



Contents

Message from the Chair	.....	2
Financial Highlights	.....	3
History	.....	4
Manager’s Report	.....	6
Testimonials	.....	7
Financial Statement	.....	8

Message from Chair



On our 10th Anniversary, your directors are delighted to report that our Company has produced a sound financial performance for the year despite challenging prevailing economic conditions.

We have come a long way and our Company is now recognised as a genuine contributor through our community investment projects.

We now have provided over \$700,000 to community groups and organizations and sporting clubs, as well as to our shareholders via dividends.

Our grants committee of Tania Burstin, Kate Ashmor, Allan Grossman and myself, have worked hard to establish guidelines that will encourage the community to use our banking services which enables the branch to increase its business so that more income is generated, thus allowing us to give more back to the community.

The company's Immediate strategic focus during the year was improving governance, increasing bank business and the 10 year anniversary program.

A number of events have been planned and implemented. These included a very successful cocktail function held at Caulfield Racecourse. This function was described by Bendigo Bank state manager, Vicki Pearce, as one of the best functions she has attended in many years.

Other events include an art competition for the local primary schools which we would like to become an annual event; a fun run; and an ice cream day for kids returning to school.

I acknowledge the 10 year anniversary subcommittee of Sandy Anderson, Rysia Rozen OAM, Sol Leski, Ruth Parasol and the Melbourne Racing Club for their generous support .

The Future

The coming year will be full of challenges and opportunities. and we are well placed to tackle both. The tougher economic conditions have impacted on our trailer product commission revenue from Bendigo Bank through the bank's "restoring the Balance" program which came into effect in April 2013. This program will have an effect on our revenue levels and may also impact on our Community Investment program in the short term. Whilst we face these challenges in the year ahead, we are confident that the company is in a good position to adequately deal with them.

The Board

I am personally very grateful to the Board for all their tremendous efforts. Our company is run by a group of community focused directors who consist of: Tania Burstin, Yvette Shaw, Kate Ashmor (Deputy Chair), David Clarke, Allan Grosman, Daniel Parasol and Jacob Kingsley who has taken on the role of looking after all the accounting aspects. I welcome Gary Hershan, our newest board member.

A special mention to Joseph Kalb, who has seen the branch through from the steering committee. He has been Company Secretary for 10 years and will shortly be retiring. His help, friendship and guidance are most appreciated.

Thank you to the tireless Rysia Rozen OAM, our Ambassador. I also acknowledge all past directors and the inaugural steering committee for all their efforts over this period.

Staff

Our staff consists of Hanna Shuvaly, Jignesh Jasani, Shirley Kwan, Rajan Kumar, and Guireh Darar. I am very pleased to say that the team has worked really well together which has enabled the growth that we have experienced. The team has been ably led by Hanna and strongly supported by Jignesh.

Our performance remains closely tied to the quality of our staff. They have provided customers with exceptional banking service. This remains the backbone of our success and I congratulate and sincerely thank them on what we achieve together. At the same time, I acknowledge all the staff, who has worked for us over the years. After almost 2 years of leading the steering Committee to set up the branch which commenced in June 2004 and over 10 and a half years as Chairman, I believe it is the right time to hand over the reins. Kate Ashmor is highly qualified to now lead the board. I will still watch with great interest and be available to assist. All my time and efforts would not have been possible without my darling wife Ruth and my family. Without their support and guidance and allowing me the time away from them, I would not have been able to do this work for the community.

It has been an honour and privilege to head and chair Caulfield Park Community Bank and I wish every success to the Board, the staff and the branch.

May we continue to grow.

Sam Parasol OAM

Chairman

Financial Highlights

A 10 Year Journey: 2004-2014

\$700 thousand
COMMUNITY INVESTMENTS

128
Community
GROUPS

Footings Increased

\$0 to
\$125m



CAULFIELD
Branch Opened

2004

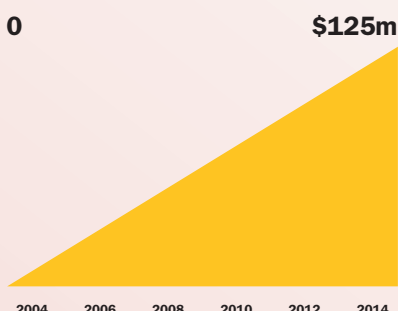


9 **Volunteer**
Members



5 **Staff**
Members

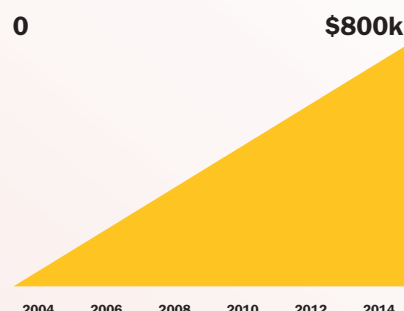
Business
on Books



1,955
Customers

235
Shareholders

Profit Before Tax
& Community
Investments



A Reflection...

This exciting and challenging journey had its beginnings in a casual meeting I had while I was President of the Jewish Community Council of Victoria. Les Heimann, Chairman of the Highett Community Bank suggested to me that it would be a good idea to have a community bank in the “bagel belt”. The more I thought about it the more the idea appealed. The next step was to find the right leader!



After careful consideration I set my sights on recruiting my old tennis buddy and close friend, Sam Parasol who was to soon retire from his highly successful term as President of Maccabi Victoria. I knew that Sam, if he was convinced the idea had merit, possessed all the necessary skills, experience and network to bring it to fruition. So I set about courting Sam and after many discussions, much deliberation and consultation Sam, with his Ruth's encouragement, accepted the challenge.



