



Annual Report 2015

Sandringham Community
Financial Services Limited

ABN 86 099 131 192

Sandringham **Community Bank®** Branch

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Chairman's report

For year ending 30 June 2015

Our achievements

Our financial result for the year to 30 June 2015 was most pleasing. In a low interest rate environment and competitive marketplace we were able to return a net profit after tax of \$85,111. This is an increase from the \$57,098 achieved in 2014.

Our balance sheet continued to strengthen with total assets increasing from \$834,529 to \$925,901.

Equity also increased from \$750,816 to \$ 799,326.

Total business showed solid growth over the year and increased by \$12.4 million to \$137.5 million.

We expect a similar result in 2015/16 and the low interest rates and competitive banking conditions to continue throughout the year.

A Fully Franked Dividend payment of 6 cents per share will be paid to shareholders. This is consistent with the Dividend payment made in previous years and is a total distribution of \$36,600. Funds returned to shareholder by Return of Capital and Dividends now amounts to \$384,300.

Our community

Total distributions to our community by way of sponsorships, donations and grants during the year, amounted to \$86,637.

A balance of \$183,091, which was generated from previous year's profits, is held on our account with the Bendigo and Adelaide Bank Limited Community Enterprise Foundation™. These funds are available for future distribution to the community.

Total Grants, Sponsorships and Donations paid to the Community since establishment is \$820,039.

When added to the Dividends paid to our shareholders, we have contributed \$1,204,339 to our community.

Beneficiaries of our grants, sponsorships and donations program for the year are shown in the community section of this report.

Our strategy

We continue a strategy of growing and retaining a strong business and balance sheet to enable increased contributions to be made to the community. An incentive program to work closer with our community partners is being introduced and our business development activities with local businesses is starting to yield good results with increased banking opportunities.

Our people

We are committed to providing a safe and friendly environment for our staff to deliver a full range of quality products and service to our customers. Staff training and development will continue to be a priority to ensure that their banking knowledge remains current and that they have the solutions to meet all the banking issues facing our community.

Matthew Gallop, our Manager, leads a competent and friendly staff. Their knowledge of all banking products and willingness to assist our customers is a major point of difference from the other banks.

Chairman's report (continued)

The Board remains diligent in their duties and I am grateful for the strong support they give to the branch. During the year we reviewed our Succession Planning, Risk Management policies and will be looking at updating our Strategic Plan in the next 12 months. In addition to the Board and Committee meetings the Directors assist Matthew in representing the branch at many community events during the year.

We also acknowledge the good support we receive from our Regional Manager, Michelle McDonald and her team. We thank them for their ready assistance and guidance.

Our shareholders

To you the shareholders, thanks for your ongoing support and we trust that the results we have been able to achieve and the return of capital and dividends we have been able to pay are a good return for the investment you have made in the branch and the community.



Graham M Ludecke
Chairman

Manager's report

For year ending 30 June 2015

As the Sandringham **Community Bank**[®] Branch gets set to enter its 13th year we continue to grow at a pleasing rate considering current economic conditions. We achieved a strong increase of \$8.3 million to \$37.4 million in our lending book and an increase of \$3.5 million to \$100.1 million in our deposit base. With historically low interest rates we continue to see our lending clients accelerating their loan repayments. Our total business under management now sits at \$137 million and we achieved an increase in our profit of \$28,000 from the previous year.

We were pleased to have provided to our community a further \$86,637 in grants, sponsorships and donations during the year bringing our total return to \$820,039 since opening. We are involved with some fantastic community initiatives such as funds provided to the Lions Club of Sandringham to assist unprivileged children enjoy some time away at a camp in Licola Gippsland and the funds to Sandringham Aged Care to assist in a Dementia Specific Wellness project. We partnered with the Rotary Club of Sandringham and St Kilda Youth Services to purchase a new car, based at the Sandringham Police Station, to set up a local program known as an L2P program. The L2P Program assists Learner Drivers under 21 years, who do not have access to suitable adults or car, to gain the mandatory 120 hours of supervised learner driving experience greatly improving opportunities in areas such as employment.

