

**Bentley & Districts Community  
Financial Services Limited**

**Financial Statements**

**as at**

**30 June 2014**

**Bentley & Districts Community Financial Services Limited**  
**ABN 99 109 035 967**  
**Directors' report**

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

**Directors**

The following persons were directors of Bentley & Districts Community Financial Services Limited during or since the end of the financial year up to the date of this report:

<b>Name and position held</b>	<b>Qualifications</b>	<b>Experience and Other Directorships</b>
Peter Lam Chairman/Secretary Board member since 2010	Bachelor of Commerce (Accounting & Financial Planning), CFP®	Accountant and Financial Planner
Kevin Maurice Taylforth Deputy Chairman Board member since 2008	Diploma of Science	Holds directorships with the Global Good foundation Directions WA Inc, and Chair of Southeast Metropolitan working group for at risk children
Paul Hansen Treasurer Board member since 2010	Bachelor of Business (Accounting), CPA	Owner of Hansen Business Management with over 30 years experience
Rosa Cummins Non-Executive Director Board member since 2010	Bachelor of Commerce (Accounting and Finance)	Secretary and Director of Freo Group Limited
Joseph Tilli Non-Executive Director Board member since 2010	Bachelor of Business	Owner of a construction and plumbing business

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

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

**Principal activities**

The principal activities of the company during the course of the financial year were in providing **Community Bank®** services under management rights to operate a franchised branch of Bendigo and Adelaide Bank

There have been no significant changes in the nature of these activities during the year.

**Review of operations**

The loss of the company for the financial year after provision for income tax was \$106,490 (2013 loss: \$76,912), which is a 29% decline compared with the previous year.

The net liabilities of the company have increased to \$420,041, (2013: \$313,551). The increase is largely due to the increase in the bank overdraft.

**Dividends**

**Bentley & Districts Community Financial Services Limited**  
**ABN 99 109 035 967**  
**Directors' report**

**Significant changes in the state of affairs**

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

**Events subsequent to reporting date**

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

**Remuneration report**

Remuneration policy

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

Remuneration benefits and payments

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

Deputy Chairman Kevin Taylforth (on behalf of KZJ International Pty Ltd) was paid \$22,909 (exclusive of GST) (2013: \$21,818) for administration duties/services for the year ended 30 June 2014.

**Indemnifying officers or Auditor**

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

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any Insurance for an Auditor of the company.

**Bentley & Districts Community Financial Services Limited**  
**ABN 99 109 035 967**  
**Directors' report**

**Directors' meetings**

The number of Directors' meetings held during the year were 10. Attendances by each Director during the year were as follows:

Director	Board meetings #	Audit Committee meetings #
Peter Lam	5(5)	1 (1)
Kevin Maurice Taylforth	5 (5)	1 (1)
Paul Hansen	4 (5)	1 (1)
Rosa Cummins	4 (5)	N/A
Joseph Tilli	0 (5)	N/A

*# The first number is the meetings attended while in brackets is the number of meetings eligible to attend.  
N/A - not a member of that committee.*

**Likely developments**

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

**Environmental regulations**

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

**Proceedings on behalf of company**

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

**Company Secretary**

Peter Lam was appointed the company Secretary of Bentley & Districts Community Financial Services Limited on 25 June 2012. Peter Lam's qualifications and experience include a Bachelor of Commerce (Accounting and Financial Planning), CFP® with 6 years experience in the finance industry.

**Non audit services**

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

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

**Bentley & Districts Community Financial Services Limited**  
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**Directors' report**

**Auditor independence declaration**

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 5 of this financial report. No officer of the company is or has been a partner of the Auditor of the company.

Signed in accordance with a resolution of the Board of Directors at Bentley on  
14 November 2014.

A handwritten signature in black ink, appearing to read 'Peter Lam', with a long horizontal stroke extending to the right.

