Annual Report 2014

City West Community Financial Services Limited

ABN 34 134 051 219

Pyrmont **Community Bank**® Branch

Contents

Chairman's report

For year ending 30 June 2014

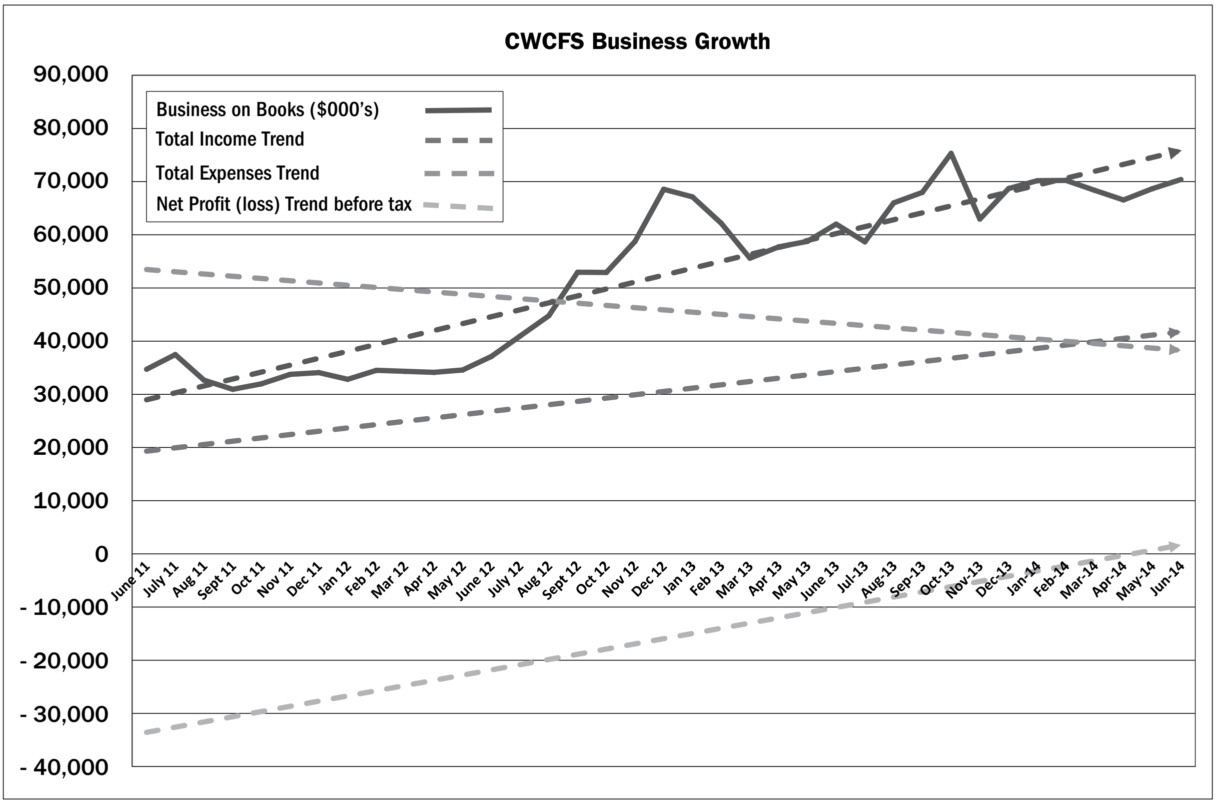
Shareholders and supporters will be pleased to learn our trading performance improved very significantly over the financial year ending 30 June 2014. Despite our incurring a loss of $16,502, there are many encouraging positives to report:

- Our previous year's loss came in at a much higher $224,295
- We actually produced a small operating profit for the full year, prior to interest charges
- We managed to achieve profit in four of the last six months of the financial year
- Our lending performance showed an extraordinary increase of 312% over last year
- Our 'book' or sum of loans and deposits now stands in excess of $70 million.

Consequently, our Directors feel we have turned the corner and can look forward to the future with greatly renewed optimism. A quick look at the accompanying performance trend graph – prepared by our Secretary Ian Bulluss – shows additional cause for this sense of optimism.