We were on our way! The inaugural meeting of the Steering Committee was held at the home of Bruce and Fay Joske on 18 June 2002. Our Steering Committee Secretary, the much loved and missed Jenny Goldberg (OBM) recorded the following in attendance:

Sam Parasol, Les Heimann, Grahame Leonard, Walter Rappaport, Linda & David Mandel, Sandy Anderson, Bruce Joske, Lewis Woolf, Jenny Goldberg.

The first minute reads: “Sam welcomed everyone to the meeting and read a letter received from JCCV regarding the feasibility of establishing a community bank (on behalf of our community) in association with Bendigo Bank.”

So began the demanding, exhaustive and rigorous due diligence programme required by Bendigo Bank before a franchise could be offered. The process included a detailed independent survey of potential customers in the nominated catchment area. The survey was positive. From here key milestones were to incorporate an unlisted public company, appoint the inaugural volunteer directors, negotiate the franchise agreement, issue a prospectus, raise \$735,000 from 235 shareholders, find, secure and fit out the bank premises and recruit a manager and team.

Along the way many community spirited individuals volunteered their services to serve on the steering committee and campaign around the community to secure support for the project. Limitations of space plus my desire to not offend anyone whose participation I may have forgotten preclude listing all those involved. The initial directors were Sandy Anderson, Greg Blashki, Fred Bonney, Sam Herzberg, Rysia Rozen, Frank Penhalluriack and your truly with Joe Kalb as Company Secretary. Our official opening and ribbon cutting took place on Tuesday 22 June 2004.

Looking back without doubt my greatest contribution was recruiting Sam Parasol OAM as our Chairman. Although we have had many wonderful contributors Joe Kalb and Sam particularly stand out. Joe was outstanding as our CFO and Company Secretary. When Sam chooses to stand down he will do so in the knowledge that he leaves a superb legacy. The foundations laid during the Bank's first ten years of operation will ensure our staff continue to provide exemplary personalised service to our customers thus enabling the Bank's ongoing and increasing financial support for the community it serves.

Grahame J Leonard AM

Memories

Members of the committee met regularly at Sandy Anderson's office, encouraging each other to seek new shareholders in the community. We appreciated Sandy's hospitality and support. This took a couple of years.

Everyone was very enthusiastic, we were a very friendly and active group of people from various backgrounds and walks of life.



We enjoyed good support from the professional staff from head office and from other branches of Bendigo Bank.

We promoted the idea wherever we were given an opportunity:

At Caulfield Park, various community festivals, sports events, schools, many community organisations. Everyone was very supportive of the idea.

Directors came and went, today's board is very different to what it was 10 years ago, now we have more women and they are all professionals.

We enjoyed generosity of Real Estate Agents donating advertising boards for grants. The grants committee

has worked very well, it attracted a lot of business to the Bank. We held information sessions for prospective clients.

Traditionally we present grants to organisations at the Annual general Meeting, which also serves as a good Public Relations exercise.

Our branch received various awards for their outstanding achievements.

We had a 'grand' opening 10 years ago, marching along Hawthorn Road to the branch with a school orchestra and balloons. Helen Shardey was then a Member for Caulfield, she opened the branch, was very supportive of our work.

We met socially, enjoyed the comradeship and appreciate the loyalty of Directors and especially leadership of Sam Parasol OAM, who has given his outmost.

He is a fantastic motivator, a good friend to many.

The 10th Anniversary celebration at the Caulfield Racecourse was an outstanding success, attracting over 100 guests.

As part of the 10th Anniversary, we are organizing an Art Competition for primary schools in the area.

We are very proud of our achievements and trust that the branch will go from strength to strength.

Rysia Rozen OAM, Ambassador CPCB
October 2014



Manager's Report

Another year has passed and what a great year it was. The 2013-2014 financial year was the best one for Caulfield Park Branch since it opened in 2004.

Lending growth: \$13,731m against a target of \$9m

Deposits growth: \$4,861m against a target of \$2,6m

G/I Insurance: 76 Insurance policies sold against a target of 45

Loansure: Residential target strike rate 25%, actual 2.5%

Consumer target strike rate 50%, actual 62.5%

Customer numbers: 1583 to 1665 - 4.9% increase

Products per Customer: 1.643 to 1.683 - 2.6% increase

At the beginning of the year we welcomed Raj Kumar and Guireh Darar who together with Jignesh Jasani, Shirley Kwan and Hanna Shuvaly contributed to our success. Our team has a special bond. We work hard but also play hard and we enjoy regular outings, lunch time meals and creating a family atmosphere in the branch.

Our efforts were acknowledged by Eastern Region in July 2014 when we won 4 awards:

- Insurance sales
- Rising Star
- Demonstrating corporate values – won by Raj.
- Community Engagement – won by Jignesh.

I would like to thank my team for their support, enthusiasm, loyalty and commitment. Well done!!

I would also like to thank Brad Peel, our Regional Manager, and all State Support staff for their guidance and help.

Thank you to our board: Sam Parasol OAM, Joe Kalb, Kate Ashmor, Tania Burstin, David Clarke, Daniel Parasol, Yvette Shaw, Allan Grosman, Gary Hershan, Jacob Kingsley and Ambassador Rysia Rosen OAM for their continuous support and care. The dream that became a reality has now paid back \$650k back to our community and I know this sum will keep on growing.

Finally, I would like to acknowledge our shareholders and encourage you to come and see us for all your banking needs.

Thank you

Hanna Shuvaly
Branch Manager

Testimonials

I write to thank Jignesh and all the team at Bendigo Bank's Caulfield Park branch. In refinancing my loan from another bank, the process was seamless from application through to settlement. Having worked in finance, knowing the process and how difficult refinances can often be, I was extremely impressed and satisfied with the service I received. All accounts and online banking were established and most importantly Jig listened to my needs and made sure they were met without any hard sell.