Peter Lam  
Chairman



**Richmond  
Sinnott &  
Delahunty**

Chartered Accountants

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

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

14<sup>th</sup> November 2014

The Directors  
Bentley & Districts Community Financial Services Limited  
9/940 Albany Highway  
East Victoria Park WA 6981


Dear Directors

To the Directors of Bentley & Districts Community Financial Services Limited

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

I declare that to the best of my knowledge and belief, during the year ended 30 June 2014 there has been no contraventions of:

- (i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



**P. P. Delahunty**  
**Partner**  
**Richmond Sinnott & Delahunty**

**Bentley & Districts Community Financial Services Limited**  
**ABN 99 109 035 967**  
**Statement of profit or loss and Other Comprehensive Income**  
**for the year ended 30 June 2014**

	<u>Notes</u>	<b>2014</b> \$	<b>2013</b> \$
Revenue	2	471,066	497,918
Employee benefits expense	3	(329,370)	(320,891)
Depreciation and amortisation expense	3	(16,514)	(16,013)
Finance costs	3	(18,076)	(16,346)
Bad and doubtful debts expense	3	(818)	(1,147)
Rental expense		(56,892)	(55,222)
Other expenses		<u>(138,922)</u>	<u>(154,665)</u>
<b>Operating loss before charitable donations &amp; sponsorships</b>		(89,526)	(66,366)
Charitable donations and sponsorships		<u>(16,964)</u>	<u>(10,546)</u>
<b>Loss before income tax expense</b>		(106,490)	(76,912)
Tax expense	4	<u>-</u>	<u>-</u>
<b>Loss for the year</b>		(106,490)	(76,912)
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income</b>		<u>(106,490)</u>	<u>(76,912)</u>
Loss attributable to members of the company		(106,490)	(76,912)
Total comprehensive income attributable to members of the company		<u>(106,490)</u>	<u>(76,912)</u>
<b>Earnings per share (cents per share)</b>			
- basic for loss for the year	21	(12.01)	(8.67)
- diluted for loss for the year	21	(12.01)	(8.67)

The accompanying notes form part of these financial statements

**Bentley & Districts Community Financial Services Limited**  
**ABN 99 109 035 967**  
**Statement of financial position**  
**As at 30 June 2014**

	<u>Notes</u>	2014 \$	2013 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	750	750
Trade and other receivables	7	33,674	33,695
<b>Total current assets</b>		<u>34,424</u>	<u>34,445</u>
<b>Non-current assets</b>			
Property, plant and equipment	8	6,883	9,944
Intangible assets	9	5,417	18,870
<b>Total non-current assets</b>		<u>12,300</u>	<u>28,814</u>
<b>Total assets</b>		<u>46,724</u>	<u>63,259</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10	25,048	34,067
Borrowings	11	431,959	335,818
Provisions	12	9,758	6,925
<b>Total current liabilities</b>		<u>466,765</u>	<u>376,810</u>
<b>Total liabilities</b>		<u>466,765</u>	<u>376,810</u>
<b>Net liabilities</b>		<u>(420,041)</u>	<u>(313,551)</u>
<b>Equity</b>			
Issued capital	13	886,710	886,710
Accumulated losses	14	(1,306,751)	(1,200,261)
<b>Total equity</b>		<u>(420,041)</u>	<u>(313,551)</u>

The accompanying notes form part of these financial statements



**Bentley & Districts Community Financial Services Limited**  
**ABN 99 109 035 967**  
**Statement of changes in equity**  
**for the year ended 30 June 2014**

		Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2012		886,710	(1,123,349)	(236,639)
Total comprehensive income for the year		-	(76,912)	(76,912)
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	22	-	-	-
<b>Balance at 30 June 2013</b>		<b><u>886,710</u></b>	<b><u>(1,200,261)</u></b>	<b><u>(313,551)</u></b>
Balance at 1 July 2013		886,710	(1,200,261)	(313,551)
Total comprehensive income for the year		-	(106,490)	(106,490)
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	22	-	-	-
<b>Balance at 30 June 2014</b>		<b><u>886,710</u></b>	<b><u>(1,306,751)</u></b>	<b><u>(420,041)</u></b>

The accompanying notes form part of these financial statements

**Bentley & Districts Community Financial Services Limited**

**ABN 99 109 035 967**

**Notes to the financial statements**

**For the year ended 30 June 2014**

These financial statements and notes represent those of Bentley & Districts Community Financial Services Limited.

Bentley & Districts Community Financial Services Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 10 November 2014.

**1. Summary of significant accounting policies**

**(a) Basis of preparation**

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

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

*Economic Dependency*

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank®** branches at Bentley.

The branches operate as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank" and the logo and system of operations of Bendigo and Adelaide Bank Limited. The company manages the **Community Bank®** branches on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank®** branches 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.