We continue to provide funds to a large range of sporting groups, service clubs, community organisations and a number of local kindergartens.

The model provides some really exciting opportunities for our community and I would welcome the opportunity to talk to you, your family and friends to see how we can assist you which in turn will provide increased benefits to our community. Importantly we offer a full range of competitive Banking, Financial Planning and Insurance products to meet your needs.

Our dedicated staff Brooke Robinson, Julie Dunn, Kathryn Harvey, Siobhan Boyle and Julie Galloway are very knowledgeable and provide exceptional customer service. We welcomed Sally Turner who initially joined us on a short-term contract but has recently been appointed to the team on a full time basis.

I wish to acknowledge my appreciation of the support by the staff at Bendigo and Adelaide Bank and in particular our Regional Manager, Michelle McDonald.

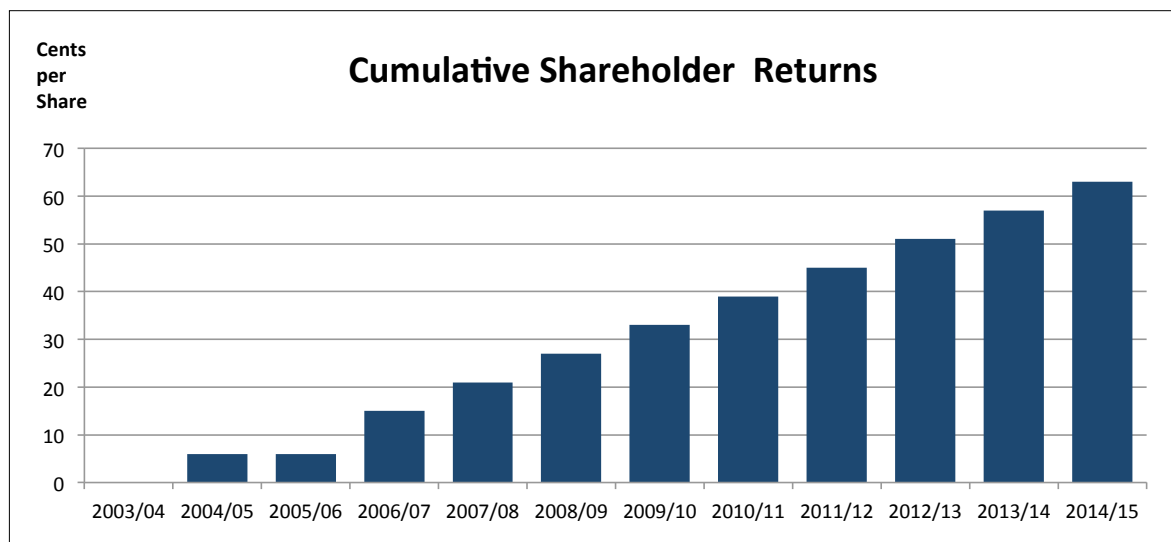
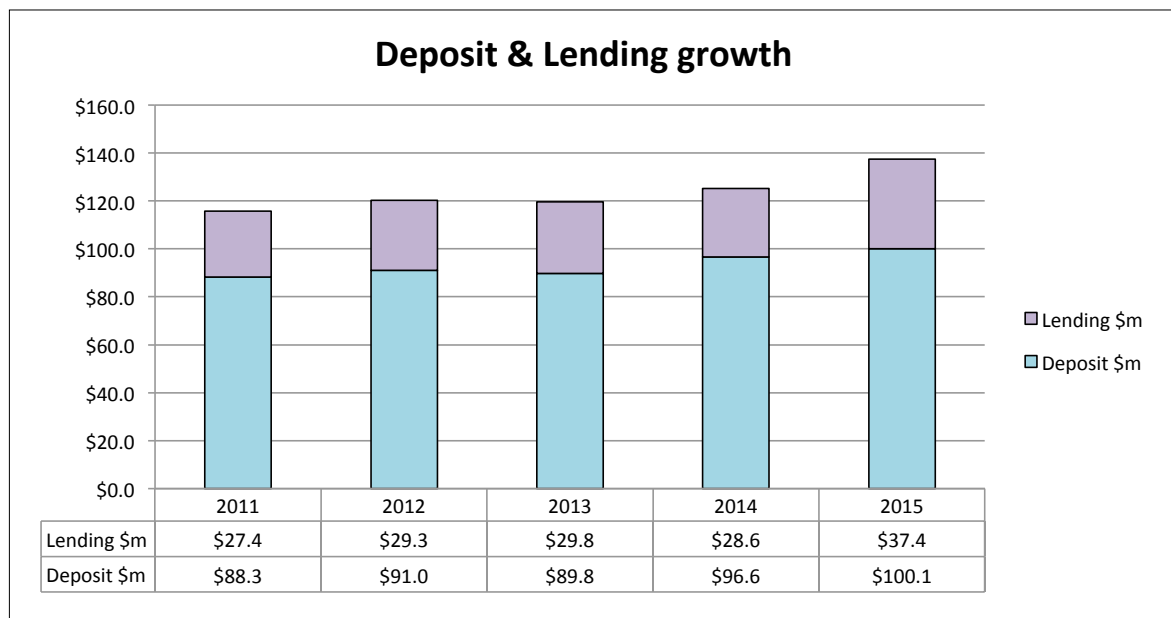
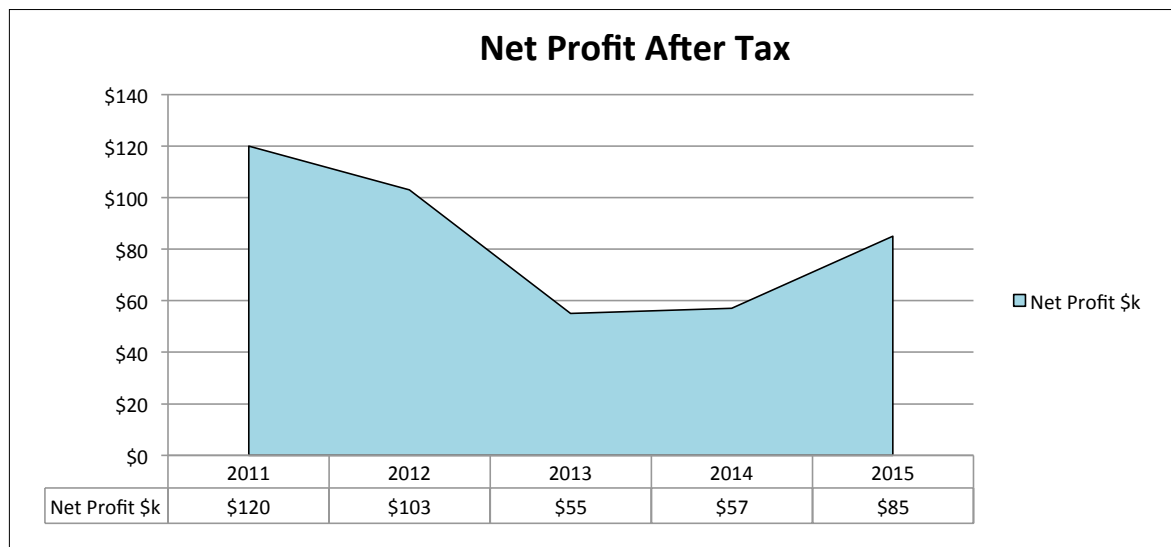
I would also like to thank the Board of Directors for their continued strong support and guidance which proves invaluable in the success of the business. They continue to work hard to build stronger relationships and to assist us in telling our story to our community.

