



Annual Report 2015

City West Community Financial
Services Limited

ABN 34 134 051 219

Pymont **Community Bank**[®] Branch

Contents

Chairman's report	2
Manager's report	4
Directors' report	5
Auditor's independence declaration	13
Financial statements	14
Notes to the financial statements	18
Directors' declaration	40
Independent audit report	41

Chairman's report

For year ending 30 June 2015

It is with great pleasure and satisfaction that I can report our first full year of profitability. We closed the year with a pre-tax trading profit of \$89,157, compared with the previous year's loss of \$16,502. As we were able to offset past losses against this profit figure and bring forward future income tax benefits, the adjusted net profit figure for the year is \$405,385. The consequential benefit of this adjustment can be seen in the value of our company shares. Our company now has a positive value of \$153,305 instead of the previously negative value of \$252,080. In terms of business growth, our 'book' (sum of deposits and loans) closed at \$101.21 million, an increase of 44.6% over the previous year's performance.

This impressive growth in business and profitability can be attributed to very solid work by our Branch Manager Garry Noel and his award winning staff, the continuing practical support of our franchise partner Bendigo and Adelaide Bank and an obviously growing acceptance of our banking and financial services by our local community.

In terms of community engagement, we have supported a number of worthy community projects, including the Fusion Brain & Body Workout held at Sydney Customs House, the YMCA Swimathon and the re-invigorated Carols by Candle Light event held in Union Square. This last project emphasised a welcome return to time honoured community values.

Your Board

Our constitution allows for a maximum of 12 Directors. Very pleasingly, we were able to fill all these places at last year's Annual General Meeting (AGM). We welcomed retired judge John O'Meally, Fusion Culture activist Sylvia Liu, Chinese Youth League leader Raymond Tai and Desalination Engineer Mike van Buskirk. Additionally, we took on as Board Advisors, community activist Vicki Reed and IT specialist Vinh Van Lam. All new Directors and advisors have made valuable contributions to our Board efforts over this past year.

Unfortunately for us, Mike Van Buskirk had to tender his resignation as a consequence of receiving an overseas project management contract. Consequently, the Board voted to co-opt Vinh as Mike's replacement, subject to ratification at the forthcoming AGM. Professionally, Vicki is unable to accept a position as a Director but is proving to be a dynamic advisor on marketing and community engagement.

As you know, our Directors and Advisors work on a completely voluntary basis. The range of their backgrounds and capabilities is diverse and impressive. Their dual role is to observe compliance with fiduciary responsibilities, whilst helping our branch team to develop business. These tasks they all do well, each in their own way and I readily acknowledge their wonderful contribution.

Our future prospects

Looking ahead, we face a combination of challenges and opportunities. On the one hand, Bendigo and Adelaide Bank will this year discontinue some of the financial support we have enjoyed in the past. This will impose an added cost element onto our financial situation.

On the other hand, we are seeking new opportunities for growth through association with the excellent Bendigo Foundation. We have already initiated collaboration with one large local employer organisation and are presently engaged with another, concerning growth prospects in nearby precincts. During the course of this year, we hope to be able to report on developments with these initiatives.

In terms of regular banking and financial services business, our current indicators are favourable. The following performance trend graph that has been prepared by our Secretary Ian Bulluss shows continuing cause for optimism regarding the future of our company's **Community Bank**[®] branch.