**Bentley & Districts Community Financial Services Limited**

**ABN 99 109 035 967**

**Notes to the financial statements**

**For the year ended 30 June 2014**

**1. Summary of significant accounting policies**

**(a) Basis of preparation**

*Economic Dependency (continued)*

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 managers 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; and
- Sale techniques and proper customer relations.

**(b) Going concern**

The net liabilities of the company as at 30 June 2014 were \$420,041 and the loss made for the year was \$106,490, bringing accumulated losses to \$1,306,751.

The company meets its day to day working capital requirements through an overdraft facility that is due for on 30 September 2015. The overdraft has an approved limit of \$525,000 and was drawn to \$431,959 as at June 2014.

The company recognises that losses will be incurred during the development of the business and while access is being developed within the district. The directors will continue to review their growth forecast and cash flows throughout the 2014/15 year, and measure to preserve cash and secure additional finance, circumstances create material uncertainties over future trading results and cash flow.

Bendigo and Adelaide Bank Limited has confirmed that it will continue to support the Company and its for the 2014/15 financial year, and beyond through the provision of an overdraft facility on normal commercial terms and conditions to assist with working capital requirements. The support is provided on the basis that the company continues to fulfil its obligations under the franchise agreement and continues to work closely with Bendigo and Adelaide Bank Limited to further develop its business.

Based on the above, and after making additional enquiries, the directors believe that it is reasonably that the company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial statements.

**Bentley & Districts Community Financial Services Limited**  
**ABN 99 109 035 967**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

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

**(c) Income tax**

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

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

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

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

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

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

**(d) Fair value of assets and liabilities**

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

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

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

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

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

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

**Bentley & Districts Community Financial Services Limited**  
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**Notes to the financial statements**  
**For the year ended 30 June 2014**

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

**(e) Property, plant and equipment**

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

*Plant and equipment*

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

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

*Depreciation*

The depreciable amount of all fixed assets including buildings and capitalised leased assets is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

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

<i>Class of asset</i>	<i>Depreciation rate</i>
Plant & equipment	10-20%

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

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

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

**(f) Impairment of assets**

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



**Bentley & Districts Community Financial Services Limited**  
**ABN 99 109 035 967**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

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

**(g) Goods and services tax (GST)**

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

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

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

**(h) Employee benefits**

*Short-term employee benefits*

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

*Other long-term employee benefits*

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

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

**(i) Intangibles**

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

**(j) Cash and Cash Equivalents**

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

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

**Bentley & Districts Community Financial Services Limited**  
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**Notes to the financial statements**  
**For the year ended 30 June 2014**

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

**(k) Revenue**

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

Interest, dividend and fee revenue is recognised when earned.

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

**(l) Trade and other receivables**

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

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

**(m) Trade and other payables**

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

**(n) Borrowing costs**

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

**(o) New and amended accounting policies adopted by the company**

*Employee benefits*

The company adopted AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) from the mandatory application date of 1 January 2013. The company has applied these Standards retrospectively in accordance with AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors and the transitional provisions of AASB 119 (September 2011).

For the purpose of measurement, AASB 119 (September 2011) defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. In accordance with AASB 119 (September 2011), provisions for short-term employee benefits are measured at the (undiscounted) amounts expected to be paid to employees when the obligation is settled, whereas provisions that do not meet the criteria for classification as short-term (other long-term employee benefits) are measured at the present value of the expected future payments to be made to employees.

**Bentley & Districts Community Financial Services Limited**  
**ABN 99 109 035 967**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

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

**(o) New and amended accounting policies adopted by the company (continued)**

As the company expects that all of its employees would use all of their annual leave entitlements earned during a reporting period before 12 months after the end of the reporting period, adoption of AASB 119 (September 2011) did not have a material impact on the amounts recognised in respect of the company's employee provisions. Note also that adoption of AASB 119 (September 2011) did not impact the classification of leave entitlements between current and non-current liabilities in the company's financial statements.

AASB 119 (September 2011) also introduced changes to the recognition and measurement requirements applicable to termination benefits and defined benefit plans. As the company did not have any of these types of obligations in the current or previous reporting periods, these changes did not impact the company's financial statements.

*Fair value measurement*

The company has applied AASB 13; Fair Value Measurement and the relevant consequential amendments arising from the related Amending Standards prospectively from the mandatory application date of 1 January 2013 and in accordance with AASB 108 and the specific transitional requirements in AASB 13.

