expenses associated with sponsorships have not been included.)

The company could not continue to succeed without the commitment of the Board of Directors who have devoted many volunteer hours to ensure the business continues to grow and service the Sarina and district community well. We farewelled Director, Tim Kummerfeld, and welcomed Laura Burrows as the new Company Secretary.

The success of the Sarina **Community Bank**[®] Branch would not be possible without our banking business partner, Bendigo and Adelaide Bank, and the contribution and support of Regional Manager Geoff Power, the State Community Strengthening Team, Kate Wakeling and Malcolm Frizzell, and State Manager, Noel Jessup. It is through this close working relationship with the Bendigo and Adelaide Bank team that the company is able to deliver to the shareholders a dividend of 9 cents per share, fully franked, for 2015.

Project Horizon

Project Horizon is the first comprehensive review of the **Community Bank**[®] model and Bendigo's partnership with 300 plus Australian communities in which it is represented. The review was completed in February 2015 and now is progressing into the Business Transformation process.

During the review process based on the forums and data collected it became apparent that there were 12 key areas emerging that will form the basis of the future model. A time to think 'Big and Bold'.

The 12 pillars are:

1. Shared principles, values and purpose
2. A strong Bendigo and Adelaide Bank
3. Focussing on our people
4. Strong governance and director network
5. A culture of innovation and agility, and a have a go attitude
6. Network collaboration
7. Customer connectedness
8. Business excellence and relevance

Chairman's report (continued)

9. A sustainable financial model for all parties
10. Community investment and development
11. Flexible and efficient models
12. Playing to our strengths.

The 12 pillars each have a range of recommendations that will be implemented over the coming months and years. There will be three stages to the transformation, which will focus primarily on business, people and community. The Sarina and District Community Financial Services Limited Board looks forward to working with the Bendigo and Adelaide Bank team to ensure there is a smooth transition to the new model.

It doesn't matter what business you are in there are always changes along the way and I am confident that the Board will be able to meet the challenges of the business transformation over the next couple of years as we transition to the new model.

Thank you to my fellow Directors, our Branch Manager and banking team, for supporting me as a Director / Deputy Chair over the past 12 months, and now as Chair. I look forward to working with the team, our customers, our shareholders and our community to build an even **bigger** and better business.



Karen May GAICD
Chair

Manager's report

For year ending 30 June 2015

To our shareholders and customers,

Sarina **Community Bank**[®] Branch has achieved a profitable growth, despite the current economic climate and mining downturn impacting our district. As of 30 June 2015, your Sarina **Community Bank**[®] Branch holds a lending book of \$84.987 million and a deposit book of \$75.711 million, with our total business for the period 2014/15 of \$160.609 million including other business such as Rural Bank, financial planning and financial markets. We have grown from \$143 million in the previous year to \$160 million, which is a fantastic achievement.

Performance

It was expected, given the recent downturn, that we would not achieve the substantial growth as the previous years, but we still settled \$17 million compared to \$22 million in the previous year. We also remained strong with our depositors, achieving further growth of \$6.3 million, which was an increase from the previous year. Our customer base increased by 15.6 per cent from the previous year, which in turn increased our over the counter transactions.

The branch is changing incredibly quickly, in particular in the technology space.

Your Sarina **Community Bank**[®] Branch has invested funds to improve our internet banking facilities and introduced a new product, GoPos Lite which is a cost effective mobile EFTPOS device which has overnight settlements and utilises your internet data through Bluetooth and has proven to be very effective.

Bendigo and Adelaide Bank also has made significant investments in upgrading our lending platform and in achieving advanced accreditation under the Basel II regime, which will streamline our lending processes and improve customer service and realise internal efficiencies.

Some more changes for Bendigo and Adelaide Bank have happened in Queensland. It is with great pleasure that I advise that Bendigo and Adelaide Bank has successfully tendered and now been appointed to the Queensland Department of Education Student Banking Services panel. For over 80 years, student banking in Queensland State Schools has been limited exclusively to another major bank and therefore no other financial institution could approach or offer student banking services to their local State School.

Commencing this year, Queensland primary and secondary State Schools will have the option to set up their student banking services through either Bendigo Bank or another major Bank. This is a great opportunity to further develop our relationships and businesses throughout our local schools.

We are pleased that we were able to continue building our Rural Bank branding in our local area by participating in the **Community Bank**[®] Ag.Trade.Life event 2015, whilst developing a strong partnership with Canegrowers. Rural banking is an area that will contribute significantly to our net profit and can assist with our community investments.