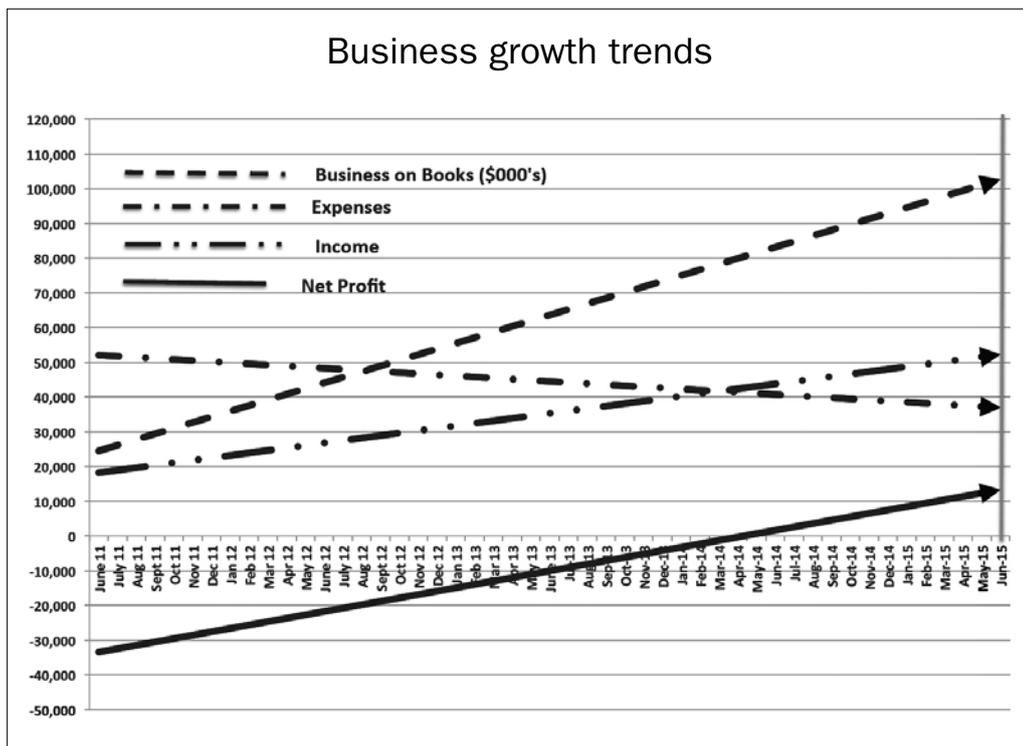
Chairman's report (continued)

On a different note, this is to be my last report to you as your Chairman. The opportunities ahead will take a good two to three years of solid work to materialise. In my judgement, this task will require the concentrated effort of a leader with fresher ideas and outlook. It is largely for this reason I have tendered my resignation as Chairman and Director, effective as at our AGM. It has been an honour and privilege to serve. It is a real source of satisfaction to be engaged in an enterprise that can do so much good for our local community. Please remember that your banking and financial services support, generates the profit that enables us to re-invest in the local community.

Sincerely,



**Robert Gavagna,
Chairman**



Manager's report

For year ending 30 June 2015

Welcome again to my Annual Report for the Pyrmont **Community Bank**[®] Branch.

In the financial year 2015, the **Community Bank**[®] network opened its 310th branch and community contributions since the model's inception now exceeds \$130 million. Both of these achievements could not have been achieved without the ongoing support of the shareholders, customers and advocates of what is a truly unique way of banking for the benefit of our local community.

Here at Pyrmont **Community Bank**[®] Branch we have been heavily involved in the local community with grants and sponsorships made available to many local organisations including Ian Thorpe Aquatic Centre's Swimathon, Carols in Union Square, Christmas in Pyrmont, International Grammar School, Ultimo Public School, Sydney CBD FC, Sydney Uni NEAFL team, Pyrmont Food Wine & Art Festival, City of Sydney 'Living in Harmony event' (Fusion, Brain and Body Workout) and the Pyrmont Community Dinners held at the Community Centre as well as participating in national events RSPCA Million Paws Walk, Parkinson's Unity Walk, Fred Hollows Foundation 55km Coastrek and various Cancer Council events held throughout the year.

At last year's Annual General Meeting (AGM) we were talking about our success at reaching \$70 million but this year we have increased that by a further 44% to us finishing at \$101.2 million, a fantastic achievement.

This increase is the result of having a hard working team here at Pyrmont **Community Bank**[®] Branch which include our Customer Service Supervisor Mike Velicanski and our two Customer Service Officers Reyhan and Paul. We also have an outstanding relationship with our Regional Manager Amy Land and support from everyone at our Pitt Street head office.

Most importantly we would like to thank all the support and work that our fantastic Board of Directors do for both us and the local community, each and every one of them contributes so much, Thank you to you all.

Thank you to all our people, shareholders and customers, we are starting to see the benefits. The **Community Bank**[®] model offers an alternative way to think about banking and because of everyone's support there is no limit to what can be achieved for our local people and the local community.