Our sharp upturn in performance can be attributed to three key factors:

- Consistent business development gains achieved by our excellent branch team; very ably led by Branch Manager Garry Noel and strongly supported by business banking specialist, Sanjay Singh.
- Significantly increasing acceptance of our range of banking and financial services by members of our local community.
- Excellent level of support, both financial and advisory, from Bendigo and Adelaide Bank. The former through an administrative cost subsidy arrangement, and the latter from the senior Bendigo and Adelaide Bank management team.



Chairman's report (continued)

Thanks to our improved performance, we have been able to assist a number of worthy and diverse organisations and local projects such as Friends of Pyrmont Community Centre, Friends of Ultimo Community Centre, Pyrmont Wine, Food and Art Festival, Ultimo Public School, International Grammar School, Pyrmont Ultimo Glebe Men's Shed, the Harris Scholarship Foundation, Pyrmont Cares and the YMCA special needs children's Swimathon. As our financial capacity continues to improve, so too will our ability to do more for our community. We are also ever mindful of the patience and legitimate expectations of our supportive shareholders. We look forward to rewarding our shareholders with dividends, just as soon as we are financially and legally able to do so.

I wish to thank my fellow Directors for their ongoing enthusiasm and commitment to our cause. None of our Directors receive any form of remuneration for their efforts and they continue to work strenuously for the benefit of our community. We are all motivated by the goal of being able to re-invest serious amounts of money into our local community. And we are now that much closer to our objective.

When more members of our local community transfer some of their banking and financial service requirements to our branch, the sooner we will be able to achieve our core purpose and reinvest part of the wealth generated by our local supporters back into our local community. Once we are profitable, a pivotal point of which our shareholders may not be aware is our potential to 'leverage' matching contributions from strong and compatible organisations such as City of Sydney and large local companies. This 'leverage' would enable us to build on funds that can be reinvested in worthy projects within our local community.

And finally, don't forget that Bendigo and Adelaide Bank is the fifth largest banking group in Australia and is in so many respects, much **Bigger than a bank**!

Sincerely,

Robert Gavagna
Chairman

Manager's report

For year ending 30 June 2014

Welcome to the Annual Report for Pyrmont **Community Bank®** Branch.

We have had some excellent outcomes for the Pyrmont community in 2013/14, with thousands of dollars being donated in community grants and sponsorships. We have only been able to achieve these results with the continuing support of members of the community choosing to do their banking with us.

As at 30 June, we had very encouraging growth in customer numbers taking advantage of our highly competitive range of products and services, including the pleasing acceptance of our credit cards, insurance and wealth management, resulting in excess of $70 million in business.

The branch has been heavily involved with business development during this financial year, attending and participating in many community events including the Community Yard Sale in October at KU Maybanke Pre School, the Christmas in Pyrmont Event in John Street in December and the highly acclaimed Indigenous Art Show in May at The International Grammar School.

The staff have also attended many functions and events held by such organisations as the Pyrmont Ultimo Chamber of Commerce, Sydney Uni AFL and Ultimo Public School. Being involved in these and other inspiring community events is most enjoyable. We look forward to being involved in these and many more in the future.

I would like to take this opportunity to thank our staff Mike, Emma, Paul and Sid as well as the Board of Directors who are such a delight to work with and the Bendigo and Adelaide Bank state team. All parties have provided great support while we build and grow our business that in turn will allow us to achieve our goal of enhancing our local community.

I would also personally like to thank all the customers who have already transferred their banking to our **Community Bank®** branch. For those of you who have not, don't forget that we offer a full range of banking services, so come and join us.

Remember, it is our community that makes us **Bigger than a bank**!