The support of our loyal client base has made this business the success that it is and I look forward to continue to grow our business and further investing in our community.



Matthew Gallop
Branch Manager

Performance graphs



Directors' report

For the financial year ended 30 June 2015

Your Directors present their report of the company for the financial year ended 30 June 2015.

Directors

The following persons were Directors of Sandringham Community Financial Services Limited during or since the end of the financial year up to the date of this report:

Name and position held	Qualifications	Experience and other Directorships
Graham Manson Ludecke Director since August 2009 Chairman	SF Fin, MAICD	Retired Senior Banker with 42 years experience in Retail, Business and International banking both in Australia and overseas. Non Executive Director of Bentleigh Bayside Community Health Inc. and Committee member of Australian Business in Europe. President of the Black Rock Sports Auxiliary Inc.
Michael John Davies Director since January 2008 Director	FAIM, AMAMI	Formally Group President and Director of ITW Australia, ITW Asia Pacific and subsidiary companies. Non-executive Director Victorian Carpet Company Pty Ltd. Director of HGS Pty Ltd and Sutton Tools Pty Ltd.
Glen Hay Kruger Director since February 2011 Director	MBA	20 years experience at senior management level in the not-for-profit area, currently Executive Director of Aries Technology Australia Pty Ltd. Also currently a Director of Caroline Chisholm Education Foundations
Ian Richard Siebert Director since June 2010 Director	B Ec, Dip Tert Ed, MBA, FAIM	10 years experience as a Manager and 25 years as a management consultant and Higher Education Director.
Kate Jean Robb Director since February 2014 Director, Company Secretary and Treasurer	BBus (Accounting)	15 years accounting and corporate governance experience in both chartered accounting firms and industry. Held senior management and executive leadership team positions in a number of ASX listed companies.
Felicity Thomlinson Director since June 2014 Director	BSc, Dip Fin Serv	Over 14 years experience developing and growing new businesses and channels across a number of start-up and mature businesses primarily in financial services and health.

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)

Principal activities

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

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

Review of operations

The profit of the company for the financial year after provision for income tax was \$85,111 (2014 profit : \$57,094), which is a 49% increase as compared with the previous year.

The net assets of the company have increased to \$ 799,326 (2014: \$ 750,816).

Dividends

Dividends paid or declared since the start of the financial year.

	Year ended 30 June 2015	
	Cents Per Share	\$
Dividends paid in the year (interim /or final) dividend:	6	36,601

Options

No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report.

Significant changes in the state of affairs

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

Events subsequent to the end of the reporting period

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

Remuneration report

Remuneration policy

The remuneration policy of Sandringham Community Financial Services Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives. The Board believe the remuneration policy to be appropriate and effective. The following criteria is applied to determine the remuneration of the Directors:

(a) The Board policy for determining the nature and amount of remuneration is as follows:

- i. Attends a minimum of 6 face-to-face Board meetings;
- ii. Attends the Annual General Meeting and one other **Community Bank®** activity; and

Directors' report (continued)

Remuneration report (continued)

Remuneration policy (continued)

(b) The prescribed details in relation to the remuneration of:

- i. Each Director of the company receives \$1,800, and
- ii. Each committee chair receives an additional \$600
- iii. The Chair of the Board receives an additional \$1,200.

The Board reviews its performance on an annual basis.

Remuneration benefits and payments

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

Directors' fees

	Primary benefits	
	Salary & fees 2015 \$	Salary & fees 2014 \$
Graham Manson Ludecke	3,000	3,000
Michael John Davies	2,400	2,400
Glen Hay Kruger	2,350	2,400
Helen Diana Searle (Resigned 28 November 2013)	-	1,000
Ian Richard Siebert	1,800	1,800
Campbell John Sinclair (Resigned 30 June 2014)	-	1,800
Kate Jean Robb	2,000	750
Felicity Thomlinson	1,850	150
	13,400	13,300

During the year a payment of \$10,000 plus superannuation guarantee was made to Kate Robb in regard to her role as the company's accountant (up until the 1st February 2015) and Company Secretary (2014: \$15,000).