Thank you for your ongoing support of your local Pyrmont **Community Bank**[®] Branch.



Garry Noel
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:

Robert Joseph Gavagna

Chairman

Occupation: Company director

Qualifications, experience and expertise: Robert has 40 years of experience as a company director and more than 20 years in general management. Robert heads a long established family company that used to trade prominently as importers and distributors of wine, beverage and food products including such successful brands as Bolla, Caprari, Wither Hills, Sanpellegrino and Barilla. His prior national management experiences were with Olivetti Australia and later with the Australian Japan Container Line. Those experiences included management training in Florence, New York and Tokyo. Robert has a management certificate from the North Sydney Technical College. Robert resides in Pymont and is actively involved in local community organisations including his Strata Plan Executive Committee; Pymont Cares and The Blackwattle Cove Coalition Committee. He is a past vice president of Italian Opera Foundation Australia Ltd as well as a past deputy chairman of the Italian Chamber of Commerce & Industry Sydney.

Special responsibilities: Chairman

Interests in shares: 10,001

Patricia Teresa Strong

Treasurer

Occupation: University Lecturer

Patricia (Trish) has a PhD in accounting studying the emergence of Integrated Reporting a new corporate reporting phenomena and is an accounting academic at the University of New South Wales. Trish lectures in E-Business Strategies and Processes and Qualitative Research Methods at undergraduate and post-graduate levels. Trish has previously taught accounting in the UK, Hong Kong and other Australian universities and has been the recipient of the CPA teaching excellence award in 2013. Trish is a Certified Practising Accountant (CPA) and a member of the Australian Institute of Company Directors (MAICD). Prior to entering academia Trish worked for over 20 years in industry holding roles including management accountant; branch accountant; cost analyst; change agent specializing in IS implementations. This industry experience was based around Trish's accounting, organizing and systems analysis skills utilized to implement process re-engineering and organizational change programs in a number international companies working in UK, Europe, Asia and Australia. Trish's qualifications include a Doctorate degree (PhD) from the University of New South Wales, a Masters of Business Administration degrees (MBA) from Curtin University (WA) and Bachelor of Social Science with honours (BSSc.) from Queen's University, Belfast. Trish is one of the first PhDs awarded in the emerging field of "Integrated Reporting" and she has been invited to present her research at local and international conferences and to write papers for academic journals and practitioner publications such as the Governance Institute of Australia. Trish has been an active member of local community groups throughout her career, in particular, in the Pymont area Jacksons Landing Community Association and St Bede's Church and is currently the chair of the Great Irish Famine Commemoration Committee (GIFCC).

Special responsibilities: Treasurer and Chair of Risk Management Governance and Audit Committee.

Interests in shares: 5,001

Directors' report (continued)

Directors (continued)

Ian Gregory Bulluss

Secretary

Occupation: Retired

Qualifications, experience and expertise: Ian's long career within NSW Government saw his information technology and management expertise extensively engaged within education and human services. Ian resides in Pyrmont and is an active member of the local community with involvement in his Strata Plan Executive Committee (Treasurer), the Jacksons Landing Community Association and the NSW Justice Association. Ian holds a Diploma in Teaching (Sydney College of Adv. Ed.), Bachelor of Arts (University of New England), Graduate Diploma in Computing (Sydney College of Adv. ED.), Certificate in Management (University of Western Sydney), Master of Computing (University of Western Sydney), and Master of Business Administration (Sturt University, Bathurst).

Special responsibilities: Secretary, Finance, Audit and Risk Committee

Interests in shares: 10,501

Margaret Broadbent

Director

Occupation: Retired

Qualifications, experience and expertise: Margaret is a retired Registered Nurse with extensive experience in Orthopaedic Nursing, Aged Care and Community health. Margaret has served on the executive committees of a number of professional associations including the NSW Wound Care association, a number of hospital committees as well as being involved in many Community groups. She is an active member of an Owners Corporation and Community Garden. Margaret holds qualifications as a Registered Nurse - Midwifery & Orthopaedic Certificate.

Special responsibilities: Marketing Committee - Publicity

Interests in shares: 6,001

Charles Perry

Director

Occupation: Retired. Business Management Consultant.