Sincerely,

Garry Noel
Branch Manager

Directors' report

For the financial year ended 30 June 2014

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:

Robert Joseph Gavagna
Chairman
Occupation: Company Director
Qualifications, experience and expertise: Robert has 40 years of experience as a company director and more than 20 years in general management. Robert heads a long established family company that used to trade prominently as importers and distributors of wine, beverage and food products including such successful brands as Bolla, Caprari, Wither Hills, Sanpellegrino and Barilla. His prior national management experiences were with Olivetti Australia and later with the Australian Japan Container Line. Those experiences included management training in Florence, New York and Tokyo. Robert has a management certificate from the North Sydney Technical College. Robert resides in Pyrmont and is actively involved in local community organisations including his Strata Plan Executive Committee; Pyrmont Cares and The Blackwattle Cove Coalition Committee. He is a past vice president of Italian Opera Foundation Australia Ltd as well as a past deputy chairman of the Italian Chamber of Commerce & Industry Sydney.
Special responsibilities: Chairman
Interests in shares: 10,001

Patricia Teresa Strong
Treasurer
Occupation: University Lecturer
Patricia (Trish) is currently an accounting academic at the University of New South Wales lecturing in E-Business Strategies and Processes and Qualitative Research Methods to advanced undergraduate and post-graduate accounting students. Trish has previously taught accounting in UK, Hong Kong and other Australian universities. Trish is a Certified Practicing Accountant (CPA), Certified Managment Accountant (CMA) and a member of the Australian Institute of Company Directors (MAICD). Prior to entering academia Trish worked for more than 20 years in Industry holding roles including management accountant; branch accountant; cost analyst; change agent specializing in IS implementations. Trish's industry experience was based around utilising her accounting, organizing and systems analysis skills to implement process re-engineering and organisational change programs in a number of international companies working in UK, Europe, Asia and Australia. Trish holds a Doctorate degree (PhD) from the university of New South Wales, a Masters of Business Administration degree (MBA) from Curtin University and a Bachelor of Social Science with honours (BSSc.) from Queen's University, Belfast. Trish has been an active member of local community groups throughout her career including, in the Pyrmont area, the Jacksons Landing community Association and St Bede's Church, and is currently a member of the Great Irish Famine Commemoration Committee (GIFCC)
Special responsibilities: Treasurer, Finance, Audit and Risk Committee
Interests in shares: 5,001

Directors (continued)

Ian Gregory Bulluss
Secretary
Occupation: Retired. Manager, Contracts & Relationship Management
Qualifications, experience and expertise: Ian's long career within NSW Government saw his information technology and management expertise extensively engaged within education and human services. Ian resides in Pyrmont and is an active member of the local community with involvement in Pyrmont Cares Inc., his Strata Plan Executive Committee (Treasurer), the Jacksons Landing Community Association and the NSW Justice Association. Ian holds a Diploma in Teaching (Sydney College of Adv. Ed.), Bachelor of Arts (University of New England), Graduate Diploma in Computing (Sydney College of Adv. ED.), Certificate in Management (University of Western Sydney), Master of Computing (University of Western Sydney), and Master of Business Administration (Sturt University, Bathurst).
Special responsibilities: Secretary, Finance, Audit and Risk Committee
Interests in shares: 10,501

Margaret Broadbent
Director
Occupation: Retired. Registered Nurse
Qualifications, experience and expertise: Margaret is a retired Registered Nurse with extensive experience in Orthopaedic Nursing, Aged Care and Community health. Margaret has served on the executive committees of a number of professional associations including the NSW Wound Care association, a number of hospital committees as well as being involved in many Community groups. She is an active member of an Owners Corporation and Community Garden. Margaret holds qualifications as a Registered Nurse - Midwifery & Orthopaedic Certificate.
Special responsibilities: Marketing Committee - Publicity
Interests in shares: 6,001

Charles Perry
Director
Occupation: Retired. Business Management Consultant.
Qualifications, experience and expertise: Charles is actively involved in many Community Groups including being a founding member of Friends of Pyrmont Point and Pyrmont Cares Inc. and his Strata committee. Charles' qualifications include Bachelor of Arts and Master of Business Administration. Charles has extensive experience in business improvement practices including Business Process Re-engineering, Business Planning and Training and Development.
Special responsibilities: Deputy Chairman
Interest in shares: 12,501

John Charles Marsden
Director
Occupation: Retired. Commercial Pilot
Qualifications, experience and expertise: John is a retired Army Officer and Commercial International Airline Pilot. A member of the RSL and Pyrmont Cares Incorporated, John is actively involved in the Pyrmont Ultimo community. John has been leading the City West Community Financial Services Marketing committee since 2010.
Special responsibilities: Marketing Committee Chairman
Interests in shares: 5,501