Staff

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

Roanna Bella	Branch Manager (Full-time)
Joy Huxham	Customer Relationship Manager (Full-time)
Tyson Limpus	Customer Service Officer (Full-time)
Mel Nielsen	Customer Service Officer (Full-time)
Mary Blinco	Customer Service Officer (Part-time)
Alisa Bettini	Customer Service Officer (Casual)
Sharon Tattersall	Customer Service Officer (Casual)

Manager's report (continued)

Appreciation

This year, our community investments were made possible by our shareholders and customers. Thank you for sharing your stories and continuing to bank with Sarina **Community Bank**[®] Branch. Without you all of this is not possible. The team and I continue to work very hard to make this unique business successful and have extreme passion and dedication towards making our customers' banking experience exceptional whilst making their day.

I would like to show my appreciation in particular to:

- Our Chairman, Ralph Johnson: for his dedication, the phenomenal amount of volunteer hours he contributed to ensure our branch sustained profitability and a strong community presence.
- My team (staff): I am extremely lucky to have such a hard working, friendly, passionate and professional team. Your support and involvement in the community never goes unnoticed. I appreciate your efforts towards making the Sarina **Community Bank**[®] Branch the most customer connected branch.

Our success thrives on our local community and the support that we receive through our customer banking. We are proud to hold a very trusted brand name, Bendigo and Adelaide Bank with a vision to be the most customer connected bank.

A huge thank you to everyone who has been directly involved in the success of our Sarina **Community Bank**[®] Branch. I appreciate your support and advocacy, which results in such rewarding outcomes.



Roanna Bella
Branch Manager

Directors' report

For the financial year ended 30 June 2015

Your directors submit the financial statements of the company for the financial year ended 30 June 2015.

Directors

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

Karen Lesley May

Chairman

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 previously owned and operated Eagle Boys Pizza for ten years.

Special responsibilities: Marketing & Grants Committee

Interest in shares: 1,000

Jeffrey William Burt

Director

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

Previously Jeff and his wife have been owner/operators of small business in Brisbane and agricultural enterprises at Merriwa in NSW, Wowan and Dimbulah in Queensland. They presently own and operate Burt's Machinery Services Pty Ltd which hires drilling rigs and other machinery to an operator in the coal seam gas industry. Previous employment was as a Marine Engineer and Technical Manager for a large international dredging company in PNG. Jeff resigned from the Rotary Club of Sarina to free up more time for the bank, but have since joined the advisory board for the Mental Illness Fellowship for North Queensland.

Special responsibilities: Audit and Governance Committee

Interest in shares: 20,000

Maree Gail Franettovich

Director

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 is an active supporter of Sarina RSL coordinating key fundraising events through Friends of the RSL.

Special responsibilities: Chair - Marketing & Grants Committee

Interest in shares: 3,600

Directors' report (continued)

Directors (continued)

Dr. Natasja Steenkamp

Director (Resigned 23 July 2015)

Senior lecturer, CQUniversity

Dr Natasja Steenkamp is a Senior Lecturer in Accounting in the School of Commerce and Law at CQUniversity, 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 manager 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

Amanda Marie Pelagalli

Director (Resigned 22 July 2015)

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

Ralph Godschall Johnson

Director (Resigned 17 July 2015)

Medical Education Officer

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

Special responsibilities: Business Development Committee

Interest in shares: 15,001

Timothy David Kummerfeld

Director (Resigned 12 November 2014)

Accountant

Has worked in the accounting industry for ten years in public practice. Dealing with clients in small to medium sized enterprise providing Taxation advice and Structuring. Strategic advice and Management accounting services. Current the Director of Launch Accounting Pty Ltd with Offices both in Mackay and Brisbane with a team of ten.

Special responsibilities: Business Development Committee, Audit and Governance Committee

Interest in shares: Nil

Rodney David Nunn

Director (Resigned 10 November 2014)

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

Directors' report (continued)

Directors (continued)

Lesley Christine Ward

Director (Resigned 10 November 2014)

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

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 Jeffrey Burt. Jeffrey was appointed to the position of secretary in July 2015, taking over Laura Burrows in this role. Laura was in this position for 9 months after taking over from Leslie Ward in the role. Jeffrey's experience includes being an owner/operator of a small business.

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 30 June 2015 \$	Year ended 30 June 2014 \$
155,052	164,642

Operating and financial review

Operations

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

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

Revenue has grown from \$1,184,190 (2014) to \$1,185,813, an increase of 1%.

The business on the books movement was \$143,245,000 (2014) to \$160,698,000, an increase of 12%. 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 this was due to a difficult market and cost of funds.