Qualifications, experience and expertise: Charles is actively involved in many Community Groups including being a founding member of Friends of Pyrmont Point and Pyrmont Cares Inc. and his Strata committee. Charles' qualifications include Bachelor of Arts and Master of Business Administration. Charles has extensive experience in business improvement practices including Business Process Re-engineering, Business Planning and Training and Development.

Special responsibilities: Deputy Chairman

Interest in shares: 12,501

John Charles Marsden

Director

Occupation: Retired

Qualifications, experience and expertise: John is a retired Army Officer and Commercial International Airline Pilot. A member of the RSL, John is actively involved in the Pyrmont Ultimo community. John has been leading the City West Community Financial Services Marketing committee since 2010.

Special responsibilities: Marketing Committee Chairman

Interests in shares: 5,501

Directors' report (continued)

Directors (continued)

John Leslie Hoff

Director

Occupation: Fruit Grower

Qualifications, experience and expertise: John is an active member of Pymont Cares Inc., Friends of Pymont Point and Pymont Ultimo Glebe Men's Shed and other community groups. A retired airline pilot, he also holds an Associate Degree in Applied Science, Winemaking/Viticulture.

Special responsibilities: HR Committee, Property Committee

Interests in shares: 50,501

Ashley Leander Limbury

Director

Occupation: Conflict Resolution & Mediation Consultant, MBA, B.Ed (SocSc. Hons).

Qualifications, experience and expertise: Ashley is an experienced mediator and tribunal member primarily involved with workplace, discrimination and commercial matters. Ashley also has retail tenancy and franchising mediation expertise and experience in Human Resources and staff management. Ashley is a member of the Community Water Sports Centre and previously been a member of a local dragon boat team. He has held prior roles as chairman and member of a local Strata Committee. His qualifications include: M.B.A., 2002 (University of Technology Sydney). B.Ec. (Soc,Sci) (Hons.), double major in Economics and Psychology, 1994 (Sydney University).

Special responsibilities: Marketing

Interest in shares: 1,501

John Lawrence O'Meally

Director (Appointed 6 November 2014)

Occupation: Judge, District Court of NSW (Retired)

Qualifications, experience and expertise: John is an accredited mediator and is on the list of the NSW Bar Association's list of mediators and arbitrators for cases in the Supreme Court and the District Court of NSW. John is a Law graduate from the University of Sydney and was admitted to NSW, Aust. and Papua New Guinea and Western Pacific Bars. He is a member of the Council of the Aust. Section of the International Commission of Jurists and President of the NSW Branch of the Australian Section of ICJ. In 2002 John became a member of the Order of Australia.

Special responsibilities: Nil

Interest in shares: Nil

Raymond Tai

Director (Appointed 6 November 2014)

Occupation: Investment Manager

Qualifications, experience and expertise: Raymond has been involved in executive roles in not for profit community organisations for two decades. He is a shareholder in the company and is passionate about making lasting and positive contributions to society. Raymond is a watersports enthusiast and an advocate for a water sports centre in Bank Street that can provide access to our bays and Sydney Harbour for paddlers and local residents. Professionally he has held roles as an investment manager, a financial consultant and a deal maker in the IT industry across Asia Pacific. Raymond's qualifications include: Bachelor of Economics, CPA, MAICD.

Special responsibilities: Nil

Interest in shares: 15,000

Directors' report (continued)

Directors (continued)

Sylvia Liu

Director (Appointed 6 November 2014)

Occupation: Company Director

Qualifications, experience and expertise: Sylvia has worked in financial, technology, real estate and medical industries in Australia, Hong Kong, Taiwan and the United States. Employers have included Citibank, IBM, a real estate workout specialist firm and a psychotherapist practice and school. Sylvia has held managerial positions in Administration and Finance Management, Customer Service, Recruitment and Training. Sylvia founded the Fusion Culture Group and started the Fusion Tai Chi at Harris Community Centre and English Friendship Club at Ultimo Community Centre with the aim to bring people and cultures together through interactive and fun learning activities and social/cultural events. Sylvia's qualifications include: HR Development Program (Sydney TAFE); Real Estate Sales & Appraisal Program (New York University); Executive Training Program.