Directors' report (continued)

Directors (continued)

John Leslie Hoff
Director
Occupation: Fruit Grower
Qualifications, experience and expertise: John is an active member of his Strata committee, Pyrmont Cares Inc., Friends of Pyrmont Point and Pyrmont Ultimo Glebe Men's Shed and other community groups. A retired airline pilot, he also holds an Associate Degree in Applied Science, Winemaking/Viticulture.
Special responsibilities: HR Committee, Property Committee
Interests in shares: 50,501

Ashley Leander Limbury
Director
Occupation: Conflict Resolution & Mediation Consultant, MBA, B.Ed (SocSc. Hons).
Qualifications, experience and expertise: Ashley is an experienced mediator and tribunal member primarily involved with workplace, discrimination and commercial matters. Ashley also has retail tenancy and franchising mediation expertise and experience in Human Resources and staff management. Ashley is a member of the Community Water Sports Centre and previously been a member of a local dragon boat team. He has held prior roles as chairman and member of a local Strata Committee. His qualifications include: M.B.A., 2002 (University of Technology Sydney). B.Ec. (Soc,Sci) (Hons.), double major in Economics and Psychology, 1994 (Sydney University).
Special responsibilities: Marketing, HR Committee
Interest in shares: 1,501

Michael Parker
Director (Appointed 27 November 2013)
Occupation: Chief Financial Officer
Qualifications, experience and expertise: Michael is a Chief Financial Officer with many years of experience in finance and accounting .He has held positions with both professional accounting firms and in media. He was instrumental in the establishment of the Bendi-GO running group for the local Pyrmont community. Michael holds a bachelor of Commerce; ACA (LAPSICO)
Special responsibilities: Audit Committee, Marketing Committee
Interest in shares: Nil

Peter John Devoy
Director (Resigned 24 July 2013)
Occupation: Retired. Financial Services Consultant.
Qualifications, experience and expertise: Peter is an active member of the Pyrmont community, In 2012 Peter established and is current President of Pyrmont Cares Inc.; an organisation helping support Sydney's needy residents. Peter is also actively engaged with his building's Body Corporate (secretary) and actively involved in many church related committees. Peter has extensive experience in banking, accounting, administration and human resource management and is a Fellow of the Financial Services Institute of Australia.
Special responsibilities: Nil
Interests in shares: 3,501

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

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

Directors' report (continued)

Company Secretary

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

Principal Activities

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

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

Operating results

Operations and revenue have continued to improve. The loss of the company for the financial year after provision for income tax was:

Year ended 30 June 2014 $	Year ended 30 June 2013 $
(16,502)	(224,295)

Remuneration Report

(a) Remuneration of Directors

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

(b) Remuneration of Area and Branch Managers

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

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

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

There are therefore no Specified Executives.

Remuneration Report (continued)

Directors' shareholdings

	Balance at start of the year	Changes during the year	Balance at end of the year
Robert Joseph Gavagna	10,001	-	10,001
Patricia Teresa Strong	5,001	-	5,001
Ian Gregory Bulluss	10,501	-	10,501
Margaret Broadbent	6,001	-	6,001
Charles Perry	12,501	-	12,501
John Leslie Hoff	50,501	-	50,501
Ashley Leander Limbury	1,501	-	1,501
John Charles Marsden	5,501	-	5,501
Michael Parker (Appointed 27 November 2013)	-	-	-
Peter John Devoy (Resigned 24 July 2013)	3,501	-	3,501

Dividends

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

Significant changes in the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Indemnification and insurance of directors and officers

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

Indemnification and insurance of directors and officers (continued)

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

Directors' meetings

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

	Board Meetings Attended	
	Eligible	**Attended**
Robert Joseph Gavagna	10	10
Patricia Teresa Strong	10	9
Ian Gregory Bulluss	10	9
Margaret Broadbent	10	10
Charles Perry	10	10
John Charles Marsden	10	9
John Leslie Hoff	10	7
Ashley Leander Limbury	10	7
Michael Parker (Appointed 27 November 2013)	10	6
Peter John Devoy (Resigned 24 July 2013)	1	1

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

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 board 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.