Directors' report (continued)

Operating and financial review (continued)

Financial Position

Our financial position remains strong. Net profit has decreased from \$164,642 (2014) to \$155,052. 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 \$726,916 (2014) to \$817,236, an increase of 11.24%.

A fully franked dividend of 9 cents per share, up from 8.5 cents per share the previous year, was paid on 20 October 2014.

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.

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

	\$
Karen May is an employee for the company that supplied catering services and venue hire during the period. All transactions occurred at market price.	1,500

Directors' report (continued)

Remuneration report (continued)

Directors' shareholdings

	Balance at start of the year	Changes during the year	Balance at end of the year
Karen Lesley May	1,000	-	1,000
Jeffrey William Burt	-	20,000	20,000
Maree Gail Franettovich	-	3,600	3,600
Dr. Natasja Steenkamp (Resigned 23 July 2015)	-	-	-
Amanda Marie Pelagalli (Resigned 22 July 2015)	-	-	-
Ralph Godschall Johnson (Resigned 17 July 2015)	15,001	-	15,001
Timothy David Kummerfeld (Resigned 12 November 2014)	-	-	-
Rodney David Nunn (Resigned 10 November 2014)	1,251	-	1,251
Lesley Christine Ward (Resigned 10 November 2014)	1,001	-	1,001

Dividends

	Year ended 30 June 2015	
	Cents	\$
Dividends paid in the year	9	64,810

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.

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.

Directors' report (continued)

Indemnification and insurance of directors and officers

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

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

Directors' meetings

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

	Board Meetings Attended		Marketing Meetings Attended	
	Eligible	Attended	Eligible	Attended
Karen Lesley May	13	11	10	10
Jeffrey William Burt	13	12	-	-
Maree Gail Franettovich	13	13	10	10
Dr. Natasja Steenkamp (Resigned 23 July 2015)	13	10	-	-
Amanda Marie Pelagalli (Resigned 22 July 2015)	13	10	-	-
Ralph Godschall Johnson (Resigned 17 July 2015)	13	13	10	1
Timothy David Kummerfeld (Resigned 12 November 2014)	6	-	-	-
Rodney David Nunn (Resigned 10 November 2014)	6	5	-	-
Lesley Christine Ward (Resigned 10 November 2014)	6	5	2	2

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.

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 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:

Directors' report (continued)

Non audit services (continued)

- all non-audit services have been reviewed by the board 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.

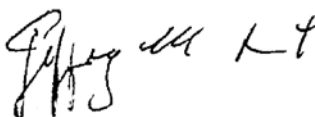
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 16.

Signed in accordance with a resolution of the board of directors at Sarina, Queensland on 31 August 2015.



Karen Lesley May,
Chairman



Jeffrey William Burt,
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

As lead auditor for the audit of Sarina and District Community Financial Services Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the auditor independence requirements of 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.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550

A handwritten signature in black ink, appearing to read 'David Hutchings'.

David Hutchings
Lead Auditor

Dated: 31 August 2015

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

P: (03) 5443 0344 | F: (03) 5443 5304 | 61-65 Bull St./PO Box 454 Bendigo Vic. 3552 | afs@afsbendigo.com.au | www.afsbendigo.com.au

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Financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2015

	Note	2015 \$	2014 \$
Revenue from ordinary activities	4	1,185,813	1,184,191
Employee benefits expense		(441,812)	(447,455)
Charitable donations, sponsorship, advertising and promotion		(244,756)	(221,065)
Occupancy and associated costs		(70,231)	(73,275)
Systems costs		(27,394)	(27,040)
Depreciation and amortisation expense	5	(36,431)	(36,806)
Finance costs	5	(640)	-
General administration expenses		(142,311)	(143,317)
Profit before income tax expense		222,238	235,233
Income tax expense	6	(67,186)	(70,591)
Profit after income tax expense		155,052	164,642
Total comprehensive income for the year		155,052	164,642
Earnings per share for profit attributable to the ordinary shareholders of the company:		¢	¢
Basic earnings per share	21	21.53	22.86

The accompanying notes form part of these financial statements.