The Board of Sandringham Community Financial Services Limited has not accepted the Bendigo and Adelaide Bank Limited's **Community Bank**® Directors Privileges package. Accordingly Directors did not receive any benefit in regard to this package.

Directors' report (continued)

Indemnifying Officers or Auditor

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

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

Directors' meetings

The number of Directors' meetings held during the year was 12. Attendances by each Director during the year were as follows:

Director	Board meetings #	Audit Committee meetings #
Graham Manson Ludecke	12 (12)	2 (2)
Michael John Davies	10 (12)	N/A
Glen Hay Kruger	12 (12)	N/A
Ian Richard Siebert	10 (12)	N/A
Kate Jean Robb	11 (12)	2 (2)
Felicity Thomlinson	12 (12)	N/A

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

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Proceedings on behalf of company

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

Company Secretary

Kate Robb has been the Company Secretary of Sandringham Community Financial Services Limited since 1 May 2012. Kate holds a Bachelor of Business (Accounting) and also became a member of the Institute of Chartered Accountants of Australia in 1996 while working at PricewaterhouseCoopers. Kate has 15 years accounting and corporate governance experience having held senior management and leadership positions at a number of ASX listed companies.

Directors' report (continued)

Company Secretary (continued)

Kate became a Director of the company on 3 February 2014 and was paid \$10,000 plus superannuation guarantee in regard to her role as the companies accountant (up until the 1st February 2015) and Company Secretary.

Non audit services

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

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

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 11 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Signed in accordance with a resolution of the Board of Directors at Sandringham on 17 September 2015.



Graham Ludecke
Chairman

Auditor's independence declaration



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

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

Auditor's Independence Declaration under section 307C of the Corporations Act 2001 to the Directors of Sandringham Community Financial Services Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015 there has been no contraventions of:

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

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Kathie Teasdale'.

Kathie Teasdale
Partner
Bendigo
Dated at Bendigo, 18th September 2015

Financial statements

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

	Note	2015 \$	2014 \$
Revenue	2	800,225	736,764
Employee benefits expense	3	(369,008)	(378,073)
Depreciation and amortisation expense	3	(34,070)	(34,223)
Bad and doubtful debts expense	3	(252)	(4,185)
Rental expense	3	(50,634)	(49,542)
Other expenses	3	(201,989)	(171,594)
Operating profit before charitable donations & sponsorships		144,272	99,147
Charitable donations and sponsorships		(20,644)	(39,198)
Profit before income tax		123,628	59,949
Tax expense	4	38,517	2,855
Profit for the year		85,111	57,094
Other comprehensive income		-	-
Total comprehensive income for the year		85,111	57,094
Total comprehensive income attributable to:		85,111	57,094
Members of the company		-	-
Total		85,111	57,094
Earnings per share (cents per share)			
- basic earnings per share	23	13.95	9.36

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Financial Position as at 30 June 2015

	Note	2015 \$	2014 \$
Assets			
Current assets			
Cash and cash equivalents	6	686,388	561,141
Trade and other receivables	7	81,958	84,071
Investments and other financial assets	8	31,919	31,465
Total current assets		800,265	676,677
Non-current assets			
Property, plant and equipment	9	83,057	105,165
Intangible assets	10	24,998	36,535
Deferred tax assets	13	17,581	16,152
Total non-current assets		125,636	157,852
Total assets		925,901	834,529
Liabilities			
Current liabilities			
Trade and other payables	11	44,423	35,364
Provisions	12	57,029	53,822
Current tax payable (receivable)	13	25,123	(5,473)
Total current liabilities		126,575	83,713
Total liabilities		126,575	83,713
Net assets		799,326	750,816
Equity			
Issued capital	14	518,507	518,507
Retained earnings	15	280,819	232,309
Total equity		799,326	750,816