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

No material adjustments to the carrying amounts of any of the company's assets or liabilities were required as a consequence of applying AASB 13. Nevertheless, AASB 13 requires enhanced disclosures regarding assets and liabilities that are measured at fair value and fair values disclosed in the company's financial statements.

The disclosure requirements in AASB 13 need not be applied by the company in the comparative information provided for periods before initial application of AASB 13 (that is, periods beginning before 1 January 2013). However, as some of the disclosures now required under AASB 13 were previously required under other Australian Accounting Standards, such as AASB 7: Financial Instruments: Disclosures, the company has provided this previously provided information as comparatives in the current reporting period.

**(p) New accounting standards for application in future periods**

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

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

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

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



**Bentley & Districts Community Financial Services Limited**  
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**Notes to the financial statements**  
**For the year ended 30 June 2014**

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

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

**(p) New accounting standards for application in future periods**

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

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

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

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

**(q) Loans and borrowings**

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

**(r) Provisions**

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

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

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

**(s) Share capital**

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

**(t) Comparative figures**

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

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

**(u) Critical accounting estimates and judgements**

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

*Estimation of useful lives of assets*

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

*Fair value assessment of non-current physical assets*

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

*Employee benefits provision*

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

*Income tax*

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

*Impairment*

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

**(v) Financial Instruments**

*Initial recognition and measurement*

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

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

*Classification and subsequent measurement*

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

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

**(v) Financial Instruments**

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

**(i) Loans and receivables**

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

**(ii) Financial liabilities**

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

*Impairment*

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

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

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

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

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*Derecognition of financial instruments*

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

	2014	2013
	\$	\$
<b>2. Revenue and other income</b>		
Revenue		
- services commissions	470,777	495,814
	<u>470,777</u>	<u>495,814</u>
Other revenue		
- other revenue	289	2,104
	<u>289</u>	<u>2,104</u>
Total revenue	<u>471,066</u>	<u>497,918</u>
<b>3. Expenses</b>		
Employee benefits expense		
- wages and salaries	278,983	284,005
- superannuation costs	27,780	10,924
- workers' compensation costs	1,041	288
- other costs	21,566	25,674
	<u>329,370</u>	<u>320,891</u>
Depreciation of non-current assets:		
- plant and equipment	3,061	2,559
Amortisation of non-current assets:		
- intangible assets	13,453	13,454
	<u>16,514</u>	<u>16,013</u>
Finance costs:		
- Interest paid	18,076	16,346
Bad debts	818	1,147
<b>4. Tax Expense</b>		
The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit/(loss) before income tax at 30% (2013; 30%)	(31,947)	(14,245)
Add tax effect of:		
- Tax loss not brought to account	31,947	14,245
- Non-deductible expenses	-	-

**Bentley & Districts Community Financial Services Limited**

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**4. Tax Expense (continued)**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<i>Current income tax expense</i>	<u>-</u>	<u>-</u>
Income tax attributable to the entity	<u>-</u>	<u>-</u>
The applicable weighted average effective tax rate is	0.00%	0.00%

**Deferred tax asset**

Future income tax benefit arising from the tax loss for the year ended 30 June 2014 has not been recognised at reporting date as realisation of the benefit is not regarded as certain.

Accumulated future income tax benefits arising from tax losses which have not been recognised at reporting date.

<u>312,584</u>	<u>282,015</u>
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**5. Auditors' remuneration**

Remuneration of the Auditor for:

- Audit or review of the financial report	3,900	3,900
- Taxation services	500	500
	<u>4,400</u>	<u>4,400</u>

**6. Cash and cash equivalents**

Cash at bank and on hand	<u>750</u>	<u>750</u>
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*Reconciliation of cash*

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

Cash and cash equivalents	750	750
Bank overdrafts	431,959	335,818
	<u>(431,209)</u>	<u>(335,068)</u>

**7. Trade and other receivables**

**Current**

Trade debtors	3,695	4,013
Other assets	29,979	29,682
	<u>33,674</u>	<u>33,695</u>



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**7. Trade and other receivables (continued)**

**Credit risk**

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 7. The main sources of credit risk to the company are considered to relate to the classes of assets described as trade and other receivables.