Financial statements (continued)

Balance Sheet as at 30 June 2015

	Note	2015 \$	2014 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	551,000	549,146
Trade and other receivables	8	77,461	77,672
Total Current Assets		628,461	626,818
Non-Current Assets			
Property, plant and equipment	9	248,294	238,544
Intangible assets	10	68,056	13,951
Deferred tax asset	11	1,144	-
Total Non-Current Assets		317,494	252,495
Total Assets		945,955	879,313
LIABILITIES			
Current Liabilities			
Trade and other payables	12	86,867	135,440
Current tax liabilities	11	14,089	13,907
Borrowings	13	8,380	-
Total Current Liabilities		109,336	149,347
Non-Current Liabilities			
Borrowings	13	19,461	-
Deferred tax liabilities	11	-	3,050
Total Non-Current Liabilities		19,461	3,050
Total Liabilities		128,797	152,397
Net Assets		817,158	726,916
Equity			
Issued capital	14	688,018	688,018
Retained earnings	15	129,140	38,898
Total Equity		817,158	726,916

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Changes in Equity for the year ended 30 June 2015

	Issued capital \$	Retained earnings \$	Total equity \$
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
Balance at 1 July 2014	688,018	38,898	726,916
Total comprehensive income for the year	-	155,052	155,052
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(64,810)	(64,810)
Balance at 30 June 2015	688,018	129,140	817,158

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2015

	Note	2015 \$	2014 \$
Cash flows from operating activities			
Receipts from customers		1,293,798	1,282,743
Payments to suppliers and employees		(1,049,518)	(1,015,307)
Interest received		9,890	11,131
Interest paid		(640)	-
Income taxes paid		(71,198)	(102,472)
Net cash provided by operating activities	16	182,332	176,095
Cash flows from investing activities			
Payments for property, plant and equipment		(143,509)	(16,306)
Net cash provided by/(used in) investing activities		(143,509)	(16,306)
Cash flows from financing activities			
Proceeds from borrowings		31,390	-
Repayment of borrowings		(3,549)	-
Dividends paid		(64,810)	(61,210)
Net cash provided by/(used in) financing activities		(36,969)	(61,210)
Net increase in cash held		1,854	98,579
Cash and cash equivalents at the beginning of the financial year		549,146	450,567
Cash and cash equivalents at the end of the financial year	7(a)	551,000	549,146

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2015

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.

Application of new and amended accounting standards

The following amendments to accounting standards and a new interpretation issued by the Australian Accounting Standards Board (AASB) became mandatorily effective for accounting periods beginning on or after 1 July 2014, and are therefore relevant for the current financial year.

- AASB 2012-3 Amendments to Australian Accounting Standards (AASB 132) – Offsetting Financial Assets and Financial Liabilities.
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets.
- AASB 2013-4 Amendments to Australian Accounting Standards (AASB 139) – Novation of Derivatives and Continuation of Hedge Accounting.
- AASB 2013-5 Amendments to Australian Accounting Standards (AASB 10) – Investment Entities.
- AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles).
- AASB 2014-1 Amendments to Australian Accounting Standards (Part B: Defined Benefit Plans: Employee Contributions Amendments to AASB 119).

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Application of new and amended accounting standards (continued)

- Interpretation 21 Levies.
- AASB 1031 Materiality, AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part B: Materiality), AASB 2014-1 Amendments to Australian Accounting Standards (Part C: Materiality).

None of the amendments to accounting standards or the new interpretation issued by the Australian Accounting Standards Board (AASB) that became mandatorily effective for accounting periods beginning on or after 1 July 2014, materially affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

The following accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) become effective in future accounting periods.

	Effective for annual reporting periods beginning on or after
AASB 9 Financial Instruments, and the relevant amending standards.	1 January 2018
AASB 15 Revenue from Contracts with Customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15.	1 January 2017
AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations.	1 January 2016
AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation.	1 January 2016
AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants.	1 January 2016
AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements.	1 January 2016
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.	1 January 2016
AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle.	1 January 2016
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101.	1 January 2016
AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality.	1 July 2015
AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent.	1 July 2015
AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception.	1 January 2016

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Application of new and amended accounting standards (continued)

The company has not elected to apply any accounting standards or interpretations before their mandatory operative date for the annual reporting period beginning 1 July 2014. Therefore the abovementioned accounting standards or interpretations have no impact on amounts recognised in the current period or any prior period.

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

The company promotes and sells the products and services, but is not a party to the transaction.

The credit risk (i.e. the risk that a customer will not make repayments) is for the relevant Bendigo and Adelaide Bank Limited entity to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

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.

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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

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

Over the period from September 2013 to February 2015, Bendigo and Adelaide Bank Limited conducted a review of the **Community Bank**[®] model, known as 'Project Horizon'. This was conducted in consultation with the **Community Bank**[®] network. The objective of the review was to develop a shared vision of the **Community Bank**[®] model that positions it for success now and for the future.