Directors' report (continued)

Non audit services (continued)

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

- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality and objectivity of the auditor
- 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 12.

Signed in accordance with a resolution of the board of directors at Pyrmont, New South Wales on 22 August 2014.

Robert Joseph Gavagna,
Chairman

Auditor's independence declaration

Partners in success

Chartered Accountants

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of City West 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: 28 August 2014

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

Financial statements

Statement of Comprehensive Income
for the year ended 30 June 2014

	Note	2014 $	2013 $
Revenue from ordinary activities	4	464,190	369,279
Employee benefits expense		(159,517)	(275,428)
Charitable donations, sponsorship, advertising and promotion		(17,147)	(17,249)
Occupancy and associated costs		(140,119)	(136,878)
Systems costs		(35,057)	(35,852)
Depreciation and amortisation expense	5	(35,256)	(35,156)
Finance costs	5	(22,737)	(19,668)
General administration expenses		(70,859)	(73,343)
Loss before income tax expense		**(16,502)**	**(224,295)**
Income tax expense	6	-	-
Loss after income tax expense		**(16,502)**	**(224,295)**
Total comprehensive income for the year		**(16,502)**	**(224,295)**
Earnings per share for loss attributable to the ordinary shareholders of the company:		**¢**	**¢**
Basic earnings per share	20	(1.66)	(22.51)

The accompanying notes form part of these financial statements.

Balance Sheet
as at 30 June 2014

	Note	2014 $	2013 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	100	100
Trade and other receivables	8	34,176	26,098
Total Current Assets		**34,276**	**26,198**
Non-Current Assets			
Property, plant and equipment	9	178,935	189,981
Intangible assets	10	16,318	38,318
Total Non-Current Assets		**195,253**	**228,299**
Total Assets		**229,529**	**254,497**
LIABILITIES			
Current Liabilities			
Trade and other payables	12	7,951	10,948
Borrowings	13	464,868	461,984
Provisions	14	7,005	12,032
Total Current Liabilities		**479,824**	**484,964**
Non-Current Liabilities			
Provisions	14	1,785	5,111
Total Non-Current Liabilities		**1,785**	**5,111**
Total Liabilities		**481,609**	**490,075**
Net Assets		**(252,080)**	**(235,578)**
Equity			
Issued capital	15	961,485	961,485
Accumulated losses	16	(1,213,565)	(1,197,063)
Total Equity		**(252,080)**	**(235,578)**

The accompanying notes form part of these financial statements.

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

	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2012	**961,485**	**(972,768)**	**(11,283)**
Total comprehensive income for the year	**-**	**(224,295)**	**(224,295)**
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2013	**961,485**	**(1,197,063)**	**(235,578)**
Balance at 1 July 2013	**961,485**	**(1,197,063)**	**(235,578)**
Total comprehensive income for the year	**-**	**(16,502)**	**(16,502)**
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2014	**961,485**	**(1,213,565)**	**(252,080)**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2014

	Note	2014 $	2013 $
Cash flows from operating activities			
Receipts from customers		488,301	388,338
Payments to suppliers and employees		(466,238)	(569,473)
Interest paid		(22,737)	(19,668)
Net cash used in operating activities	**17**	**(674)**	**(200,803)**
Cash flows from investing activities			
Payments for property, plant and equipment		(2,210)	-
Net cash used in investing activities		**(2,210)**	**-**
Net decrease in cash held		**(2,884)**	**(200,803)**
Cash and cash equivalents at the beginning of the financial year		(461,884)	(261,081)
Cash and cash equivalents at the end of the financial year	**7(a)**	**(464,768)**	**(461,884)**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2014

Note 1. Summary of significant accounting policies

a) Basis of preparation

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

Compliance with IFRS

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

Critical accounting estimates

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

Historical cost convention

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

Comparative figures

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

Adoption of new and amended accounting standards

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

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

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Adoption of new and amended accounting standards (continued)

- 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 Pyrmont, New South Wales.

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

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

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:

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

- 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.

Going concern

The net liabilities of the company as at 30 June 2014 were $252,080 and the loss made for the year was $16,502, bringing accumulated losses to $1,213,565.

