



Annual Report 2014

East Malvern Community
Financial Services Limited

ABN 27 089 542 174

East Malvern **Community Bank®** Branch>

FOR THE YEAR ENDED 30 June 2014

East Malvern Community Financial Services Limited
ABN 27 089 542 174

Financial Statements
30 June 2014

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Chairman's Report

For year ending 30 June 2014

It is again my pleasure to report on another sound year for the Company albeit in the face of some very substantial headwinds. Despite a significant and detrimental rebalancing of revenue share arrangements between Bendigo Bank and the **Community Bank®** franchises, our Branch profitability, sponsorships and shareholder dividends are little changed from the prior year.

The East Malvern Community Branch has retained its position as one of the top performers of all Community Banks which now number more than 305 across Australia and have collectively returned more than \$125m in community grants.

Financial metrics were as follows:

\$'000	<u>2014</u>	<u>2013</u>	
Revenue	1,248	1,370	down 9%
Operating profits before sponsorships and tax	537	582	down 8%
Sponsorships and donations	329	322	up 2%
Shareholder dividends (declared/paid)	91	91	no change
Branch footings	150.0m	152.8m	down 2%

In 2014 the Branch revenue was \$75,000 or 6.5% lower than the prior year principally due to a third round of negative changes to the revenue sharing agreement with Bendigo Bank. This has been a programme of changes that has now progressively impacted on four financial years with the final changes effective April 2014 still to fully roll through into the next financial year.

Investment income was down \$48,000 from the prior year due to a lower mark-to-market adjustment. The value of the Sponsorship Investment Fund still rose by an impressive 15% during the year, but in the prior year the fund value had increased by an exceptional 30% as it rebounded from the lows of the GFC. Importantly cash investment earnings continued a solid upward trend adding \$11,000 or 15.9% as most of the ASX listed companies in the Sponsorship Investment Fund increased dividends during the year, including several special dividends.

Branch operating costs were reduced by \$78,000 through a combination of lower labour costs along with the impact of the one-off spike in marketing costs associated with the Target \$2,000,000 celebratory dinner held in November 2012.

Operating Results (\$'000)

	<u>1H14</u>	<u>2H14</u>	<u>Total</u> <u>2014</u>	<u>1H13</u>	<u>2H13</u>	<u>Total</u> <u>2013</u>
Community Banking						
Branch revenue	554	524	1,078	604	549	1,153
Branch operating profit	184	183	367	181	183	364
Operating margin	33%	35%	34%	30%	33%	32%
Investment Income						
Cash investment earnings	51	29	80	39	30	69
Mark-to-market adjustment	76	14	90	85	64	149
Operating Profit before Sponsorships and Tax	311	226	537	305	277	582
Sponsorships			(329)			(322)
Net profit before tax			208			260

Branch Operations

Branch footings fell by \$2.8 million or 2% over the past 12 months due to a reduction in large corporate Treasury deposits which has overshadowed otherwise good growth across the other product lines.

Our business footings by product and total branch revenues are as follows:

Product	2014 \$mil	2013 \$mil	2012 \$mil	2011 \$mil	2010 \$mil
Savings Accounts	9.2	8.5	8.2	10.3	8.7
Term Deposits/Treasury	68.8	76.0	71.8	56.3	53.8
Statement Accounts	21.8	19.3	17.6	17.2	17.0
Lending	41.6	41.2	35.9	29.0	21.9
Off Balance Sheet Business	8.6	7.8	7.0	9.0	7.3
Total	150.0	152.8	140.5	121.8	108.7
Branch Revenue \$'000	1,078	1,153	1,158	1,148	1,010
Branch Revenue Margin	0.72%	0.75%	0.82%	0.94%	0.93%

Looking back over the last 5 years the cumulative impact of the negative changes to the revenue sharing agreement with Bendigo Bank has been significant for the Company with our Branch Revenue Margin (Branch Revenue over Business Footings) declining from 0.93% in 2010 to 0.72% in 2014. Using the 2010 Revenue Margin as a base, the estimated negative impact of the declining revenue margin in the current year was in excess of \$300,000. These changes are not unique to our Company and they have certainly impacted on the level of Community Sponsorships the Company has been able to provide. Bendigo Bank has advised that the progressive changes to revenue share arrangements are now at an end with the last change implemented in April 2014.

Community Sponsorships

The Company continued to supply grants to many varied organisations throughout 2013/2014.