I highly recommend anyone to strongly consider using the Bendigo Caulfield Park team should they have any financial service needs, I know they will do their absolute best to assist!

Regards

Chris Gorrie

Washington Park Cricket Club has enjoyed an excellent 4- year partnership with the Bendigo Bank.

We have received generous grants from the Caulfield Park Community Bank totalling many thousands of dollars, as our players and members take out loans, open up accounts, etc.

We proudly display the Bendigo Bank Logo on all our signage, stationery and club newsletters.

Caulfield Park Bank officials attend our social functions and the big Bendigo Bank Banner is proudly draped on the fence at Packer Park on all match days.

Graeme "Tex" Dellora – President Washington Park CC

Having Bendigo Bank Caulfield Park involved with the Mackie Cricket Club has been fantastic for our club. Not only do the members of Mackie CC get a better deal on their loan and insurance etc, but the Mackie CC also gets some of the profits back. It's not a sponsorship it's a partnership. It has been one of the best arrangements Mackie Cricket Club has made. The branch has been fantastic to work with in establishing a relationship that benefits all. The staff is very pleasant and always very helpful. Mackie Cricket Club could not be more pleased with Hanna, Jignesh and all the staff at Bendigo Bank's Caulfield Park branch. I advise all clubs in the area no matter how big or small to get involved and benefit from the relationship like Mackie Cricket Club and many other clubs that have already done so.

Christopher Reid

President

Mackie Cricket Club

Bendigo Bank Caulfield Park are a vibrant and active member of the community. The branch has been fantastic at working with our club to establish a mutually beneficial relationship. There is a warmth that makes one feel welcome the moment you walk in their doors. The staff are friendly, reliable and efficient ensuring each experience is a pleasant one. We could not be more pleased with the service they provide.

Yours In Sport,

Michael Flahive

President

Highbury West Cricket Club

Caulfield Park Community Financial Services Limited

Financial Statements

30 June 2014

Caulfield Park Community Financial Services Limited

ABN 42 106 397 504

Directors' Report

Your directors submit the financial statements of the company for the financial year ended 30 June 2014.

Directors

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

Samuel Parasol OAM

Chairman

Occupation: Company Director

Qualifications, experience and expertise: Company director, property development and owner of clothing manufacturing business for 40 years, and extensive involvement for over 50 years in community and sporting groups.

Special responsibilities: Chairman; Grants Committee; Human Resource Committee; and Finance & Audit Committee.

Interests in shares: 4,000 Ordinary Shares

**Kate Ashmor**

Deputy Chair

Occupation: Lawyer, Company Director

Qualifications, experience and expertise: Principal of Ashmor Legal Pty Ltd, Past President of Australian Women Lawyers 2012-13, Director of the Aloia Foundation 2013 to present. Retired Councillor for City of Glen Eira (2005-2008). Chief Legal Columnist for Women's Agenda.

Special responsibilities: Grants & Community Engagement Committee, Grants Sub-Committee, Human Resources Committee; and Finance & Audit Committee (Chair).

Interests in shares: Nil Ordinary Shares

**Tania Burstin**

Director

Occupation: Managing Director

Qualifications, experience and expertise: Director of the online fundraising and crowd funding platform mycause.com.au.

Extensive experience in marketing, communication, publishing and fundraising. Board member of UJEB.

Special responsibilities: Grants & Community Engagement Committee (Chair) and Grants Sub-Committee (Chair).

Interests in shares: Nil Ordinary Shares

**Daniel Marc Parasol**

Director

Occupation: Investment Advisor

Qualifications, experience and expertise: Involved in the finance industry for over ten years. Currently employed with stock broking firm Evans & Partners in Melbourne. Currently serving on the Leibler Yavneh College as an Executive.

Special responsibilities: Grants & Community Engagement Committee and Finance & Audit Committee.

Interests in shares: 1,000 Ordinary Shares

**Allan Grosman**

Director

Occupation: Director/Investor

Qualifications, experience and expertise: 40 years in managing various businesses in the fashion and clothing industry. Investor in various property and financial assets.

Special responsibilities: Grants & Community Engagement Committee and Grants Sub-Committee.

Interests in shares: 3,000 Ordinary Shares



David Keith Clarke

Director

Occupation: Managing Director

Qualifications, experience and expertise: Over 30 years of experience in senior management positions with a strong bent towards marketing, advertising and sales.

Special responsibilities: Grants & Community Engagement Committee and Finance & Audit Committee.

Interest in shares: Nil Ordinary Shares

**Yvette Shaw**

Director

Directors' report

Occupation: Department of Human Services

Qualifications, experience and expertise: Over 25 years in a professional and voluntary capacity managing, directing and coordinating large scale projects in business, community and education sectors. Bachelor of Arts, Bachelor of Social Work, Graduate Diploma in Child Psychiatry (Melbourne University).

Special responsibilities: Human Resources Committee (Chair).

Interests in shares: 500 Ordinary Shares

**Gary Arnold Hershan**

Director (Appointed 6 November 2013)

Occupation: Chartered Accountant

Qualifications, experience and expertise: Gary has been a principal in Public Practice for over 45 years. Over this period he has provided business, accounting and taxation advice to many businesses, particularly in the SME sector. He has held executive positions with a number of not-for-profit organisations. Currently he is the Treasurer of 'Not Fair', a promotor of the Visual Arts.

Special responsibilities: Finance & Audit Committee.

Interest in shares: Nil Ordinary Shares

**Hamish Solomon Rotstein**

Director (Appointed 28 November 2012, Resigned 19 August 2013)

Special responsibilities: Nil.