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Changes in Equity for the year ended 30 June 2015

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2013		518,507	211,816	730,323
Profit for the year		-	57,094	57,094
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	57,094	57,094
Transactions with owners, in their capacity as owners				
Dividends paid or provided	24	-	(36,601)	(36,601)
Balance at 30 June 2014		518,507	232,309	750,816
Balance at 1 July 2014		518,507	232,309	750,816
Profit for the year		-	85,111	85,111
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	85,111	85,111
Transactions with owners, in their capacity as owners				
Dividends paid or provided	24	-	(36,601)	(36,601)
Balance at 30 June 2015		518,507	280,819	799,326

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2015

	Note	2015 \$	2014 \$
Cash flows from operating activities			
Receipts from customers		855,206	786,295
Payments to suppliers and employees		(700,813)	(737,937)
Dividend revenue received		454	403
Interest received		17,230	17,849
Income (tax paid) or received		(9,350)	3,462
Net cash provided by operating activities	16	162,727	70,072
Cash flows from investing activities			
Purchase of investments and other financial assets		(454)	(403)
Purchase of property, plant & equipment		(425)	(1,700)
Net cash flows used in investing activities		(879)	(2,103)
Cash flows from financing activities			
Dividends paid		(36,601)	(36,601)
Net cash used in financing activities		(36,601)	(36,601)
Net increase in cash held		125,247	31,368
Cash and cash equivalents at beginning of financial year		561,141	529,773
Cash and cash equivalents at end of financial year	6	686,388	561,141

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2015

These financial statements and notes represent those of Sandringham Community Financial Services Limited.

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

The financial statements were authorised for issue by the Directors on 17 September 2015.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

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

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

Economic dependency

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

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

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

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank**[®] branch franchise operations. It also continues to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

- Advice and assistance in relation to the design, layout and fit out of the **Community Bank**[®] branch;
- Training for the Branch Managers and other employees in banking, management systems and interface protocol;

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Economic dependency (continued)

- Methods and procedures for the sale of products and provision of services;
- Security and cash logistic controls;
- Calculation of company revenue and payment of many operating and administrative expenses;
- The formulation and implementation of advertising and promotional programs; and
- Sale techniques and proper customer relations.

(b) Income tax

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

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

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

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

Deferred income tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

(c) Fair value of assets and liabilities

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

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

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

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(d) Property, plant and equipment

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

Plant and equipment

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

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

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of asset	Depreciation rate
Plant & equipment	5% - 12.50%

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

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

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

(e) 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 recognising 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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(e) 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 recognised as expenses in the periods in which they are incurred.

(f) Impairment of assets

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

(g) Goods and services tax (GST)

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

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

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

(h) Employee benefits

Short-term employee benefits

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

The company's obligation for short-term employee benefits such as wages and salaries are recognised as part of current trade and other payables in the statement of financial position. The company's obligation for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(h) Employee benefits (continued)

Other long-term employee benefits

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

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

(i) Intangibles assets and franchise fees

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

(j) Cash and cash equivalents

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

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

(k) Revenue and other income

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

Interest, dividend and fee revenue is recognised when earned.

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

(l) Trade and other receivables

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(m) Trade and other payables

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

(n) New and amended accounting policies adopted by the company

There are no new and amended accounting policies that have been adopted by the company this financial year.

(o) New accounting standards for application in future periods

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

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

(i) AASB 9 Financial Instruments and associated Amending Standards (applicable for annual reporting periods beginning on or after 1 January 2018).

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

The key changes that may affect the company on initial application include certain simplifications to the classification of financial assets.

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

(ii) AASB 15: Revenue from Contracts with Customers (applicable for annual reporting periods commencing on or after 1 January 2017).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with customers;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosure regarding revenue.