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

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

	Gross amount	Past due and impaired	Past due but not impaired			Not past due
			< 30 days	31-60 days	> 60 days	
<b>2014</b>						
Trade receivables	3,695	-	-	-	3,695	-
Other receivables	29,979	-	-	-	-	29,979
<b>Total</b>	<b>33,674</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,695</b>	<b>29,979</b>
<b>2013</b>						
Trade receivables	4,013	-	-	-	4,013	-
Other receivables	29,682	-	-	-	-	29,682
<b>Total</b>	<b>33,695</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,013</b>	<b>29,682</b>
					<b>2014</b>	<b>2013</b>
					<b>\$</b>	<b>\$</b>

**8. Property, plant and equipment**

*Plant and equipment*

At cost	28,283	28,283
Less accumulated depreciation	(27,589)	(27,349)
	<u>694</u>	<u>934</u>

*Computer Equipment*

At cost	142	142
Less accumulated depreciation	(100)	(72)
Total written down amount	<u>42</u>	<u>70</u>

*Furniture and fittings*

At cost	86,407	86,407
Less accumulated depreciation	(84,114)	(83,514)
Total written down amount	<u>2,293</u>	<u>2,893</u>

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<b>8. Property, plant and equipment (continued)</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<i>Leasehold Improvements</i>		
At cost	109,457	109,457
Less accumulated depreciation	(105,603)	(103,410)
Total written down amount	<u>3,854</u>	<u>6,047</u>
Total written down amount	<u>6,883</u>	<u>9,944</u>
<b>Movements in carrying amounts</b>		
<i>Plant and equipment</i>		
Balance at the beginning of the reporting period	934	1,171
Additions	-	-
Disposals	-	-
Depreciation expense	(240)	(237)
Balance at the end of the reporting period	<u>694</u>	<u>934</u>
<i>Computer Equipment</i>		
Balance at the beginning of the reporting period	70	98
Additions	-	-
Disposals	-	-
Depreciation expense	(28)	(28)
Balance at the end of the reporting period	<u>42</u>	<u>70</u>
<i>Furniture and fittings</i>		
Balance at the beginning of the reporting period	2,893	2,993
Additions	-	-
Disposals	-	-
Depreciation expense	(600)	(100)
Balance at the end of the reporting period	<u>2,293</u>	<u>2,893</u>
<i>Leasehold improvements</i>		
Balance at the beginning of the reporting period	6,047	8,241
Additions	-	-
Disposals	-	-
Depreciation expense	(2,193)	(2,194)
Balance at the end of the reporting period	<u>3,854</u>	<u>6,047</u>
<b>9. Intangible assets</b>		
<i>Franchise fee</i>		
At cost	67,268	67,268
Less accumulated amortisation	(62,784)	(49,331)
	<u>4,484</u>	<u>17,937</u>
<i>Preliminary expenses</i>		
At cost	933	933
Less accumulated amortisation	-	-
	<u>933</u>	<u>933</u>
Total Intangible assets	<u>5,417</u>	<u>18,870</u>

**Bentley & Districts Community Financial Services Limited**  
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	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>9. Intangible assets (continued)</b>		
<b>Movements in carrying amounts</b>		
<i>Franchise fee</i>		
Balance at the beginning of the reporting period	17,937	31,391
Additions	-	-
Disposals	-	-
Amortisation expense	(13,453)	(13,454)
Balance at the end of the reporting period	<u>4,484</u>	<u>17,937</u>
<i>Preliminary expenses</i>		
Balance at the beginning of the reporting period	933	933
Additions	-	-
Disposals	-	-
Amortisation expense	-	-
Balance at the end of the reporting period	<u>933</u>	<u>933</u>
<b>10. Trade and other payables</b>		
<b>Current</b>		
Unsecured liabilities:		
Trade creditors	1,094	11,099
GST payable	22,885	8,332
Accrued Salaries and Wages	1,069	-
Superannuation payable	-	14,636
	<u>25,048</u>	<u>34,067</u>
<b>11. Borrowings</b>		
Bank overdraft	<u>431,959</u>	<u>335,818</u>
	<u>431,959</u>	<u>335,818</u>
The company has an overdraft facility of \$525,000 which is subject to normal commercial terms and conditions		
<b>12. Provisions</b>		
Employee benefits	<u>9,758</u>	<u>6,925</u>
<b>Movement in employee benefits</b>		
Opening balance	6,925	8,100
Additional provisions recognised	24,211	20,872
Amounts utilised during the year	(21,378)	(21,847)
Closing balance	<u>9,758</u>	<u>6,925</u>
<b>Current</b>		
Annual leave	<u>9,758</u>	<u>6,925</u>
	<u>9,758</u>	<u>6,925</u>