Our branch offers assistance to several local Primary Schools and Kindergartens principally in funding enduring infrastructure upgrades.

Our strong commitment to a full spectrum of local sport for all ages from lawn bowls and fishing to more active team events such as baseball, netball, cricket, soccer and football underpins our belief in encouraging all sectors of the community to stay involved and active through their life. The Company is also the principal sponsor for the men's 100 metre Stonnington Gift which showcases the abilities of some of the best professional athletes in Australia.

The third stream of our grants programme is to various aged care groups and charitable organisations which enables our Company to assist sections of the community that often find it very difficult to help themselves. We are especially proud of our ongoing support to Cystic Fibrosis Victoria and the Royal District Nursing Service along with many other aged care related groups which are all part of the fabric of our local community.

Dividends

Cautious of the declining Branch Revenue Margin your Board has left dividends unchanged for the year, paying an interim dividend of 11 cents (11 cents 2013) and resolving to pay an unchanged final dividend of 12 cents per share (12 cents 2013) both fully franked, making 23 cents (23 cents 2013) for the year, payable on 31 October 2014 to all shareholders as at 30 September 2014.

As always the Board strives to keep the balance right between all our stakeholders including shareholders while staying true to the spirit of **Community Bank®** programme. Since the business started through to the current year, the cumulative returns to the community and shareholders are as follows:

Sponsorships and donations	\$2,647,000	69%
Dividends paid to shareholders	\$ 743,000	19%
Retained earnings	<u>\$ 447,000</u>	<u>12%</u>
Total	\$3,837,000	100%

The overall returns remain in line with our long term objective of an 80:20 split of surpluses between community and shareholders. Retained earnings are being used to support the Sponsorship Investment Fund which in turn is now making a material contribution in boosting the Company's ability to maintain the level of sponsorship grants. This has become especially important for the Company as it copes with the declining Revenue Margin.

Board of Directors

The Board continues to provide unstinting dedication and I acknowledge the time and energy they provide.

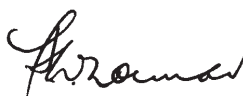
The Board comprises of:-

Peter W. Norman - Chairman
 Stuart E. Martyn – Deputy Chairman
 Cheryl S. Newsom
 Philip C. Carey
 Michael Arbon
 Anne Parsonson
 James Hayne

Finally, I would like to acknowledge the invaluable contribution that Peter Wolff our former Branch Manager has played in the long term success of the Company. When Peter joined in 2007 the branch footings were just over \$80 million, sponsorship grants were running at around \$200,000 per annum and annual dividends were 14 cents per share. Peter's tireless efforts and friendly demeanour was the lynch pin in almost doubling the size of the business. This result is especially significant when considering the impact of GFC which hit within a year of Peter starting and is still being felt. The Board and I wish Peter every success in his new role.

Our branch has and always will provided a high level of quality service. I want to thank those who are currently supporting our **Community Bank®** branch with their banking business and look forward to that continuing support in the future.

I welcome any shareholder or local resident who does not currently bank with us to come and experience the great service we deliver at our **Community Bank®** branch as its ongoing strength and vitality provide the ability for the Company to play an important role in the community.



Peter Norman
Chairman

Sponsorship Committee Report

For year ending 30 June 2014

An important part of our business model is based upon being an active and substantial contributor to the health and well being of our community. The extensive array of assistance the Company provides has in turn played a significant role in our commercial success. Since the Branch opened in 2000 our aggregate of approved sponsorships together with donations and other community contributions have now exceeded \$2,647,000 which compares very favourably to the \$125 million that the entire **Community Bank®** programme has returned since inception.

This financial year, the Company was proud to have supported a wide cross section of community organisations, 49 in all, for a variety of initiatives with a total value of \$328,984 (\$321,775 (2013)). Summarised below are the organisations we have assisted during the year along with the respective outcomes to which the funds were applied:

SPORT

Organisation

- Camberwell Malvern Little Aths.
- Caulfield Cricket Club
- Caulfield Grammarians Football Club
- Chadstone Bowls Club
- Collegians Football Club
- De La Salle OC Football Club
- De La Sallys Netball Club
- East Malvern Tooronga Cricket Club
- East Malvern Football Club
- East Malvern RSL Anglers Club
- Glen Iris Baseball Club
- Glendearg All Saints Malvern Tennis Club
- Malvern Baseball Club
- Malvern Cricket Club
- Malvern Junior Cricket Club
- Malvern District Auskick
- Monash Gryphons Cricket Club
- Prahran Amateur Football Club
- Prahran Cricket Club
- St.Kevins Old Boys Football Club
- St. Kevins Old Boys Soccer Club
- Stonnington Gift
- The Local Footy Show
- Toorak Park Users Group
- VAFA Umpires Association
- Victorian Athletic League
- Victorian Amateur Football Association

Outcome

Line Marking
Playing and Training Apparel
New Scoreboard Funding
Greens Vacuum Cleaner
Ground Lighting
New Flooring, Website, Mobile App.
New Uniforms
Mats, Equipment , Bowling Machine
New Jumpers
4 Day Excursion
Ground Improvement
Club Merger Promotion
Portable Batting Cage
Roof Netting, Shade Structure, Covers
Equipment and Coaching
25 Year Dinner
Establish New Teams
Football Clinics
Clothing and Equipment
New Pavilion Funding, Equipment
Match Day and Training Kits
Sponsorship Mens 100m Gift
Broadcasts of Amateur Football
Electronic Scoreboard Funding
Coaching and Training Equipment
Promotion of Junior Events
Upgrade Digital Services

EDUCATION

Organisation

- Caulfield Park Community School
- Ewing Kindergarten
- Lloyd Street School
- Solway Primary School
- St. Mary's Primary School

Outcome

Breakfast Program
Fit out Kindergarten Toilets
Bi Annual Fair
Community Fair, Playground Equipment
Library Shelving

COMMUNITY

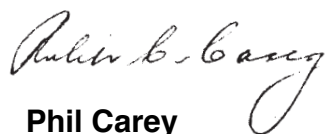
Organisation

- Avalon Centre
- Caulfield Toy Library
- Cystic Fibrosis
- Firestation Print Studio
- Garlstonpark Girl Guides
- Golden Days Radio
- Golden Wattle Day Club
- Lyric Opera Company
- Malvern Artists' Society
- Malvern East Combined Probus Clubs
- Malvern Historical Society
- Malvern Special Needs P/group
- Malvern SES
- RDNS
- Reconnexion
- Stonnington Maternal Health
- Stonnington Symphony

Outcome

"Xmas in July" function for Disadvantaged
New Toys - via Ormond Community Bank
Race day Sponsorship
Print Exhibition
Transport to Guide Camp
Book Publication
Seniors Coach Trip
Opera Sponsorship
Art Exhibition Prize
10th. Anniversary Celebration
Booklet Production
"Safe Talk" Training, Children's Christmas party
New Special use Vehicle
Sponsorship of Nurses Vehicles
Design, Printing and Distribution of Help Cards
Breastfeeding Program
Funding for Guest Conductors

The Directors, our staff and I believe all shareholders should take pride in seeing the contributions our Company is making to the communities we serve. We will continue to participate as actively as we can and respond to requests for sponsorship where benefits are available to significant sections of our community.



Phil Carey
Director and Sponsorship Committee member

Director's Financial Statement

The net profit of the Company for the financial year after providing for income tax amounted to \$146,886 (\$181,307 (2013))

A review of the operations of the company during the financial year and the results of those operations were as follows:

- The principal activity of the company during the financial year was Community Banking operating under a franchise with the Bendigo Bank Limited.
- No significant change in the nature of these activities occurred during the year.
- The company will continue with its policy of providing banking services to the community.
- Dividends paid during the year were, a final dividend for 2013 of 12 cents (fully franked), an interim dividend for 2014 of 11 cents (fully franked), and the Board has recommended a final dividend of 12 cents (fully franked) to be paid on 31st October 2014 to all shareholders as at 30th September 2014.
- 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.
- No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.
- No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is in or has been an officer or auditor of the company.

Signed in accordance with a resolution of the Board of Directors 22nd September 2014



Ric Sykes
Company Secretary

Secretary's Report

For the year ending 30 June 2014

Use of the Company Seal

The Company Seal was not used during the year.