The outcome of that review is that the fundamental franchise model and community participation remain unchanged. Changes to be implemented over a three year period reflect a number of themes, including a culture of innovation, agility and flexibility, network collaboration, director and staff development and a sustainable financial model. This will include changes to the financial return for **Community Bank**[®] companies from 1 July 2016. A funds transfer pricing model will be used for the method of calculation of the cost of funds, deposit return and margin. All revenue paid on core banking products will be through margin share. Margin on core banking products will be shared on a 50/50 basis.

The franchise agreement provides that three forms of revenue may be earned by the company – margin, commission and fee income. Bendigo and Adelaide Bank Limited decides the form of revenue the company earns on different types of products and services.

The revenue earned by the company is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

Core banking products

Bendigo and Adelaide Bank Limited has identified some Bendigo Bank Group products and services as 'core banking products'. It may change the products and services which are identified as core banking products by giving the company at least 30 days' notice. Core banking products currently include Bendigo Bank branded home loans, term deposits and at call deposits.

Margin

Margin is arrived at through the following calculation:

- Interest paid by customers on loans less interest paid to customers on deposits,
- plus any deposit returns i.e. interest return applied by Bendigo and Adelaide Bank Limited for a deposit,
- minus any costs of funds i.e. interest applied by Bendigo and Adelaide Bank Limited to fund a loan.

Note: In very simplified terms, currently, deposit return means the interest Bendigo and Adelaide Bank Limited gets when it invests the money the customer deposits with it. The cost of funds means the interest Bendigo and Adelaide Bank Limited pays when it borrows the money to give a customer a loan. From 1 July 2016, both will mean the cost for Bendigo and Adelaide Bank Limited to borrow the money in the market.

Products and services on which margin is paid include variable rate deposits and variable rate home loans. From 1 July 2016, examples include Bendigo Bank branded at call deposits, term deposits and home loans.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Margin (continued)

For those products and services on which margin is paid, the company is entitled to a share of the margin earned by Bendigo and Adelaide Bank Limited (i.e. income adjusted for Bendigo and Adelaide Bank Limited's interest expense and interest income return). However, if this reflects a loss, the company incurs a share of that loss.

Commission

Commission is a fee paid for products and services sold. It may be paid on the initial sale or on an ongoing basis. Commission is payable on the sale of an insurance product such as home contents. Examples of products and services on which ongoing commissions are paid include leasing and Sandhurst Trustees Limited products. This currently also includes Bendigo Bank branded fixed rate home loans and term deposits of more than 90 days, but these will become margin products from 1 July 2016.

Fee income

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo Bank Group entities including fees for loan applications and account transactions.

Ability to change financial return

Under the franchise agreement, Bendigo and Adelaide Bank Limited may change the form and amount of financial return that the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo and Adelaide Bank Limited earns revenue.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the company receives on a particular product or service. The effect of the change on the revenue earned by the company is entirely dependent on the change.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the company receives on a particular product or service. The effect of the change on the revenue earned by the company is entirely dependent on the change.

If Bendigo and Adelaide Bank Limited makes a change to the margin or commission on core banking products and services, it must not reduce the margin and commission the company receives on core banking products and services Bendigo and Adelaide Bank Limited attributes to the company to less than 50% (on an aggregate basis) of Bendigo and Adelaide Bank Limited's margin at that time. For other products and services, there is no restriction on the change Bendigo and Adelaide Bank Limited may make.

Bendigo and Adelaide Bank Limited must give the company 30 days' notice before it changes the products and services on which margin, commission or fee income is paid, the method of calculation of margin and the amount of margin, commission or fee income.

Monitoring and changing financial return

Bendigo and Adelaide Bank Limited monitors the distribution of financial return between **Community Bank®** companies and Bendigo and Adelaide Bank Limited on an ongoing basis.

Overall, Bendigo and Adelaide Bank Limited has made it clear that the **Community Bank®** model is based on the principle of shared reward for shared effort. In particular, in relation to core banking products and services, the aim is to achieve an equal share of Bendigo and Adelaide Bank Limited's margin.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Monitoring and changing financial return (continued)

As discussed above in relation to Project Horizon, among other things, there will be changes in the financial return for **Community Bank**[®] companies from 1 July 2016. This includes 50% share of margin on core banking products, all core banking products become margin products and a funds transfer pricing model will be used for the method of calculation of the cost of funds, deposit return and margin.

c) Income tax

Current tax

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

Deferred tax

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

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

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

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

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Statement of Profit or Loss and Other 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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

d) Employee entitlements

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

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

e) Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet.

f) Trade receivables and payables

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

g) Property, plant and equipment

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

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

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

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

h) Intangibles

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

i) Payment terms

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

j) Borrowings

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

k) Financial instruments

Recognition and initial measurement

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

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

Derecognition

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

Classification and subsequent measurement

(i) Loans and receivables

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

(ii) Held-to-maturity investments

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

(iii) 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 Profit or Loss and Other Comprehensive Income. Available-for-sale financial assets are included in non-current assets except where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

(iv) Financial liabilities

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

k) Financial instruments (continued)

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 Profit or Loss and Other 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 obligation.