Interest in shares: Nil Ordinary Shares

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

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

Joseph Kalb

Company Secretary

The company secretary is Joseph Kalb (non-Director). Joseph was appointed on 23 October 2003. Joe is a Chartered Accountant.

**Jacob Kingsley**

Financial Advisor

Jacob Kingsley is a chartered accountant with over 10 years experience working in mid-tier and large accounting firms. He holds degrees from Monash University in commerce / accounting and computers respectively as well as having undertaken post-graduate studies in accounting and tax.

Jacob has considerable experience providing advice to business, not for profit and personal clients in relation to business consulting, dealing with complex taxation issues and other related client offerings including business structuring, income tax, GST, superannuation, amongst other areas of expertise.

Jacob is currently a senior manager in the Business Services & Taxation division of Lowe Lippmann Chartered Accountants.

Jacob was brought in and joined the Caulfield Park team to contribute to the local community and their organisations through the activities and initiatives of the Caulfield Park community bank.

Principal Activities

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

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

Operating results

Operations have continued to perform in line with expectations. The profit of the company for the financial year after provision for income tax was:

Year ended	Year ended
30 Jun 14	30 Jun 13
\$ 93,200	\$ 101,790

Remuneration report

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

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

Transactions with directors

David Clarke is the owner of Snap Printing which provided art work production and printing services. \$ 1,905

No other director or related entity has entered into a material contract with the company. No director's fees have been paid as the positions are held on a voluntary basis.

Directors shareholdings

	<i>Balance at start of the year</i>	<i>Changes during the year</i>	<i>Balance at end of the year</i>
Samson Parasol OAM	4,000	-	4,000
Kate Ashmor	-	-	-
Tania Rochelle Burstin	-	-	-
Daniel Marc Parasol	1,000	-	1,000
Allan Grosman	3,000	-	3,000
David Keith Clarke	-	-	-
Yvette Shaw	500	-	500
Gary Arnold Hershan (Appointed 6 November 2013)	-	-	-
Hamish Solomon Rotstein (Resigned 19 August 2013)	-	-	-

Dividends

- Dividends paid in the year	Year ended 30 June 2014
	Cents
	10
	\$ 73,511

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 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.

Directors' meetings

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

	Number of Board Meetings	
	Eligible to attend	Number attended
Samson Parasol OAM	8	6
Kate Ashmor	8	8
Tania Rochelle Burstin	8	4
Daniel Marc Parasol	8	5
Allan Grosman	8	5
David Keith Clarke	8	8
Yvette Shaw	8	7
Gary Arnold Hershan (Appointed 6 November 2013)	6	5
Hamish Solomon Rotstein (Resigned 19 August 2013)	-	-

The Board has sub-committees for Finance and Audit, Human Resources and Marketing. The sub-committees met on an as needed basis during the financial year and report to the Board meetings as required.

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, in accordance with the advice received from the finance and audit committee and is satisfied that the provision of the non-audit services is compatible with the general standard of Independence for auditors imposed by the Corporations Act 2001.

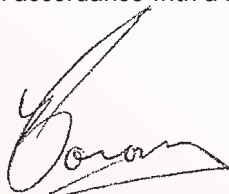
The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the finance and audit committee to ensure they do not impact on the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

Signed in accordance with a resolution of the board of directors at Caulfield Park, Victoria on 29 September 2014



Sam Parasol OAM, Chairman



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

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

- the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review
- any applicable code of professional conduct in relation to the review.



David Hutchings
Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550

Dated: 29 September 2014

Caulfield Park Community Financial Services Limited

ABN 42 106 397 504

Statement of Comprehensive Income for the year ended 30 June 2014

	Notes	2014 \$	2013 \$
Revenue from ordinary activities	4	827,738	856,810
Employee benefits expense		(399,552)	(413,198)
Charitable donations, sponsorship, advertising and promotion		(60,209)	(62,766)
Occupancy and associated costs		(120,170)	(106,488)
Systems costs		(20,216)	(20,645)
Depreciation and amortisation expense	5	(19,037)	(21,670)
General administration expenses		(75,411)	(86,628)
Profit before income tax expense		133,143	145,415
Income tax expense	6	(39,943)	(43,625)
Profit after income tax expense		93,200	101,790
Total comprehensive income for the year		93,200	101,790
Earnings per share for profit attributable to the ordinary shareholders of the company:		¢	¢
Basic earnings per share	21	12.68	13.85

Caulfield Park Community Financial Services Limited

ABN 42 106 397 504

Balance Sheet as at 30 June 2014

	Notes	2014 \$	2013 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	464,281	508,108
Trade and other receivables	8	79,893	68,072
Current tax asset	11	3,184	-
Total Current Assets		547,358	576,180
Non-Current Assets			
Property, plant and equipment	9	81,202	87,625
Intangible assets	10	69,924	12,614
Deferred tax assets	11	6,966	5,204
Total Non-Current Assets		158,092	105,443
Total Assets		705,450	681,623
LIABILITIES			
Current Liabilities			
Trade and other payables	12	43,979	25,218
Current tax liabilities	11	-	17,087
Provisions	13	18,537	17,922
Total Current Liabilities		62,516	60,227
Non-Current Liabilities			
Provisions	13	5,694	3,845
Total Non-Current Liabilities		5,694	3,845
Total Liabilities		68,210	64,072
Net Assets		637,240	617,551
Equity			
Issued capital	14	545,255	545,255
Retained earnings	15	91,985	72,296
Total Equity		637,240	617,551