In addition:	**$**
Total assets were	229,529
Total liabilities were	481,609
Operating cash flows were	(674)

There was a 92.64% decrease in the loss recorded for the financial year ended 30 June 2014 when compared to the prior year.

The company meets its day to day working capital requirements through an overdraft facility that is due for renewal on 30 September 2014. The overdraft has an approved limit of $575,000 and was drawn to $464,868 as at 30 June 2014.

An interest free period of two years expired during February 2012. As a result $22,737 of interest expense was incurred during the 2014 financial year. Concessional revenue arrangements with Bendigo Bank whereby the company received an additional, supplementary commission also ended during the year.

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the directors' report on pages 5 to 11. The financial position of the company, its cash flows, liquidity position and borrowing facilities are described in the financial statements.

The current economic environment is difficult and while revenue continues to increase the company has again reported an operating loss for the year. The directors consider that the outlook presents significant challenges in terms of banking business volume and pricing as well as for operating costs. Whilst the directors have instituted measures to preserve cash and secure additional finance, these circumstances create material uncertainties over future trading results and cash flows.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company will be required to seek an extension to its overdraft facility.

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Going concern (continued)

The company has held discussions with Bendigo and Adelaide Bank Limited about its future borrowing needs. It is likely that these discussions will not be completed for some time but no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms. The company has also obtained an undertaking of support from Bendigo and Adelaide Bank Limited that it will continue to support the company and its operations for the 2014/15 financial year. This 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.

The directors have concluded that the combination of the circumstances above represents a material uncertainty that casts doubt upon the company's ability to continue as a going concern and that, therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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.

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Revenue calculation (continued)

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

c) Income tax

Current tax

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

Deferred tax

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

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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

d) Employee entitlements (continued)

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

e) Cash and cash equivalents

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

f) Trade receivables and payables

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

g) Property, plant and equipment

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

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

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

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

h) Intangibles

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

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

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.

Note 1. Summary of significant accounting policies (continued)

k) Financial instruments

Recognition and initial measurement

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

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

Derecognition

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

Classification and subsequent measurement

(i) Loans and receivables

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

(ii) Held-to-maturity investments

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

(iii) Available-for-sale financial assets

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

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in the Statement of Comprehensive Income. Available-for-sale financial assets are included in non-current assets except where that are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

(iii) Financial liabilities

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

Impairment

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

l) Leases

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

Note 1. Summary of significant accounting policies (continued)

l) Leases (continued)

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 of other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

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

n) Contributed equity

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

o) Earnings per share

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

p) Goods and Services Tax

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

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

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

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.

Note 2. Financial risk management (continued)

(ii) Price risk

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

(iii) Credit risk

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

(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

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

(vi) Capital management

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board of directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the balance sheet.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the distribution limit:

The distribution limit is the greater of:

(a) 20% of the profit or funds of the franchisee otherwise available for distribution to shareholders in that 12 month period; and

(b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the franchisee over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

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.

Note 3. Critical accounting estimates and judgements (continued)

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

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

Taxation

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

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

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

Estimation of useful lives of assets

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

Goodwill

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

The calculations require the use of assumptions.

Impairment of assets

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

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

Note 3. Critical accounting estimates and judgements (continued)

Impairment of assets (continued)

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.

	2014 $	**2013 $**

Note 4. Revenue from ordinary activities

Operating activities:		
- services commissions	414,190	320,946
- other revenue	50,000	48,333
Total revenue from operating activities	**464,190**	**369,279**

Note 5. Expenses

Depreciation of non-current assets:		
- plant and equipment	2,325	2,325
- leasehold improvements	10,931	10,831
Amortisation of non-current assets:		
- franchise agreement	2,000	2,000
- franchise renewal fee	20,000	20,000
	35,256	**35,156**
Finance costs:		
- interest paid	**22,737**	**19,668**
Bad debts	**308**	**274**