Special responsibilities: Marketing Committee, Community Engagement and Publicity Interests

Interest in shares: Nil

Michael Van Buskirk

Director (Appointed 6 November 2014, Resigned 30 June 2015)

Occupation: Civil Engineer

Qualifications, experience and expertise: Desalination Industry Project Experience in Project Management, engineering, finance, construction and operations working with industry giants such as General Electric and Veolia. Worldwide experience on 6 continents over the past 30 years in the Water Desalination Industry. Mike originally worked as an engineer immediately following University, with the Boeing Aircraft company in America. Living in Australia since 2005 after attaining Australian Citizenship, Mike enjoys his involvement in local Pyrmont Charities and Community Activities. Michael's qualifications include Engineering from the School of Civil Engineering at the University of Washington.

Special responsibilities: Nil

Interest in shares: Nil

Michael Parker

Director (Resigned 6 November 2014)

Occupation: Chief Financial Officer

Qualifications, experience and expertise: Michael is a Chief Financial Officer with many years of experience in finance and accounting. He has held positions with both professional accounting firms and in media. He was instrumental in the establishment of the Bendi-GO running group for the local Pyrmont community. Michael holds a bachelor of Commerce; ACA (LAPSICO).

Special responsibilities: Audit Committee, Marketing Committee

Interest in shares: Nil

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

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

Company Secretary

The company secretary is Ian Gregory Bulluss. Ian has held this position since 19 February 2010 following on from Charles Perry who was appointed to the position of secretary upon Incorporation on 6 November 2008. Ian's long career within NSW Government saw his information technology and management expertise extensively engaged within education and human services. Ian is a registered Justice of the Peace (NSW) and an active member of the local community with involvement in Body Corporate Strata Committee (Treasurer) and the Jacksons Landing Community Association.

Directors' report (continued)

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/(loss) of the company for the financial year after provision for income tax was:

Year ended 30 June 2015 \$	Year ended 30 June 2014 \$
405,385	(16,502)

Remuneration report

(a) Remuneration of directors

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

(b) Remuneration of Area and Branch Managers

The Board is responsible for the determination of remuneration packages and policies applicable to the Branch Manager and all the staff. The Branch Manager is invited to the Board meetings as required to discuss performance and remuneration packages.

The Board's policy in respect of the branch manager is to maintain remuneration at parity within the **Community Bank**[®] network and local market rates for comparable roles.

There are no executives who are directly accountable and responsible for the strategic direction and operational management of the entity. This is wholly a board role.

There are therefore no Specified Executives.

Directors' shareholdings

	Balance at start of the year	Changes during the year	Balance at end of the year
Robert Joseph Gavagna	10,001	-	10,001
Patricia Teresa Strong	5,001	-	5,001
Ian Gregory Bulluss	10,501	-	10,501
Margaret Broadbent	6,001	-	6,001
Charles Perry	12,501	-	12,501
John Charles Marsden	5,501	-	5,501
John Leslie Hoff	50,501	-	50,501
Ashley Leander Limbury	1,501	-	1,501
John Lawrence O'Meally (Appointed 6 November 2014)	-	-	-

Directors' report (continued)

Remuneration report (continued)

Directors' shareholdings (continued)

	Balance at start of the year	Changes during the year	Balance at end of the year
Raymond Tai (Appointed 6 November 2014)	15,000	-	15,000
Sylvia Liu (Appointed 6 November 2014)	-	-	-
Mike Van Buskirk (Appointed 6 November 2014, Resigned 30 June 2015)	-	-	-
Michael Anthony Parker (Resigned 6 November 2014)	-	-	-

Dividends

No dividends were declared or paid for the previous year and the directors recommend that no dividend be paid for the current year.

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.

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' report (continued)

Directors' meetings

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

	Board Meetings Attended	
	Eligible	Attended
Robert Joseph Gavagna	12	12
Patricia Teresa Strong	12	10
Ian Gregory Bulluss	12	8
Margaret Broadbent	12	8
Charles Perry	12	12
John Charles Marsden	12	10
John Leslie Hoff	12	9
Ashley Leander Limbury	12	7
John Lawrence O'Meally (Appointed 6 November 2014)	8	6
Raymond Tai (Appointed 6 November 2014)	8	4
Sylvia Liu (Appointed 6 November 2014)	8	5
Mike Van Buskirk (Appointed 6 November 2014, Resigned 30 June 2015)	8	4
Michael Anthony Parker (Resigned 6 November 2014).	4	-

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:

- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality and objectivity of the auditor

Directors' report (continued)

Non audit services (continued)

- 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 13.