The accompanying notes form part of these financial statements

Caulfield Park Community Financial Services Limited

ABN 42 106 397 504

**Statement of Changes in Equity
for the year ended 30 June 2014**

	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2012	545,255	44,017	589,272
Total comprehensive income for the year	-	101,790	101,790
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(73,511)	(73,511)
Balance at 30 June 2013	545,255	72,296	617,551
Balance at 1 July 2013	545,255	72,296	617,551
Total comprehensive income for the year	-	93,200	93,200
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(73,511)	(73,511)
Balance at 30 June 2014	545,255	91,985	637,240

Caulfield Park Community Financial Services Limited

ABN 42 106 397 504

Statement of Cash Flows

for the year ended 30 June 2014

	Notes	2014 \$	2013 \$
Cash flows from operating activities			
Receipts from customers		870,877	927,651
Payments to suppliers and employees		(727,949)	(779,112)
Interest received		18,656	16,132
Income taxes paid		(61,976)	(51,656)
Net cash provided by operating activities	16	<u>99,608</u>	<u>113,015</u>
Cash flows from investing activities			
Payments for property, plant and equipment		-	(1,365)
Payments for intangible assets		(69,924)	-
Net cash used in investing activities		<u>(69,924)</u>	<u>(1,365)</u>
Cash flows from financing activities			
Dividends paid		(73,511)	(73,511)
Net cash used in financing activities		<u>(73,511)</u>	<u>(73,511)</u>
Net increase/(decrease) in cash held		(43,827)	38,139
Cash and cash equivalents at the beginning of the financial year		508,108	469,969
Cash and cash equivalents at the end of the financial year	7(a)	<u><u>464,281</u></u>	<u><u>508,108</u></u>

The accompanying notes form part of these financial statements

Caulfield Park Community Financial Services Limited

ABN 42 106 397 504

Notes to the Financial Statements for the year ended 30 June 2014

Note 1. Summary of significant accounting policies**a) Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standard Boards and the *Corporations Act 2001*. The company is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

These financial statements and notes comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. These areas involving a higher degree of judgement or complexities, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Historical cost convention

The financial statements have been prepared under the historical cost convention on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Comparative figures

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

Adoption of new and amended accounting standards

The company adopted the following standards and amendments, mandatory for the first time for the annual reporting period commencing 1 July 2013:

- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements.
- AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, AASB 128 Investments in Associates and Joint Ventures, AASB 127 Separate Financial Statements and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards.
- AASB 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039.
- AASB 2012-10 Amendments to Australian Accounting Standards- Transition Guidance and other Amendments which provides an exemption from the requirement to disclose the impact of the change in accounting policy on the current period.
- AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13.

Caulfield Park Community Financial Services Limited

ABN 42 106 397 504

Notes to the Financial Statements for the year ended 30 June 2014

- AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011).
- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle.
- AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures -Offsetting Financial Assets and Financial Liabilities.

AASB 2011-4 removes the individual key management personnel disclosure requirements in AASB 124 Related Party Disclosures. As a result the company now only discloses the key management personnel compensation in total and for each of the categories required in AASB 124. Detailed key management personnel compensation is outlined in the remuneration report, included as part of the directors' report.

The adoption of revised standard AASB 119 has resulted in a change to the accounting for the company's annual leave obligations. As the entity does not expect all annual leave to be taken within 12 months of the respective service being provided, annual leave obligations are now classified as long-term employee benefits in their entirety. This changes the measurement of these obligations, as the entire obligation is now measured on a discounted basis and no longer split into a short-term and a long-term portion. However, the impact of this change is considered immaterial on the financial statements overall as the majority of the annual leave is still expected to be taken within 12 months after the end of the reporting period.

None of the remaining new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2013 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

The company has not elected to apply any pronouncements before their mandatory operative date in the annual reporting period beginning 1 July 2013.

Economic dependency- Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Bank® branch at Caulfield Park, Victoria.

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.

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:

Caulfield Park Community Financial Services Limited

ABN 42 106 397 504

**Notes to the Financial Statements
for the year ended 30 June 2014**

- 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.

b) Revenue

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the company and any specific criteria have been met. Interest and fee revenue is recognised when earned. The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue. All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue calculation

The franchise agreement with Bendigo and Adelaide Bank Limited provides for three types of revenue earned by the company. First, the company is entitled to 50% of the monthly gross margin earned by Bendigo and Adelaide Bank Limited on products and services provided through the company that are regarded as “day to day” banking business (i.e. ‘margin business’). This arrangement also means that if the gross margin reflects a loss (that is, the gross margin is a negative amount), the company effectively incurs, and must bear, 50% of that loss.

The second source of revenue is commission paid by Bendigo and Adelaide Bank Limited on the other products and services provided through the company (i.e. ‘commission business’). The commission is currently payable on various specified products and services, including insurance, financial planning, common fund, Sandhurst Select, superannuation, commercial loan referrals, products referred by Rural Bank, leasing referrals, fixed loans and certain term deposits (>90 days). The amount of commission payable can be varied in accordance with the Franchise Agreement (which, in some cases, permits commissions to be varied at the discretion of Bendigo and Adelaide Bank Limited). This discretion has been exercised on several occasions previously. For example in February 2011 and February 2013 Bendigo and Adelaide Bank Limited reduced commissions on two core banking products to ensure a more even distribution of income between Bendigo and Adelaide Bank Limited and its Community Bank® partners. The revenue share model is subject to regular review to ensure that the interests of Bendigo and Adelaide Bank Limited and Community Bank® companies remain balanced.