**Bentley & Districts Community Financial Services Limited**  
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**12. Provisions (continued)**

**Provision for employee benefits**

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

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

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

	2014 \$	2013 \$
<b>13. Share capital</b>		
886,710 Ordinary shares fully paid of \$1 each	886,710	886,710
Less: Equity raising costs	-	-
	<u>886,710</u>	<u>886,710</u>
<b>Movements in share capital</b>		
Fully paid ordinary shares:		
At the beginning of the reporting period	886,710	886,710
Shares issued during the year	-	-
At the end of the reporting period	<u>886,710</u>	<u>886,710</u>

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

**Capital management**

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Statement of Financial Position.

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**13. Share capital (continued)**

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

- (i) the Distribution Limit is the greater of:
  - (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
  - (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and
- (ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2014 can be seen in the Statement of Profit or Loss and Comprehensive Income.

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

	2014	2013
	£	£
<b>14. Accumulated losses</b>		
Balance at the beginning of the reporting period	(1,200,261)	(1,123,349)
Loss after income tax	(106,490)	(76,912)
Balance at the end of the reporting period	<u>(1,306,751)</u>	<u>(1,200,261)</u>

**15. Statement of cash flows**

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

As per the statement of financial position	750	750
less Bank overdraft	(431,959)	(335,818)
As per the statement of cash flow	<u>(431,209)</u>	<u>(335,068)</u>

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

Loss after income tax	(106,490)	(76,912)
Non cash items		
- Depreciation	3,061	2,559
- Amortisation	13,453	13,454
Changes in assets and liabilities		
- (Increase) decrease in receivables	21	(10,367)
- Increase (decrease) in payables	(9,019)	11,627
- Increase (decrease) in provisions	2,833	(1,175)
Net cash flows from/(used in) operating activities	<u>(96,141)</u>	<u>(60,814)</u>

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**15. Statement of cash flows (continued)**

**(c) Credit standby arrangement and loan facilities**

The company has a bank overdraft and commercial bill facility amounting to \$525,000 (2013: \$370,000). This may be terminated at any time at the option of the bank. At 30 June 2014, \$431,959 of this facility was used (2013: \$335,818). Variable interest rates apply to these overdraft and bill facilities.

**16. Related party transactions**

The company's main related parties are as follows:

**(a) Key management personnel**

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

**(b) Other related parties**

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

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

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

Chairman Kevin Taylforth (on behalf of KZJ International Pty Ltd) was paid \$25,200 (inclusive of GST) (2013: \$24,000) for administration duties/services for the year ended 30 June 2014.

**(d) Key management personnel shareholdings**

The number of ordinary shares in Bentley & Districts Community Financial Services Limited held by each key management personnel of the company during the financial year is as follows:

	<b>2014</b>	<b>2013</b>
Peter Lam	550	550
Kevin Maurice Taylforth	13,000	13,000
Paul Hansen	150	150
Rosa Cummins	-	-
Joseph Tilli	-	-

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

**(e) Other key management transactions**

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

**17. Events after the reporting period**

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

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**18. Contingent liabilities and assets**

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

**19. Operating segments**

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

**20. Company details**

The registered office is:

9/940 Albany Highway,  
East Victoria Park WA 6981

The principal place of business is:

Shop 13, 1140 Albany Highway,  
Bentley, WA 6102

**21. Earnings per share**

	2014	2013
	\$	\$

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

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

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

Loss after income tax expense

	<u>(106,490)</u>	<u>(76,912)</u>
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Weighted average number of ordinary shares for basic and diluted earnings per share

	<u>886,710</u>	<u>886,710</u>
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**22. Dividends paid or provided for on ordinary shares**

No dividends were paid or proposed by the company during the period.