Signed in accordance with a resolution of the board of directors at Pyrmont, New South Wales on 20 August 2015.



**Robert Joseph Gavagna,
Chairman**

Auditor's independence declaration



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

As lead auditor for the audit of City West 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: 20 August 2015

Liability limited by a scheme approved under Professional Standards Legislation. ABR: 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

TAXATION · AUDIT · BUSINESS SERVICES · FINANCIAL PLANNING

Financial statements

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

	Notes	2015 \$	2014 \$
Revenue from ordinary activities	4	597,778	464,190
Employee benefits expense		(184,796)	(159,517)
Charitable donations, sponsorship, advertising and promotion		(29,840)	(17,147)
Occupancy and associated costs		(138,568)	(140,119)
Systems costs		(34,019)	(35,057)
Depreciation and amortisation expense	5	(30,508)	(35,256)
Finance costs	5	(19,887)	(22,737)
General administration expenses		(71,003)	(70,859)
Profit/(loss) before income tax credit		89,157	(16,502)
Income tax credit	6	316,228	-
Profit/(loss) after income tax credit		405,385	(16,502)
Total comprehensive income for the year		405,385	(16,502)
Earnings per share for profit/(loss) attributable to the ordinary shareholders of the company:			
		¢	¢
Basic earnings per share	21	40.68	(1.66)

The accompanying notes form part of these financial statements.

Financial statements (continued)

Balance Sheet as at 30 June 2015

	Notes	2015 \$	2014 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	100	100
Trade and other receivables	8	44,013	34,176
Total Current Assets		44,113	34,276
Non-Current Assets			
Property, plant and equipment	9	166,773	178,935
Intangible assets	10	67,268	16,318
Deferred tax asset	11	316,228	-
Total Non-Current Assets		550,269	195,253
Total Assets		594,382	229,529
LIABILITIES			
Current Liabilities			
Trade and other payables	12	86,208	7,951
Borrowings	13	344,409	464,868
Provisions	14	7,552	7,005
Total Current Liabilities		438,169	479,824
Non-Current Liabilities			
Provisions	14	2,908	1,785
Total Non-Current Liabilities		2,908	1,785
Total Liabilities		441,077	481,609
Net Assets/(Net Liabilities)		153,305	(252,080)
Equity			
Issued capital	15	961,485	961,485
Accumulated losses	16	(808,180)	(1,213,565)
Total Equity		153,305	(252,080)

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 \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2013	961,485	(1,197,063)	(235,578)
Total comprehensive income for the year	-	(16,502)	(16,502)
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2014	961,485	(1,213,565)	(252,080)
Balance at 1 July 2014	961,485	(1,213,565)	(252,080)
Total comprehensive income for the year	-	405,385	405,385
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2015	961,485	(808,180)	153,305

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2015

	Notes	2015 \$	2014 \$
Cash flows from operating activities			
Receipts from customers		647,303	488,301
Payments to suppliers and employees		(499,720)	(466,238)
Interest paid		(19,887)	(22,737)
Net cash provided by/(used in) operating activities	17	127,696	(674)
Cash flows from investing activities			
Payments for property, plant and equipment		(1,240)	(2,210)
Payments for intangible assets		(5,997)	-
Net cash provided by/(used in) investing activities		(7,237)	(2,210)
Net increase/(decrease) in cash held		120,459	(2,884)
Cash and cash equivalents at the beginning of the financial year		(464,768)	(461,884)
Cash and cash equivalents at the end of the financial year	7(a)	(344,309)	(464,768)

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 Pyrmon, New South Wales.

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 (continued)

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)

Goodwill

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

The calculations require the use of assumptions.