The third source of revenue is a proportion of the fees and charges (i.e. what are commonly referred to as ‘bank fees and charges’) charged to customers. This proportion, determined by Bendigo and Adelaide Bank Limited, may vary between products and services and may be amended by Bendigo and Adelaide Bank Limited from time to time.

c) Income tax**Current tax**

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

Caulfield Park Community Financial Services Limited

ABN 42 106 397 504

**Notes to the Financial Statements
for the year ended 30 June 2014**

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 comprehensive income, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

d) Employee entitlements

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

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

e) Cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

f) Trade receivables and payables

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

Caulfield Park Community Financial Services Limited

ABN 42 106 397 504

**Notes to the Financial Statements
for the year ended 30 June 2014****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.

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.

Caulfield Park Community Financial Services Limited

ABN 42 106 397 504

Notes to the Financial Statements for the year ended 30 June 2014

Classification and subsequent measurement

(i) *Loans and receivables*

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

(ii) *Held-to-maturity investments*

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

(iii) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in the Statement of Comprehensive Income. Available-for-sale financial assets are included in non-current assets except where 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.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

l) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the company are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

m) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the 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.

Caulfield Park Community Financial Services Limited

ABN 42 106 397 504

**Notes to the Financial Statements
for the year ended 30 June 2014**

n) Contributed equity

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

o) Earnings per share

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

p) Goods and Services Tax

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

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

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

Note 2. Financial risk management

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

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

(i) Market risk

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

(ii) Price risk

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

(iii) Credit risk

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

(iv) Liquidity risk

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

Caulfield Park Community Financial Services Limited

ABN 42 106 397 504

Notes to the Financial Statements for the year ended 30 June 2014

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%.

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

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

Note 3. Critical accounting estimates and judgements

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

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

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

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

Taxation

Caulfield Park Community Financial Services Limited

ABN 42 106 397 504

**Notes to the Financial Statements
for the year ended 30 June 2014**

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 comprehensive income.

Note 3. Critical accounting estimates and judgements (continued)**Estimation of useful lives of assets**

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

Impairment of assets

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

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

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

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

Caulfield Park Community Financial Services Limited

ABN 42 106 397 504

Notes to the Financial Statements for the year ended 30 June 2014

	2014 \$	2013 \$
Note 4. Revenue from ordinary activities		
Operating activities:		
- services commissions	767,587	790,225
Total revenue from operating activities	<u>767,587</u>	<u>790,225</u>
Non-operating activities:		
- interest received	15,248	19,039
- rental revenue	44,903	47,546
Total revenue from non-operating activities	<u>60,151</u>	<u>66,585</u>
Total revenues from ordinary activities	<u><u>827 738</u></u>	<u><u>856 810</u></u>

Note 5. Expenses

Depreciation of non-current assets:		
- plant and equipment	5,206	6,681
- leasehold improvements	1,217	1,217
Amortisation of non-current assets:		
- franchise agreement	2,101	2,295
- franchise renewal fee	10,513	11,477
	<u>19,037</u>	<u>21,670</u>
Bad debts	<u><u>1,059</u></u>	<u><u>1,866</u></u>

Note 6. Income tax expense

The components of tax expense comprise:

- Current tax	41,705	38,030
- Movement in deferred tax	(1,762)	5,595
	<u>39 943</u>	<u>43,625</u>

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

Operating profit	133,143	145,415
Prima facie tax on profit from ordinary activities at 30%	39,943	43,625
Add tax effect of:		
- timing difference expenses	1,762	(5,595)
	<u>41,705</u>	<u>38,030</u>
Movement in deferred tax	<u><u>(1,762)</u></u>	<u><u>5,595</u></u>
	<u><u>39 943</u></u>	<u><u>43 625</u></u>

11

Caulfield Park Community Financial Services Limited

ABN 42 106 397 504

Notes to the Financial Statements for the year ended 30 June 2014

	2014 \$	2013 \$
Note 7. Cash and cash equivalents		
Cash at bank and on hand	28,188	78,148
Term deposits	436,093	429,960
	<u>464,281</u>	<u>508,108</u>
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	28,188	78,148
Term deposits	436,093	429,960
	<u>464,281</u>	<u>508,108</u>
Note 8. Trade and other receivables		
Trade receivables	69,484	54,527
Accrued Income	3,460	6,870
Prepayments	6,949	6,675
	<u>79,893</u>	<u>68,072</u>
Note 9. Property, plant and equipment		
Plant and equipment		
At cost	80,903	80,903
Less accumulated depreciation	(51,705)	(49,260)
	<u>29,198</u>	<u>31,643</u>
Leasehold improvements		
At cost	48,698	48,698
Less accumulated depreciation	(12,173)	(10,955)
	<u>36,525</u>	<u>37,743</u>
<u>Furniture & Fittings</u>		
At cost	53,434	53,434
Less accumulated depreciation	(38,061)	(35,365)
	<u>15,373</u>	<u>18,069</u>
<u>Low Value Pool</u>		
At cost	10,187	10,187
Less accumulated depreciation	(10,081)	(9,879)
	<u>106</u>	<u>170</u>
Total written down amount	<u>81,202</u>	<u>87,625</u>

Caulfield Park Community Financial Services Limited

ABN 42 106 397 504

Notes to the Financial Statements for the year ended 30 June 2014

	2014 \$	2013 \$
Movements in carrying amounts:		
Plant and equipment		
Carrying amount at beginning	31,643	34,383
Additions	-	-
Disposals	-	-
Less: depreciation expense	(2,445)	(2,740)
Carrying amount at end	29,198	31,643
Leasehold improvements		
Carrying amount at beginning	37,743	38,960
Additions	-	-
Disposals	-	-
Less: depreciation expense	(1,217)	(1,217)
Carrying amount at end	36,526	37,743
<u>Low Value Pool</u>		
Carrying amount at beginning	170	308
Additions	-	-
Less: depreciation expense	(64)	(138)
Carrying amount at end	106	170
<u>Furniture & Fittings</u>		
Carrying amount at beginning	18,069	20,507
Additions	-	1,364
Less: depreciation expense	(2,697)	(3,802)
Carrying amount at end	15,372	18,069
Total written down amount	81,202	87 625