Directors Attendance at Board Meetings

Eleven Board Meetings were conducted during the year. The attendance was:

Peter Norman	11
Stuart Martyn	9
Cheryl Newsom	9
Philip Carey	9
Michael Arbon	8
Anne Parsonson	7
James Hayne	10



Ric Sykes
Company Secretary

East Malvern Community Financial Services Limited
ABN 27 089 542 174

Balance Sheet at 30 June 2014

	Note	2014 \$	2013 \$
Current Assets			
Cash	17 (a)	70,224	79,953
Accounts Receivable	5	96,039	93,316
Investments	6	45,929	63,972
Total Current Assets		212,192	237,241
Non-Current Assets			
Investments	7	719,203	624,737
Property, plant and equipment	8	38,990	31,797
Non current receivable	9	110,000	105,000
Intangibles	10	2,000	4,000
Total Non-Current Assets		870,193	765,534
Total Assets		1,082,385	1,002,775
Current Liabilities			
Accounts payable	11	-	-
Provisions	12	151,363	109,760
Other	13	84,342	85,498
Total Current Liabilities		235,705	195,258
Non-Current Liabilities			
Provisions	14	4,970	22,004
Total Non-Current Liabilities		4,970	22,004
Total Liabilities		240,675	217,262
Net Assets		841,710	785,513
Shareholder's Equity			
Share capital	15	394,300	394,300
Accumulated profits	15	447,410	391,213
Total Shareholder's Equity		841,710	785,513

The accompanying notes form an integral part of this balance sheet.

East Malvern Community Financial Services Limited
ABN 27 089 542 174

Income Statement for the Year Ended 30 June 2014

	Note	2014 \$	2013 \$
Margin income	2	901,518	969,481
Fee income		156,584	161,182
Commission income		20,030	21,880
Rent income		23,040	25,000
Interest income		8,072	2,132
Dividends and other investment income		137,844	190,730
Profit on sale of assets		978	-
Total income		1,248,066	1,370,405
Personnel expenses		359,134	403,454
Building occupancy expenses		101,982	101,300
Depreciation and amortisation		20,945	16,068
Sponsorships and donations		328,984	321,775
Other office expenses		229,067	267,325
Bad debt expense	2	42	108
Interest expense	2	-	5
Total expenses		1,040,154	1,110,035
Operating profit		207,912	260,370
Income tax expense	3	61,026	79,063
Operating profit after income tax		146,886	181,307
Dividends declared	4	(90,689)	(90,689)
Accumulated profits at the beginning of the financial year		391,213	301,233
Prior period over accrual of dividend distributions		-	(638)
Accumulated profits at the end of the financial year		447,410	391,213
Earnings per share		37.3 cents	46.0 cents

The accompanying notes form an integral part of this income statement

East Malvern Community Financial Services Limited
ABN 27 089 542 174

Statement of Cash Flows for the Year Ended 30 June 2014

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Receipts from customers		1,183,222	1,259,300
Payments to suppliers, sponsors and employees		(1,145,686)	(1,206,044)
Dividends and other investment income		47,614	41,966
Interest received		8,072	2,132
Rent received		23,040	25,000
Income tax paid		(18,949)	(40,329)
Net operating cash flows	17 (b)	97,313	82,025
Cash flows from investing activities			
Proceeds from sale of motor vehicle		10,318	-
Fixed assets (acquired) / disposed		(35,478)	4,143
Net (investment) / disposal in sponsorship fund (ASX listed securities)		(4,236)	4,080
Redemption of term deposits		18,043	87,985
Loans to Sponsorship groups		(5,000)	(85,000)
Net investing cash flows		(16,353)	11,208
Cash Flows from financing activity			
Payment of dividends on ordinary shares		(90,689)	(90,689)
Net investing cash flows		(90,689)	(90,689)
Net increase/(decrease) in cash held		(9,729)	(2,544)
Cash at the beginning of the financial year		79,953	82,497
Cash at the end of the financial year	17 (a)	70,224	79,953

The accompanying notes form an integral part of this statement of cash flows

East Malvern Community Financial Services Limited
ABN 27 089 542 174

Statement of Changes in Equity for the Year Ended 30 June 2014

	Issued Capital \$	Retained Earnings \$	Total \$
At 30 June 2012	394,300	301,233	695,533
Prior period over accrual of dividend distributions		(638)	(638)
Profit for the year		181,307	181,307
Dividends declared		(90,689)	(90,689)
At 30 June 2013	394,300	391,213	785,513
Profit for the year		146,886	146,886
Dividends declared		(90,689)	(90,689)
At 30 June 2014	394,300	447,410	841,710

The accompanying notes form an integral part of this statement of changes in equity

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

1 Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with the requirements of the Corporations Law, which includes applicable Accounting Standards. Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board have also been complied with. The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets.

Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report.

Income Tax

The company adopts the liability method of tax effect accounting whereby the income tax expense is based on the operating profit adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income, are brought to account as either provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Property, Plant and Equipment

Property, plant and equipment are carried at cost or at independent or director's valuation, less where applicable any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of expected net cash flows which will be received from the assets employment and subsequent disposal.

The depreciable amount of all fixed assets including building and capitalised leased assets, but excluding freehold land, are depreciated on straight line basis over the estimated useful lives to the entity commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to a depreciation charge. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or estimated useful lives of the improvements.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

Intangibles

Franchise fees are amortised over the useful life, being a period of 5 years.

Employee Entitlements

Provision is made for the company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Contributions are made by the company to an employee superannuation fund and are charged as expenses when incurred.

Revenue

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Revenue is recognised net of the amount of goods and services tax.

Trade and Other Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received.

Financial Instruments included in Equity

Ordinary share capital is recorded at the value of the consideration received. The costs of issuing shares are charged against the share capital. Ordinary share capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

Financial Instruments included in Liabilities

Borrowings are recorded at the amount received on advance from the lender.

Financial Instruments included in Assets

Trade debtors are initially recorded at the amount of contracted sale proceeds.

Provision for doubtful debts are recognised to the extent that recovery of the outstanding receivable balance is considered less than likely. Any provision established is based on a review of all outstanding amounts at balance date. A specific provision is maintained for identified doubtful debts, and a general provision is maintained in respect of receivables which are doubtful of recovery but which have not been specifically identified.

Bank deposits and short term bank bill investments are carried at cost and interest revenue is recognised on an effective yield basis.

Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standard ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

	Note	2014 \$	2013 \$
Note 2. Profit and Loss Items:			
Margin income	2	901,518	969,481
Fee income		156,584	161,182
Commission income		20,030	21,880
Rent income		23,040	25,000
Interest income		8,072	2,132
Dividends and other investment income		137,844	190,730
Profit on sale of assets		978	-
		<hr/>	<hr/>
Total income		1,248,066	1,370,405

Operating result is after charging the following expenses:

Depreciation:

Depreciation of :

– Fixtures and fittings	11,449	11,450
– Motor vehicles	7,496	2,618
Amortisation of		
– Establishment fees	2,000	2,000

Total depreciation and amortisation	20,945	16,068
Bad debt expense	42	108
Interest expense	-	5

Other Operating Expense Items:

Provision for employee entitlements	(4,418)	4,126
Operating lease rentals	87,061	86,499

Note 3. Income Tax:

Income Tax Expense

The difference between the income tax benefit in the financial statements and the prima facie income tax benefit is reconciled as follows:

Operating profit	207,912	260,370
	<hr/>	<hr/>
Prima facie tax expense	62,374	78,111
Tax effect of permanent and other differences:	(1,348)	952
	<hr/>	<hr/>
Total income tax expense attributable to operating profit	61,026	79,063
	<hr/>	<hr/>

The value of franking credits as at 30 June 2014 was \$283,576 (\$303,494 (2013))

	Note	2014 \$	2013 \$
Note 4. Dividends Paid and Payable			
Dividends paid			
Fully franked interim dividend (11 cents per share)		43,373	43,373
Dividends proposed			
Fully franked final dividend (12 cents per share)		47,316	47,316
		<hr/>	<hr/>
Total dividends paid and payable		90,689	90,689
		<hr/>	<hr/>
Note 5. Accounts Receivable (Current):			
Accounts receivable		94,419	93,196
Sundry receivables		1,620	120
Provision for doubtful debts		-	-
		<hr/>	<hr/>
Total accounts receivable (current)		96,039	93,316
		<hr/>	<hr/>
Note 6. Investments (Current):			
Term deposits		45,929	63,972
		<hr/>	<hr/>
Total investments (current)		45,929	63,972
		<hr/>	<hr/>
Note 7. Investments (non-current):			
Sponsorship Fund (ASX listed securities) at cost		607,595	603,359
Market value adjustment		111,608	21,378
		<hr/>	<hr/>
Total investments (non-current)		719,203	624,737
		<hr/>	<hr/>
Note 8. Property, plant and equipment:			
Furniture and fittings at cost		54,070	54,070
Less accumulated depreciation		(43,241)	(31,792)
		<hr/>	<hr/>
Total fixtures and fittings, net		10,829	22,278
		<hr/>	<hr/>
Motor vehicles at cost		35,478	34,109
Less accumulated depreciation		(7,317)	(24,590)
		<hr/>	<hr/>
Total motor vehicles, net		28,161	9,519
		<hr/>	<hr/>
Total property, plant and equipment, net		38,990	31,797
		<hr/>	<hr/>