Although the Directors anticipate that the adoption of AASB 15 may have an impact on the company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(p) Provisions

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

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

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

(q) Share capital

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

(r) Comparative figures

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

(s) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

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

Employee benefits provision

Assumptions are required for wage growth and CPI movements. The likelihood of employees reaching unconditional service is estimated. The timing of when employee benefit obligations are to be settled is also estimated.

Income tax

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

Impairment

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

Supporting our local community.

Sandringham **Community Bank**® Branch has contributed more than \$820,000 to local community groups and organisations over the past 12 years. Some of the clubs, organisations and community groups that we have supported over the past year include:

Community groups/organisations.

- Bayley House
- Bayside Toy Library
- Sandringham Aged Care Association
- Sandybeach Centre
- Sandringham Hospital



Supporting our local community.

Service clubs.

- Rotary Club of Sandringham
- Lions Club of Sandringham



Community initiatives/events.

- Bayside Relay for Life
- Sandringham Traders Association (Sandringham Fair)
- Battle of the Boots (St Mary's Primary & Hampton Primary School)

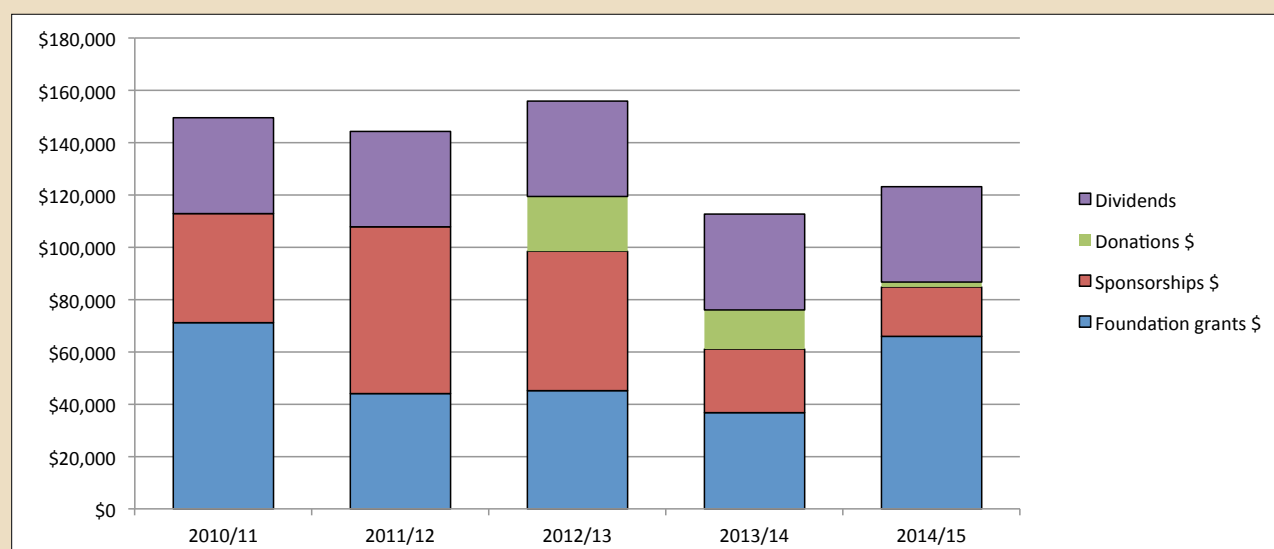


Schools and kindergartens.

- Hampton Primary School
- Janet Mundy Kindergarten
- St John the Baptist Kindergarten
- Grange Road Kindergarten



Donations, grants, sponsorships and dividends.



Supporting our local community.

Sporting groups.

- East Sandringham Junior Football Club
- East Sandringham Junior Netball Club
- Hampton Cricket Club
- Hampton Junior Soccer Club
- Hampton Rovers
- Minties Netball Club
- Sandringham Bowls Club
- Sandringham Croquet Club
- Sandringham Football Club
- Sandringham Little Athletics Club
- South East Cricket Umpires Association



Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(t) Financial instruments

Initial recognition and measurement

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

Classification and subsequent measurement

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

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

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discount estimated future cash payments or receipts over the expected life (or where this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in the profit or loss.