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**23. Financial risk management**

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

	Note	2014 \$	2013 \$
<b>Financial assets</b>			
Cash and cash equivalents	6	750	750
Trade and other receivables	7	33,674	33,695
<b>Total financial assets</b>		<u>34,424</u>	<u>34,445</u>
<b>Financial liabilities</b>			
Trade and other payables	10	25,048	34,067
Bank overdraft	11	431,959	335,818
<b>Total financial liabilities</b>		<u>457,007</u>	<u>369,885</u>

**Financial risk management policies**

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

**Specific financial risk exposure and management**

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

**(a) Credit risk**

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

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

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

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

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



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**23. Financial risk management (continued)**

**(a) Credit risk (continued)**

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

	2014	2013
	\$	\$
<b>Cash and cash equivalents:</b>		
A rated	<u>750</u>	<u>750</u>

**(b) Liquidity risk**

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

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

In addition the company has established an overdraft facility of \$525,000 with Bendigo and Adelaide Bank Limited.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities. Bank overdrafts have been deducted in the analysis as management does not consider there is any material risk the bank will terminate such facilities. The Bank does however maintain the right to terminate the facilities without notice and therefore the balances of overdrafts outstanding at year end could become repayable within 12 months.

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

**Financial liability and financial asset maturity analysis:**

30 June 2014	Note	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
<b>Financial liabilities due</b>					
Trade and other payables	10	25,048	25,048	-	-
Bank overdraft	11	431,959	431,959	-	-
<b>Total expected outflows</b>		<u>457,007</u>	<u>457,007</u>	<u>-</u>	<u>-</u>
<b>Financial assets - realisable</b>					
Cash & cash equivalents	6	750	750	-	-
Trade and other receivables	7	33,674	33,674	-	-
<b>Total anticipated inflows</b>		<u>34,424</u>	<u>34,424</u>	<u>-</u>	<u>-</u>
<b>Net (outflow)inflow on financial instruments</b>		<u>(422,583)</u>	<u>(422,583)</u>	<u>-</u>	<u>-</u>

\* The Bank overdraft has no set repayment period and as such all has been included as current.

**Bentley & Districts Community Financial Services Limited**  
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**23. Financial risk management (continued)**

**(b) Liquidity risk (continued)**

30 June 2013		Total	Within	1 to	Over
		\$	1 year	5 years	5 years
			\$	\$	\$
<b>Financial liabilities due</b>					
Trade and other payables	10	34,067	34,067	-	-
Bank overdraft	11	335,818 *	335,818	-	-
<b>Total expected outflows</b>		<u>369,885</u>	<u>369,885</u>	<u>-</u>	<u>-</u>
<b>Financial assets - realisable</b>					
Cash & cash equivalents	6	750	750	-	-
Trade and other receivables	7	33,695	33,695	-	-
<b>Total anticipated inflows</b>		<u>34,445</u>	<u>34,445</u>	<u>-</u>	<u>-</u>
<b>Net (outflow)/inflow on financial instruments</b>		<u>(335,440)</u>	<u>(335,440)</u>	<u>-</u>	<u>-</u>

\* The Bank overdraft has no set repayment period and as such all has been included as current.

**(c) Market risk**

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

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

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

**Sensitivity analysis**

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

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**24. Financial risk management (continued)**

**(c) Market risk (continued)**

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

**Year ended 30 June 2014**

+/- 1% in interest rates (interest income)

Profit	Equity
\$	\$
(4,312)	(4,312)
<u>(4,312)</u>	<u>(4,312)</u>

**Year ended 30 June 2013**

+/- 1% in interest rates (interest income)

(3,351)	(3,351)
<u>(3,351)</u>	<u>(3,351)</u>

The company has no exposure to fluctuations in foreign currency.

**(d) Price risk**

The company is not exposed to any material price risk.

**Fair values**

The fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. Fair value is the amount at which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. The company does not have any unrecognised financial instruments at year end.



**Bentley & Districts Community Financial Services Limited**  
**ABN 99 109 035 967**  
**Directors' Declaration**

In accordance with a resolution of the Directors of Bentley & Districts Community Financial Services Limited, the Directors of the company declare that:

- 1 the financial statements and notes, as set out on pages 6 to 32 are in accordance with the Corporations Act 2001 and:
  - (i) comply with Australian Accounting Standards, which as stated in accounting policy Note 1(a) to the financial statements constitutes compliance with International Financial Reporting Standards (IFRS); and
  - (ii) give a true and fair view of the company's financial position as at 30 June 2014 and of the performance for the year ended on that date;
- 2 in the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



**Peter Lam**  
Chairman

Signed at Bentley on 14 November 2014.