	Note	2014 \$	2013 \$
Note 9. Non current receivables:			
Loan to Edenhope Community Bank		10,000	15,000
Loan to Toorak Park Users Group		80,000	90,000
St Kevins Old Boys Football Club		20,000	-
		<hr/>	<hr/>
Total non current receivables		110,000	105,000
		<hr/>	<hr/>
Note 10. Intangibles:			
Franchise fee at cost		70,000	70,000
Training fee at cost		50,000	50,000
		<hr/>	<hr/>
Total Establishment fees at cost		120,000	120,000
Less accumulated depreciation		(118,000)	(116,000)
		<hr/>	<hr/>
Total Establishment fees, net		2,000	4,000
		<hr/>	<hr/>
Total Intangibles, net		2,000	4,000
		<hr/>	<hr/>
Note 11. Accounts payable (current):			
Trade creditors – unsecured		-	-
		<hr/>	<hr/>
Total accounts payable (current)		-	-
		<hr/>	<hr/>
Note 12. Provisions (current):			
Employee entitlements		72,544	59,928
Dividends on ordinary shares		48,442	48,442
Income tax		30,377	1,390
		<hr/>	<hr/>
Total provisions (current)		151,363	109,760
		<hr/>	<hr/>
Note 13. Other (current):			
Net GST collected/(paid)		29,242	25,423
Accruals		48,850	53,200
Rental bond		6,250	6,875
		<hr/>	<hr/>
Total other liabilities (current)		84,342	85,498
		<hr/>	<hr/>
Note 14. Provisions (non-current):			
Employee entitlements		4,970	22,004
		<hr/>	<hr/>
Total provisions (non-current)		4,970	22,004
		<hr/>	<hr/>

	Note	2014 \$	2013 \$
Note 15. Share Capital:			
Paid up capital			
Ordinary shares fully paid		394,300	394,300
Movement in shares on issue			
Beginning of the financial year		394,300	394,300
Ordinary shares fully paid		394,300	394,300
Movement in Retained Earnings			
Accumulated profits at the beginning of the financial year		391,213	301,233
Prior period over accrual of dividend distributions		-	(638)
Operating profit after income tax expense		146,886	181,307
Dividends paid / payable	4	(90,689)	(90,689)
Accumulated profits at the end of the financial year		447,410	391,213
Note 16. Commitments:			
Operating lease expenditure contracted for is payable as follows:			
Not later than one year		68,389	86,496
Later than one year but not later than five years		-	70,158
		68,389	156,654

Note	2014	2013
	\$	\$

Note 17. Notes to the Statement of Cash Flows:

(a) Reconciliation of Cash

For the purpose of the Statement of Cash Flows, cash includes cash on hand and in banks. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:

Cash at bank	70,224	79,953
	<u>70,224</u>	<u>79,953</u>

(b) Reconciliation of Net Cash Provided by Operating Activities to Operating Profit After Income Tax

Operating profit after income tax	146,886	181,307
Adjustments for non-cash income and expense items:		
Depreciation	18,945	14,068
Amortisation	2,000	2,000
Gain on sale of motor vehicle	(978)	-
(Increase) / decrease in assets:		
Market value adjustment	(90,230)	(148,764)
Accounts receivable	(2,723)	8,497
Deferred tax asset	-	38,215
(Decrease) / increase in liabilities:		
Accounts payable	-	(4,934)
Provisions and other liabilities	23,413	(8,364)
Net cash from operating activities	<u>97,313</u>	<u>82,025</u>

Note 18. Directors' Remuneration:

The number of directors who were paid, or were due to be paid remuneration (including brokerage, commissions, bonuses, retirement payments and salaries), directly or indirectly from the company or any related corporation, as shown in the following bands, were: 5 (6 in 2013)

The aggregate remuneration of all directors was:	<u>\$ 32,000</u>	<u>\$ 33,250</u>
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Note 19. Financial Instruments:**(a) Interest Rate Risk Exposures**

The Company is exposed to interest rate risk through primary financial assets and liabilities. The following table summarises interest rate risk for the Company, together with effective interest rates as at balance date.