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

n) Contributed equity

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

o) Earnings per share

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

p) Goods and Services Tax

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

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

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

Notes to the financial statements (continued)

Note 2. Financial risk management

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

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

(i) Market risk

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

(ii) Price risk

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

(iii) Credit risk

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

(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

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

(vi) Capital management

The board'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%.

Notes to the financial statements (continued)

Note 2. Financial risk management (continued)

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2015 can be seen in the Statement of Profit or Loss and Other Comprehensive Income.

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

Note 3. Critical accounting estimates and judgements

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

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

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

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

Taxation

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

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

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

Estimation of useful lives of assets

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

Notes to the financial statements (continued)

Note 3. Critical accounting estimates and judgements (continued)

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.

	2015 \$	2014 \$
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Note 4. Revenue from ordinary activities

Operating activities:

- services commissions	1,178,688	1,173,442
Total revenue from operating activities	1,178,688	1,173,442

Non-operating activities:

- interest received	7,125	10,749
Total revenue from non-operating activities	7,125	10,749
Total revenues from ordinary activities	1,185,813	1,184,191

Note 5. Expenses

Depreciation of non-current assets:

- plant and equipment	6,481	11,491
- leasehold improvements	16,000	11,365

Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 5. Expenses (continued)		
Amortisation of non-current assets:		
- franchise agreement	2,325	2,325
- franchise renewal fee	11,625	11,625
	36,431	36,806
Finance costs:		
- interest paid	640	-
Bad debts	875	1,001
Loss on disposal of assets	-	15,479

Note 6. Income tax expense

The components of tax expense comprise:

- Current tax	71,381	70,646
- Movement in deferred tax	(4,255)	(55)
- Adjustment to deferred tax to reflect change to tax rate in future periods	60	-
	67,186	70,591

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

Operating profit	222,238	235,233
Prima facie tax on profit from ordinary activities at 30%	66,671	70,570
Add tax effect of:		
- non-deductible expenses	455	22
- timing difference expenses	4,255	54
	71,381	70,646
Movement in deferred tax	(4,255)	(55)
Adjustment to deferred tax to reflect change of tax rate in future periods	60	-
	67,186	70,591

Note 7. Cash and cash equivalents

Cash at bank and on hand	95,425	63,045
Term deposits	455,575	486,101
	551,000	549,146

Notes to the financial statements (continued)

	2015 \$	2014 \$
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Note 7. Cash and cash equivalents (continued)

Note 7.(a) Reconciliation 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:

Cash at bank and on hand	95,425	63,045
Term deposits	455,575	486,101
	551,000	549,146

Note 8. Trade and other receivables

Trade receivables	51,481	48,012
Prepayments	11,358	7,402
Other receivables and accruals	14,622	22,258
	77,461	77,672

Note 9. Property, plant and equipment

Leasehold improvements

At cost	272,731	270,941
Less accumulated depreciation	(65,747)	(49,747)
	206,984	221,194

Plant and equipment

At cost	56,519	54,759
Less accumulated depreciation	(40,684)	(37,409)
	15,835	17,350

Motor vehicles

At cost	28,681	-
Less accumulated depreciation	(3,206)	-
	25,475	-

Total written down amount	248,294	238,544
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Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 9. Property, plant and equipment (continued)		
Movements in carrying amounts:		
Leasehold improvements		
Carrying amount at beginning	221,194	128,838
Additions	1,790	111,278
Disposals	-	(17,802)
Less: depreciation expense	(16,000)	(1,120)
Carrying amount at end	206,984	221,194
Plant and equipment		
Carrying amount at beginning	17,350	22,263
Additions	1,760	14,500
Disposals	-	(13,934)
Less: depreciation expense	(3,275)	(5,479)
Carrying amount at end	15,835	17,350
Motor vehicles		
Carrying amount at beginning	-	-
Additions	28,681	-
Disposals	-	-
Less: depreciation expense	(3,206)	-
Carrying amount at end	25,475	-
Total written down amount	248,294	238,544

Note 10. Intangible assets

Franchise fee		
At cost	82,968	71,625
Less: accumulated amortisation	(71,625)	(69,300)
	11,343	2,325
Renewal processing fee		
At cost	114,839	58,126
Less: accumulated amortisation	(58,126)	(46,500)
	56,713	11,626
Total written down amount	68,056	13,951

Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 11. Tax		
Current:		
Income tax payable	14,089	13,907
Non-Current:		
Deferred tax assets		
- accruals	1,144	-
	1,144	-
Deferred tax liability		
- accruals	-	(830)
- deductible prepayments	-	(2,220)
	-	(3,050)
Net deferred tax asset/(liability)	1,144	(3,050)
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	(4,194)	(55)

Note 12. Trade and other payables

Current:		
Trade creditors	6,610	9,484
Other creditors and accruals	80,257	125,956
	86,867	135,440

Note 13. Borrowings

Current:		
Car Loan	8,380	-
Non-Current:		
Car Loan	19,461	-

The car loan is repayable monthly with the final instalment due in January 2018. Interest is recognised at an average rate of 5.2%. The loans are secured by a fixed and floating charge over the company's assets.

Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 14. Contributed equity		
720,109 ordinary shares fully paid (2014: 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.

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

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

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

Notes to the financial statements (continued)

Note 14. Contributed equity (continued)

Prohibited shareholding interest (continued)

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.

	2015 \$	2014 \$
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Note 15. Retained earnings

Balance at the beginning of the financial year	38,898	(64,534)
Net profit from ordinary activities after income tax	155,052	164,642
Dividends paid or provided for	(64,810)	(61,210)
Balance at the end of the financial year	129,140	38,898

Note 16. 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	155,052	164,642
Non cash items:		
- depreciation	22,481	22,856
- amortisation	13,950	13,950
Changes in assets and liabilities:		
- (increase)/decrease in receivables	212	(19,351)
- (increase)/decrease in other assets	(1,144)	-
- increase/(decrease) in payables	(5,351)	25,879
- increase/(decrease) in current tax liabilities	(2,868)	(31,881)
Net cash flows provided by operating activities	182,332	176,095

Notes to the financial statements (continued)

	2015 \$	2014 \$
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Note 17. Leases

Finance lease commitments

Payable - minimum lease payments:

- not later than 12 months	8,380	-
- between 12 months and 5 years	21,987	-
- greater than 5 years	-	-
Minimum lease payments	30,367	-
Less future finance charges	(2,526)	-
Present value of minimum lease payments	27,841	-

The finance lease for the car, which commenced in January 2015, is a 3-year lease. Interest is recognised at an average rate of 5.2%.

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	36,300	25,876
- between 12 months and 5 years	139,150	-
- greater than 5 years	-	-
	175,450	25,876

The property lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance. The lease was renewed on 11 April 2015 for a further 5 years.

Note 18. Auditor's remuneration

Amounts received or due and receivable by the auditor of the company for:

- audit and review services	5,050	4,950
- non audit services	2,789	2,871
	7,839	7,821

Note 19. Director and related party disclosures

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

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

Detailed remuneration disclosures are provided in the remuneration report, included as part of the directors' report.

Notes to the financial statements (continued)

	2015 \$	2014 \$
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Note 19. Director and related party disclosures (continued)

Transactions with Key Management Personnel

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

- 3,500

Karen May is an employee for the company that supplied catering services and venue hire during the period. All transactions occurred at market price.

1,500 -

	2015	2014
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Key Management Personnel Shareholdings

Ordinary shares fully paid 39,601 18,253

Detailed shareholding disclosures are provided in the remuneration report, included as part of the directors' report.

	2015 \$	2014 \$
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Note 20. Dividends paid or provided

a. Dividends paid during the year

Current year dividend

100% (2014: 100%) franked dividend - 9 cents (2014: 8.5 cents) per share

64,810 61,210

The tax rate at which dividends have been franked is 30% (2014: 30%).

b. Franking account balance

Franking credits available for subsequent reporting periods are:

- franking account balance as at the end of the financial year 161,426 118,004

- franking credits that will arise from payment of income tax as at the end of the financial year 14,123 13,817

- 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: 175,549 131,821

- franking debits that will arise from payment of dividends proposed or declared before the financial report was authorised for use but not recognised as a distribution to equity holders during the period - -

Net franking credits available 175,549 131,821

Notes to the financial statements (continued)

Note 21. Earnings per share

		2015 \$	2014 \$
(a)	Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	155,052	164,642
		Number	Number
(b)	Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	720,109	720,109

Note 22. Events occurring after the reporting date

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

Note 23. 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 24. Segment reporting

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

Note 25. Registered office/Principal place of business

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

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

Notes to the financial statements (continued)

Note 26. 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					
	2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$	2015 %	2014 %
Financial assets												
Cash and cash equivalents	95,016	62,636	455,575	486,101	-	-	-	-	409	409	1.24	1.82
Receivables	-	-	-	-	-	-	-	-	51,481	48,012	N/A	N/A
Financial liabilities												
Interest bearing liabilities	-	-	8,380	-	19,461	-	-	-	-	-	4.38	Nil
Payables	-	-	-	-	-	-	-	-	6,610	9,484	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 economic entity.