Caulfield Park Community Financial Services Limited

ABN 42 106 397 504

Notes to the Financial Statements for the year ended 30 June 2014

	2014 \$	2013 \$
Note 10. Intangible assets		
Franchise fee		
At cost	82,930	71,477
Less: accumulated amortisation	(71,477)	(69,376)
	<u>11,453</u>	<u>2,101</u>
Renewal processing fee		
At cost	114,645	57,385
Less: accumulated amortisation	(57,385)	(46,872)
	<u>57,260</u>	<u>10,513</u>
Legal fees	<u>1,211</u>	<u>-</u>
Total written down amount	<u>69,924</u>	<u>12,614</u>

Note 11. Tax
Current:

Income tax payable/(refundable)	<u>(3,184)</u>	<u>17,087</u>
---------------------------------	----------------	---------------

Non-Current:

Deferred tax assets		
- accruals	735	735
- employee provisions	7,269	6,530
	<u>8,004</u>	<u>7,265</u>
Deferred tax liability		
- accruals	1,038	2,061
	<u>1,038</u>	<u>2,061</u>
Net deferred tax asset	<u>6,966</u>	<u>5,204</u>
Movement in deferred tax charged to statement of comprehensive income	<u>(1,762)</u>	<u>5,595</u>

Note 12. Trade and other payables

Trade creditors	6,430	6,509
Other creditors and accruals	37,549	18,709
	<u>43,979</u>	<u>25,218</u>

Caulfield Park Community Financial Services Limited

ABN 42 106 397 504

Notes to the Financial Statements for the year ended 30 June 2014

	2014 \$	2013 \$
Note 13. Provisions		
Current:		
Provision for annual leave	18,537	17,922
Non-Current:		
Provision for long service leave	5,694	3,845
Note 14. Contributed equity		
735,107 Ordinary shares fully paid (2013: 735,1 07)	735,107	735,107
Less: return of capital	(147,022)	(147,022)
Less: equity raising expenses	(42,830)	(42,830)
	545,255	545,255

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.

Caulfield Park Community Financial Services Limited

ABN 42 106 397 504

**Notes to the Financial Statements
for the year ended 30 June 2014****Note 14. Contributed equity (continued)**

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the *Corporations Act 2001*.

Prohibited shareholding interest

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

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

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

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.

	2014 \$	2013 \$
Note 15. Retained earnings		
Balance at the beginning of the financial year	72,296	44,017
Net profit from ordinary activities after income tax	93,200	101,790
Dividends paid or provided for	(73,511)	(73,511)
Balance at the end of the financial year	<u>91,985</u>	<u>72,296</u>

Caulfield Park Community Financial Services Limited

ABN 42 106 397 504

Notes to the Financial Statements for the year ended 30 June 2014

	2014 \$	2013 \$
Note 16. Statement of cash flows		
Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities		
Profit from ordinary activities after income tax	93,200	101,790
Non cash items:		
- depreciation	6,423	7,898
- amortisation	12,614	13,772
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(11,821)	14,628
- (increase)/decrease in other assets	(1,762)	5,595
- increase/(decrease) in payables	18,761	(17,949)
- increase in provisions	2,464	907
- decrease in current tax liabilities	(20,271)	(13,626)
Net cash flows provided by operating activities	99,608	113,015

Note 17. 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	90,200	84,516
- between 12 months and 5 years	360,800	-
- greater than 5 years	-	-
	451,000	84,516

The rental lease agreement on the branch premises is a non-cancellable lease with a five year term, with rent payable monthly in advance.

The current lease expires on 30 June 2019, with options for a further term of five years available to be exercised.

Note 18. Auditor's remuneration

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

- audit and review services	3,850	3,600
- share registry services	2,286	1,550
- non audit services	1,873	1,976
	8,009	7,126

Caulfield Park Community Financial Services Limited

ABN 42 106 397 504

Notes to the Financial Statements for the year ended 30 June 2014

	2014 \$	2013 \$
Note 19. Director and related party disclosures		
Detailed remuneration disclosures are provided in the remuneration report, included as part of the directors' report.		
Transactions with Key Management Personnel		
David Clarke is the owner of Snap Printing which provided art work production and printing services.	1,905	2,780
No other director or related entity has entered into a material contract with the company. No director's fees have been paid as the positions are held on a voluntary basis.		
Note 20. Dividends paid or provided		
a. Dividends paid during the year		
Current year dividend		
100% (2013: 100%) franked dividend- 10 cents (2013: 10 cents) per share	73,511	73,511
The tax rate at which dividends have been franked is 30% (2013: 30%).		
b. Franking account balance		
Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	52,141	21,670
- franking credits that will arise from payment of income tax payable as at the end of the financial year	(3,185)	17,087
- franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	-	-
Franking credits available for future financial reporting periods:	48,956	38,757
- franking debits that will arise from payment of dividends proposed or declared before the financial report was authorised for use but not recognised as a distribution to equity holders during the period		
Net franking credits available	48,956	38,757
Note 21. Earnings per share		
(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	93,200	101,790
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	735,107	735,107
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.		