	Note	2014 $	2013 $

Note 6. Income tax expense

	Note	2014 $	2013 $
The components of tax expense comprise:			
- Future income tax benefit attributable to losses		(859)	(68,963)
- Movement in deferred tax		2,508	(428)
- Tax losses not brought to account		(1,649)	69,391
		-	-
The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Operating loss		(16,502)	(224,295)
Prima facie tax on loss from ordinary activities at 30%		(4,951)	(67,289)
Add tax effect of:			
- non-deductible expenses		6,600	-
- timing difference expenses		(2,508)	428
- other deductible expenses		-	(2,102)
		(859)	**(68,963)**
- Movement in deferred tax	11	2,508	(428)
- Tax losses not brought to account		(1,649)	69,391
		-	-
Income tax losses			
Future income tax benefits arising from tax losses are not recognised at reporting date as realisation of the benefit is not regarded as virtually certain. Future income tax benefit carried forward is:		**(360,738)**	**(359,880)**

Note 7. Cash and cash equivalents

	Note	2014 $	2013 $
Cash at bank and on hand		**100**	**100**
Note 7.(a) Reconciliation to cash flow statement			
The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:			
Cash at bank and on hand		100	100
Bank overdraft	13	(464,868)	(461,984)
		(464,768)	**(461,884)**

Notes to the financial statements (continued)

	2014 $	2013 $

Note 8. Trade and other receivables

	2014 $	2013 $
Trade receivables	30,497	22,224
Prepayments	3,679	3,874
	34,176	**26,098**

Note 9. Property, plant and equipment

	2014 $	2013 $
Plant and equipment		
At cost	37,169	37,169
Less accumulated depreciation	(23,293)	(20,968)
	13,876	**16,201**
Leasehold improvements		
At cost	214,375	212,165
Less accumulated depreciation	(49,316)	(38,385)
	165,059	**173,780**
Total written down amount	**178,935**	**189,981**
Movements in carrying amounts:		
Plant and equipment		
Carrying amount at beginning	16,201	18,526
Additions	-	-
Disposals	-	-
Less: depreciation expense	(2,325)	(2,325)
Carrying amount at end	**13,876**	**16,201**
Leasehold improvements		
Carrying amount at beginning	173,780	184,611
Additions	2,210	-
Disposals	-	-
Less: depreciation expense	(10,931)	(10,831)
Carrying amount at end	**165,059**	**173,780**
Total written down amount	**178,935**	**189,981**

Notes to the financial statements (continued)

	2014 $	2013 $

Note 10. Intangible assets

	2014 $	2013 $
Franchise fee		
At cost	10,000	10,000
Less: accumulated amortisation	(9,167)	(7,167)
	833	**2,833**
Establishment fee		
At cost	100,000	100,000
Less: accumulated amortisation	(91,667)	(71,667)
	8,333	**28,333**
Redomicile Accounts	**7,152**	**7,152**
Total written down amount	**16,318**	**38,318**

Note 11. Tax

	2014 $	2013 $
Non-Current:		
Deferred tax assets		
- accruals	97	158
- employee provisions	2,637	5,143
- tax losses carried forward	360,738	359,880
	363,472	**365,181**
Deferred tax liability		
- deductible prepayments	1,104	1,162
	1,104	**1,162**
Tax losses not brought to account	364,576	366,343
Net deferred tax asset/(liability)	**-**	**-**
Movement in deferred tax charged to statement of comprehensive income	**-**	**-**

Note 12. Trade and other payables

	2014 $	2013 $
Trade creditors	-	4,785
Other creditors and accruals	7,951	6,163
	7,951	**10,948**

Notes to the financial statements (continued)

	2014 $	2013 $

Note 13. Borrowings

	2014 $	2013 $
Current:		
Bank overdrafts	**464,868**	**461,984**

The company has an approved overdraft facility of $575,000. The overdraft was interest free for the first 6 months after initial draw down. The interest free period of six months expired during February 2012. Interest is charged at the commercial interest rate as per agreement with franchisor (currently 4.95%). The overdraft is secured by a fixed and floating charge over the company's assets.

Note 14. Provisions

	2014 $	2013 $
Current:		
Provision for annual leave	**7,005**	**12,032**
Non-Current:		
Provision for long service leave	**1,785**	**5,111**

Note 15. Contributed equity

996,511 Ordinary shares fully paid (2013: 996,511)	996,511	996,511
Less: equity raising expenses	(35,026)	(35,026)
	961,485	**961,485**

Rights attached to shares

(a) Voting rights

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the **Community Bank®** branch have the same ability to influence the operation of the company.