Impairment of assets

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

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

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

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

2015
\$

2014
\$

Note 4. Revenue from ordinary activities

Operating activities:

- services commissions	547,778	414,190
- other revenue	50,000	50,000
Total revenue from operating activities	597,778	464,190
Total revenues from ordinary activities	597,778	464,190

Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 5. Expenses		
Depreciation of non-current assets:		
- plant and equipment	2,405	2,325
- leasehold improvements	10,997	10,931
Amortisation of non-current assets:		
- franchise agreement	2,156	2,000
- establishment fee	8,333	-
- franchise renewal fee	6,617	20,000
	30,508	35,256
Finance costs:		
- interest paid	19,887	22,737
Bad debts	153	308

Note 6. Income tax expense/(credit)

The components of tax expense/(credit) comprise:

- Future income tax benefit attributable to losses	-	(859)
- Movement in deferred tax	(2,288)	2,508
- Recoupment of prior year tax losses	31,784	-
- Future income tax benefit attributable to losses brought to account	(362,368)	-
- Adjustment to deferred tax to reflect change to tax rate in future periods	16,644	-
- Recoupment of tax losses not brought to account	-	(1,649)
	(316,228)	-

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

Operating profit/(loss)	89,157	(16,502)
Prima facie tax on profit/(loss) from ordinary activities at 30%	26,747	(4,951)
Add tax effect of:		
- non-deductible expenses	2,750	6,600
- timing difference expenses	2,287	(2,508)
	31,784	(859)

Notes to the financial statements (continued)

	Note	2015 \$	2014 \$
Note 6. Income tax expense/(credit) (continued)			
Movement in deferred tax	11	(2,288)	2,508
Adjustment to deferred tax to reflect change of tax rate in future periods		16,644	-
Future income tax benefit attributable to losses brought to account		(362,368)	(1,649)
		(316,228)	-

Note 7. Cash and cash equivalents

Cash at bank and on hand		100	100
---------------------------------	--	------------	------------

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		100	100
Bank overdraft	13	(344,409)	(464,868)
		(344,309)	(464,768)

Note 8. Trade and other receivables

Trade receivables		38,406	30,497
Prepayments		5,607	3,679
		44,013	34,176

Note 9. Property, plant and equipment

Leasehold improvements			
At cost		214,375	214,375
Less accumulated depreciation		(60,313)	(49,316)
		154,062	165,059
Plant and equipment			
At cost		38,409	37,169
Less accumulated depreciation		(25,698)	(23,293)
		12,711	13,876
Total written down amount		166,773	178,935

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	165,059	173,780
Additions	-	2,210
Less: depreciation expense	(10,997)	(10,931)
Carrying amount at end	154,062	165,059
Plant and equipment		
Carrying amount at beginning	13,876	16,201
Additions	1,240	-
Less: depreciation expense	(2,405)	(2,325)
Carrying amount at end	12,711	13,876
Total written down amount	166,773	178,935

Note 10. Intangible assets

Franchise fee

At cost	21,343	10,000
Less: accumulated amortisation	(11,323)	(9,167)
	10,020	833

Establishment fee

At cost	100,000	100,000
Less: accumulated amortisation	(100,000)	(91,667)
	-	8,333

Renewal processing fee

At cost	56,713	-
Less: accumulated amortisation	(6,617)	-
	50,096	-

Redomicile fee

At cost	7,152	7,152
Less: accumulated impairment losses	-	-
	7,152	7,152

Total written down amount	67,268	16,318
----------------------------------	---------------	---------------

Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 11. Tax		
Non-Current:		
Deferred tax assets		
- accruals	741	97
- employee provisions	2,981	2,637
- tax losses carried forward	312,506	360,738
	316,228	363,472
Deferred tax liability		
- deductible prepayments	-	1,104
	-	1,104
Tax losses not brought to account	316,228	364,576
Net deferred tax asset	316,228	-
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	(316,228)	-

Note 12. Trade and other payables

Current:		
Trade creditors	5,432	-
Other creditors and accruals	80,776	7,951
	86,208	7,951

Note 13. Borrowings

Current:		
Bank overdrafts	344,409	464,868
	344,409	464,868

The company has an approved overdraft facility of \$575,000. The overdraft was interest free for the first 6 months after initial draw down. The interest free period of six months expired during February 2012. Interest is charged at the commercial interest rate as per agreement with franchisor (currently 4.23%). The overdraft is secured by a fixed and floating charge over the company's assets.

Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 14. Provisions		
Current:		
Provision for annual leave	1,863	7,005
Provision for long service leave	5,689	-
	7,552	7,005
Non-Current:		
Provision for long service leave	2,908	1,785

Note 15. Contributed equity

996,511 ordinary shares fully paid (2014: 996,511)	996,511	996,511
Less: equity raising expenses	(35,026)	(35,026)
	961,485	961,485

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.

Notes to the financial statements (continued)

Note 15. Contributed equity (continued)

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the “10% limit”).
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the “close connection test”).
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the “base number test”). The base number is 218. As at the date of this report, the company had 242 shareholders.

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

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

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

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 \$
Note 16. Accumulated losses		
Balance at the beginning of the financial year	(1,213,565)	(1,197,063)
Net profit/(loss) from ordinary activities after income tax	405,385	(16,502)
Balance at the end of the financial year	(808,180)	(1,213,565)

Note 17. Statement of cash flows

Reconciliation of profit/(loss) from ordinary activities after tax to net cash provided by/(used in) operating activities

Profit/(loss) from ordinary activities after income tax	405,385	(16,502)
---	---------	----------

Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 17. Statement of cash flows (continued)		
Non cash items:		
- depreciation	13,402	13,256
- amortisation	17,106	22,000
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(9,837)	(8,078)
- (increase)/decrease in other assets	(316,228)	-
- increase/(decrease) in payables	16,198	(2,997)
- increase/(decrease) in provisions	1,670	(8,353)
Net cash flows provided by/(used in) operating activities	127,696	(674)

Note 18. Leases

Operating lease commitments

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

Payable - minimum lease payments:

- not later than 12 months	134,611	59,800
- between 12 months and 5 years	471,138	-
- greater than 5 years	-	-
	605,749	59,800

The property lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance. The lease has no further extension provisions available. The lease is due for renewal in December 2019.

Note 19. Auditor's remuneration

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

- audit and review services	3,950	3,600
- share registry services	1,750	1,500
- non audit services	2,290	2,028
	7,990	7,128

Notes to the financial statements (continued)

Note 20. 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 shareholding disclosures are provided in the remuneration report, included as part of the directors' report.

Note 21. Earnings per share

		2015 \$	2014 \$
(a)	Profit/(loss) attributable to the ordinary equity holders of the company used in calculating earnings per share	405,385	(16,502)
		Number	Number
(b)	Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	996,511	996,511

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 Pyrmont, New South Wales 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
148 Harris Street Pyrmont NSW 2009	148 Harris Street Pyrmont NSW 2009

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	-	-	-	-	-	-	-	-	100	100	0.00	0.00
Receivables	-	-	-	-	-	-	-	-	38,406	30,497	N/A	N/A
Financial liabilities												
Interest bearing liabilities	344,409	464,868	-	-	-	-	-	-	-	-	4.87	5.16
Payables	-	-	-	-	-	-	-	-	5,432	-	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.

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.

Notes to the financial statements (continued)

Note 26. Financial instruments (continued)

Sensitivity Analysis (continued)

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%	- 3,444	- 4,649
Decrease in interest rate by 1%	- 3,444	- 4,649
Change in equity		
Increase in interest rate by 1%	- 3,444	- 4,649
Decrease in interest rate by 1%	- 3,444	- 4,649

Directors' declaration

In accordance with a resolution of the directors of City West 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.



Robert Joseph Gavagna,
Chairman

Signed on the 20th of August 2015.

Independent audit report



Independent auditor's report to the members of City West Community Financial Services Limited

Report on the financial report

We have audited the accompanying financial report of City West 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

TAXATION • AUDIT • BUSINESS SERVICES • FINANCIAL PLANNING

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 City West 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 City West 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: 20 August 2015

Pyrmont **Community Bank**[®] Branch
148 Harris Street, Pyrmont NSW 2009
Phone: (02) 9518 9866 Fax: (02) 9518 9844

Franchisee:
City West Community Financial Services Limited
148 Harris Street, Pyrmont NSW 2009
Phone: (02) 9518 9866 Fax (02) 9518 9844
www.cwcfs.com.au
ABN: 34 134 051 219

www.bendigobank.com.au/pyrmont
(BMPAR15096) (09/15)