Caulfield Park Community Financial Services Limited

ABN 42 106 397 504

Notes to the Financial Statements for the year ended 30 June 2014

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 Caulfield Park in Melbourne, Victoria 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
Level 7, 616 St Kilda Road	193 Balaclava Road
Melbourne VIC 3004	Caulfield North VIC 3161

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					
	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$
Financial assets												
Cash and cash equivalents	28,188	78,148	436,093	429,960	-	-	-	-	-	-	2.91	3.55
Receiveables	-	-	-	-	-	-	-	-	79,893	68,072	N/A	N/A
Financial liabilities												
Interest bearing liabilities	-	-	-	-	-	-	-	-	-	-	N/A	N/A
Payables	-	-	-	-	-	-	-	-	43,979	25,218	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.

Caulfield Park Community Financial Services Limited

ABN 42 106 397 504

**Notes to the Financial Statements
for the year ended 30 June 2014****Note 26. Financial instruments (continued)****Credit Risk**

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the balance sheet and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economy.

Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from the interest bearing financial assets and liabilities in place subject to 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.

As at 30 June 2014, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2014 \$	2013 \$
Change in profit/(loss)		
Increase in interest rate by 1%	282	781
Decrease in interest rate by 1%	282	781
Change in equity		
Increase in interest rate by 1%	282	781
Decrease in interest rate by 1%	282	781

Caulfield Park Community Financial Services Limited

ABN 42 106 397 504

Directors' Declaration

In accordance with a resolution of the directors of Caulfield Park 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 2014 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the *Corporations Regulations 2001*.

This declaration is made in accordance with a resolution of the board of directors.

I



Sam Parasol OAM, Chairman

Signed on the 29th of September 2014.



Independent auditor's report to the members of Caulfield Park Community Financial Services Limited

Report on the financial report

I have audited the accompanying financial report of Caulfield Park Community Financial Services Limited, which comprises the balance sheet as at 30 June 2014, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making fair accounting estimates that are reasonable in the circumstances. In note 1, the directors also state in accordance with the Accounting Standard AASB 101 Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

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

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

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

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

Independence

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

Auditor's opinion on the financial report

In my opinion:

1. The financial report of Caulfield Park Community Financial Services Limited is in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 30 June 2014 and of its financial performance and its cash flows for the year then ended and complying with Australian Accounting Standards and the Corporations Regulations 2001.
2. The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the remuneration report

I have audited the remuneration report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. My responsibility is to express an opinion on the remuneration report, based on the audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In my opinion, the remuneration report of Caulfield Park Community Financial Services Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.



David Hutchings
Andrew Frewin Stewart
61 Bull Street Bendigo Vic 3550

Dated: 29 September 2014



Caulfield Park Community Bank® Branch

193 Balaclava Road
Caulfield North
Phone 9525 9899



STEERING COMMITTEE
FOR THE ESTABLISHMENT OF A COMMUNITY BANK
72 Stanhope Street Malvern Vic 3144
Tel: 9429 6188
Email: wwp@bigpond.net.au

18 November 2002

Mr S Parasol
9 Stewart Street
Richmond Vic 3121

Dear Sam,

On behalf of the steering committee for the establishment of a community bank in the Caulfield area, I would like to thank you most sincerely for your indicative pledge of \$2500. It is encouraging to have your support at this early stage.

We are progressing well and, at this stage, I am pleased to report that as at 14 November we have received indicative pledges totalling almost \$300,000, which is half way to our target of \$600,000.

I am enclosing a couple of additional pledge forms, hoping you may be able to assist us further by passing them on to any of your business associates or friends, who may wish to pledge and support the establishment of our Community Bank.

By way of reminder, a large percentage of the profits, once trading, will be allocated to community groups which, along with a truly personal banking service, is a great win for our community.

Once again my sincere thanks for your support and I hope you will help us to 'spread the word'.

With very best wishes,

Sam Parasol
Sam Parasol,
Chairman,
Steering Committee.



CAULFIELD PARK COMMUNITY BANK'S BOARD

Has the pleasure of inviting two representatives from your community group to attend our

SPONSORSHIP EVENING

Tuesday 12th June 2012 6.00pm
Caulfield Park Bowling Club
Balaclava Rd Caulfield 3161



RSVP: 1st June 2012
Hanna.Shuvaly@bendigoadelaide.com.au
Phone 03 95259899

Our own Community Bank.™

Find out how we can have our own Community Bank™ in Caulfield Park.

Public meeting.

Tuesday, 24 September, 2002 at 6:00pm
Glen Eira Arts Complex - Theatre
Cnr Glen Eira Road and Hawthorn Road, Caulfield

Speakers

Mr Sam Parasol - Chairman, Caulfield Park Community Bank Steering Committee
His Worship the Mayor of Glen Eira - Cr Peter Goudge
Mr Alistair Chisholm - Chairman, Elwood Community Bank
Les Heimann - Chairman, Highett Community Bank

Enquiries: Sam Parasol 9429 6188
Sandy Anderson 9532 7755



Caulfield Park Community Bank® Branch

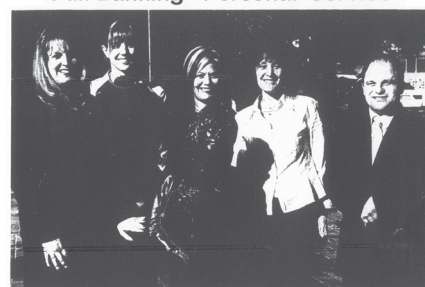


Directors and staff express appreciation for community support allowing over \$600,000 to be distributed to many organizations.

10th July 2014 Bendigo and Adelaide Bank Limited, ABN 11 068 049 178 AFSL 237879. (548850) (06/14)



Meet our happy team @
Caulfield Park Community Bank
Full Banking - Personal Service



193 Balaclava Road Ph 9525 9899
Grand Opening 6pm 21 June 2004