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 variable interest rates, as outlined above.

Notes to the financial statements (continued)

Note 26. 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 2015, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2015 \$	2014 \$
Change in profit/(loss)		
Increase in interest rate by 1%	5,228	5,487
Decrease in interest rate by 1%	5,228	5,487
Change in equity		
Increase in interest rate by 1%	5,228	5,487
Decrease in interest rate by 1%	5,228	5,487

Directors' declaration

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

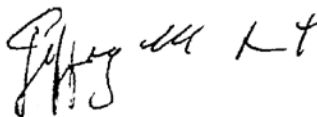
In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2015 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.



Karen Lesley May,
Chairman



Jeffrey William Burt,
Secretary

Signed on the 31st of August 2015.

Independent audit report



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

Report on the financial report

We have audited the accompanying financial report of Sarina and District Community Financial Services Limited, which comprises the balance sheet as at 30 June 2015, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows 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 that gives a true and fair view 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 Accounting Standard AASB 101 Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

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

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

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

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

P: (03) 5443 0344

F: (03) 5443 5304

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

afs@afsbendigo.com.au

www.afsbendigo.com.au

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Independent audit report (continued)

Independence

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

Auditor's opinion on the financial report

In our opinion:

1. The financial report of Sarina and District Community Financial Services Limited is in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 30 June 2015 and of its financial performance and its cash flows for the year then ended and complying with Australian Accounting Standards and the Corporations Regulations 2001.
2. The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Sarina and District Community Financial Services Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.



Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550



David Hutchings
Lead Auditor

Dated: 31 August 2015

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, segregated into various categories based on the total number of shares held.

Number of shares held	Number of shareholders	Number of shares held
1 to 1,000	279	154,301
1,001 to 5,000	110	334,904
5,001 to 10,000	13	104,502
10,001 to 100,000	7	126,402
100,001 and over	0	0
Total	409	720,109

Equity securities

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

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

There are 101 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
Helen Marie Dixon	25,000	3.47
Laurence Wayne Dixon	25,000	3.47
Jeffrey & Colleen Burt	20,000	2.78
EGP Fund No.1 Pty Ltd	18,001	2.49
Ralph & Suzanne Johnson	15,001	2.08
Gary Neil Loadsman	10,500	1.46
Paul Bennett & Francine Bennett	10,000	1.39
Keith McDonald	10,000	1.39
Patricia Holdsworth	10,000	1.39
Callander Super Fund	10,000	1.39

NSX report (continued)

Registered office and principal administrative office

The registered office of the company is located at:

37 Broad Street

Sarina QLD 4737

Phone: (07) 4943 2634

The principal administrative office of the company is located at:

37 Broad Street

Sarina QLD 4737

Phone: (07) 4943 2634

Security register

The security register (share register) is kept at:

Sharedata Pty Ltd

Post Box 298

St Agnes SA 5097

Phone: (08) 8395 2308

Email: info@sharedata.com.au

Company Secretary

Jeffrey Burt has been the Company Secretary of Sarina and District Community Financial Services Limited for one year. Jeff's experience includes being a small business proprietor.

Corporate governance

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

- (a) The establishment of an Audit and Governance Committee. Members of the Audit and Governance Committee are Dr Natasja Steenkamp 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 3A

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.

Five year summary of performance

		2011	2012	2013	2014	2015
Gross revenue	\$	819,298	980,231	1,150,165	1,184,191	1,185,813
Net profit before tax	\$	89,750	112,234	249,134	235,233	222,238
Total assets	\$	490,201	530,020	687,890	879,313	551,000
Total liabilities	\$	3,300	19,720	64,406	149,347	109,336
Total equity	\$	486,901	510,300	623,484	726,916	817,158

Sarina **Community Bank**[®] Branch
37 Broad Street, Sarina QLD 4737
Phone: (07) 4943 2634 Fax: (07) 4943 2637

Franchisee:
Sarina and District Community Financial Services Limited
37 Broad Street, Sarina QLD 4737
Phone: (07) 4943 2634 Fax: (07) 4943 2637
ABN: 28 112 407 182

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