Note 15. Contributed equity (continued)

Rights attached to shares

(b) Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo and Adelaide Bank Limited contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

(c) Transfer

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 218. As at the date of this report, the company had 244 shareholders.

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

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

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

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

Notes to the financial statements (continued)

	2014 $	2013 $

Note 16. Accumulated losses

Balance at the beginning of the financial year	(1,197,063)	(972,768)
Net loss from ordinary activities after income tax	(16,502)	(224,295)
Balance at the end of the financial year	**(1,213,565)**	**(1,197,063)**

Note 17. Statement of cash flows

Reconciliation of loss from ordinary activities after tax to net cash used in operating activities

Loss from ordinary activities after income tax	(16,502)	(224,295)
Non cash items:		
- depreciation	13,256	13,156
- amortisation	22,000	22,000
Changes in assets and liabilities:		
- increase in receivables	(8,078)	(16,485)
- increase/(decrease) in payables	(2,997)	474
- increase/(decrease) in provisions	(8,353)	4,347
Net cash flows used in operating activities	**(674)**	**(200,803)**

Note 18. Leases

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments:		
- not later than 12 months	59,800	119,600
- between 12 months and 5 years	-	59,800
- greater than 5 years	-	-
	59,800	**179,400**

The property lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance. The lease has extension provisions for 1 further five year options available. The lease is due for renewal in December 2014.

	2014 $	2013 $

Note 19. Auditor's remuneration

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

	2014 $	2013 $
- audit and review services	3,600	3,600
- share registry services	1,500	1,500
- non audit services	2,028	2,226
	7,128	**7,326**

Note 20. Earnings per share

		2014 $	2013 $
(a)	Loss attributable to the ordinary equity holders of the company used in calculating earnings per share	(16,502)	(224,295)
		Number	**Number**
(b)	Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	996,511	996,511

Note 21. Events occurring after the reporting date

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

Note 22. 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 23. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank®** services in Pyrmont, New South Wales pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 24. Registered office/Principal place of business

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

Registered Office	**Principal Place of Business**
148 Harris Street Pyrmont NSW 2009	148 Harris Street Pyrmont NSW 2009

Note 25. 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	-	-	-	-	-	-	-	-	100	100	0.00	0.00
Receivables	-	-	-	-	-	-	-	-	-	-	N/A	N/A
Financial liabilities												
Interest bearing liabilities	464,868	461,984	-	-	-	-	-	-	-	-	4.78	5.16
Payables	-	-	-	-	-	-	-	-	-	4,855	N/A	N/A

Net Fair Values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the balance sheet. The company does not have any unrecognised financial instruments at the year end.

Credit Risk

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

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

Interest Rate Risk

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

Sensitivity Analysis

The company has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in interest rates.

Note 25. Financial instruments (continued)

Sensitivity Analysis (continued)

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%	4,649	4,620
Decrease in interest rate by 1%	4,649	4,620
Change in equity		
Increase in interest rate by 1%	4,649	4,620
Decrease in interest rate by 1%	4,649	4,620

Directors' declaration

In accordance with a resolution of the directors of City West Community Financial Services Limited we state that:

In the opinion of the directors:

(a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:

 (i) giving a true and fair view of the company's financial position as at 30 June 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.

Robert Joseph Gavagna,
Chairman

Signed on the 22nd of August 2014.

Independent audit report

Partners in success
Chartered Accountants

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

Report on the financial report

I have audited the accompanying financial report of City West 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.

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Independent audit report (continued)

Independence

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

Auditor's opinion on the financial report

In my opinion:

1. The financial report of City West Community Financial Services Limited is in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 30 June 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.

Emphasis of matter

Without modifying my opinion, I draw attention to Note 1 in the financial report, which indicates that the company incurred a net loss of $16,502 during the year ended 30 June 2014, and as of that date, the company's liabilities exceeded its total assets by to $252,080. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast doubt over the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

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 City West 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: 28 August 2014

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