2014	Floating interest rate (a)	Fixed Rate 1 year or less	Non- interest bearing	Total	Average interest rate	
					Floating	Fixed
Financial assets						
Cash (i)	70,224			70,224	0.0%	
Term Deposits		45,929		45,929		3.3%
Accounts receivables			96,039	96,039		
Non current receivables			110,000	110,000		
	<u>70,224</u>	<u>45,929</u>	<u>206,039</u>	<u>322,192</u>		
Financial liabilities						
Accounts payable			-	-		
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		
2013	Floating interest rate (a)	Fixed Rate 1 year or less	Non- interest bearing	Total	Average interest rate	
					Floating	Fixed
Financial assets						
Cash (i)	79,953			79,953	0.0%	
Term Deposits		63,972		63,972		3.9%
Accounts receivables			93,316	93,316		
Non current receivables			105,000	105,000		
	<u>79,953</u>	<u>63,972</u>	<u>198,316</u>	<u>342,241</u>		
Financial liabilities						
Accounts payable			-	-		
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		

- (i) The floating interest rate represents the rate applicable to the instrument at balance date.
(ii) The fixed interest rate represents the contract rates in place at balance date.

	Note	2014 \$	2013 \$
Note 20. Remuneration of Auditors:			
The following total remuneration was received, or is due and receivable, by the auditors of the Company in respect of:			
- Auditing the financial statements		2,500	2,500
- Other services		-	600
		<hr/>	<hr/>
Total Remuneration of Auditors		2,500	3,100
		<hr/>	<hr/>

Note 21. Related Party Disclosures:			
Transactions undertaken on commercial terms and conditions			
P Norman: Bookkeeping fee		3,000	3,000
Frontier Assets Pty Ltd (R Sykes): Accounting fee		5,000	5,000
		<hr/>	<hr/>
Total Related Party payments		8,000	8,000
		<hr/>	<hr/>

Note 22. Subsequent Events:
There have been no events after balance date which are likely to have a significant effect on the operations of the company.

Note 23. Segment Information:
The Company operates predominantly in one industry, the financial services industry. All operations are carried out in East Malvern, Victoria.

Note 24. Contingent Liabilities:
The Company is not aware of any contingent liability as at the date of this financial report.

Director's Declaration


The Directors of the company declare that:

1. The financial statements and notes

- (a) comply with applicable Accounting Standards and the Corporations Law; and
- (b) give a true and fair view of the financial position at 30th June 2014 and performance for the year ended on that date of the company

2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Peter Norman
Chairman



Ric Sykes
Company Secretary

Dated this 22nd September 2014

Independent Audit Report

TO THE MEMBERS OF THE EAST MALVERN COMMUNITY FINANCIAL SERVICES LIMITED.

SCOPE

We have audited the financial report being the Director's Declaration, Profit & Loss Statement, Balance Sheet and Notes to the Financial Statements of East Malvern Community Financial Services Limited for the period 1st July 2013 to the 30th June 2014. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and statutory requirements, so as to present a view which is consistent with our understanding of the company's financial position and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In our opinion, the financial report of East Malvern Community Financial Services Limited is in accordance with:

(a) the Corporations Law including:

(i) giving a true and fair view of the company's financial position as at 30th June 2014 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and the Corporations Regulations; and

(b) other mandatory professional reporting requirements

John Creffield
53 Blackwood Street
Carnegie Vic 3163
Ph: (03) 9569 4237 Fax: (03) 9569 4237



John Creffield
Principal

12/09/2014

NOTES

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East Malvern **Community Bank®** Branch
300 Waverley Road, East Malvern VIC 3145
Phone: (03) 9563 6044 Fax: (03) 9563 5322

Franchisee: East Malvern Community Financial Services Limited
300 Waverley Road, East Malvern VIC 3145
ABN: 27 089 542 174

Email: EastMalvernMailbox@bendigobank.com.au

Share Registry: Richmond Sinnott & Delahunty
10-16 Forest Street, Bendigo VIC 3550
Postal Address: PO Box 30, Bendigo VIC 3552
Phone: (03) 5445 4200 Fax: (03) 5444 4344

Email: shareregistry@rsd advisors.com.au
www.rsd advisors.com.au

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