(i) Loans and receivables

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

(ii) Financial liabilities

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

Impairment

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

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(t) Financial instruments (continued)

Impairment (continued)

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

Derecognition

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

	2015 \$	2014 \$
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Note 2. Revenue and other income

Revenue

- services commissions	732,541	667,805
- market development fund	50,000	50,000
	782,541	717,805

Other revenue

- interest received	17,230	17,849
- dividends	454	403
- other revenue	-	707
	17,684	18,959

Total revenue	800,225	736,764
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Note 3. Expenses

Employee benefits expense

- wages and salaries	(299,126)	(311,499)
- superannuation costs	(30,420)	(29,757)
- other costs	(39,462)	(36,817)
	(369,008)	(378,073)

Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 3. Expenses (continued)		
Depreciation of non-current assets:		
- plant and equipment	(22,533)	(22,686)
Amortisation of non-current assets:		
- intangible assets	(11,537)	(11,537)
	(34,070)	(34,223)
Bad debts	(252)	(4,185)
Rental Expense	(50,634)	(49,542)
Other expenses		
- Director's fees	(13,400)	(13,300)
- insurance	(13,354)	(13,938)
- printing and stationery	(10,049)	(10,458)
- IT equipment lease	(24,507)	(26,824)
- IT support costs	(17,394)	(16,894)
- rates (town/water/land tax)	(15,072)	(15,018)
- cleaning	(7,918)	(7,267)
- freight/cartage/delivery	(7,275)	(7,769)
- marketing	(28,274)	(5,705)
- other	(64,744)	(54,421)
	(201,989)	(171,594)

Note 4. Tax expense

a. The components of tax expense comprise

- current tax expense	37,088	19,007
- deferred tax expense/(income) relating to the origination and reversal of temporary differences	1,429	(16,152)
	38,517	2,855

Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 4. Tax expense (continued)		
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 30% (2014: 30%)	37,088	17,985
Add tax effect of:		
- Adjustments in respect of current income tax of previous year	-	-
- Utilisation of previously unrecognised carried forward tax losses	-	-
- Timing differences	-	1,022
Current income tax expense	37,088	19,007
Movement in deferred tax asset	1,429	(16,152)
Income tax attributable to the entity	38,517	2,855
The applicable weighted average effective tax rate is	31.16%	4.76%

Note 5. Auditors' remuneration

Remuneration of the Auditor for:

- Audit or review of the financial report	4,430	4,570
- Share registry services	3,016	2,983
	7,446	7,553

Note 6. Cash and cash equivalents

Cash at bank and on hand	686,388	561,141
	686,388	561,141

Note 7. Trade and other receivables

Current

Trade receivables	67,253	63,941
Other assets	14,705	20,130
	81,958	84,071

Credit risk

The main source of credit risk relates to a concentration of trade receivables owing by Bendigo and Adelaide Bank Limited, which is the source of the majority of the company's income.

Notes to the financial statements (continued)

Note 7. Trade and other receivables (continued)

Credit risk (continued)

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

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

	Gross amount	Past due and impaired	Past due but not impaired			Not past due
			< 30 days	31-60 days	> 60 days	
2015						
Trade receivables	67,253	-	-	-	-	67,253
Other receivables	14,705	-	-	-	-	14,705
Total	81,958	-	-	-	-	81,958
2014						
Trade receivables	63,941	-	-	-	-	63,941
Other receivables	20,130	-	-	-	-	20,130
Total	84,071	-	-	-	-	84,071

	2015	2014
	\$	\$

Note 8. Investments and other financial assets

Listed shares at cost	7,251	6,797
Australian term deposits > 3 months	24,668	24,668
	31,919	31,465

Note 9. Property, plant and equipment

Plant and equipment

At cost	200,188	199,763
Less accumulated depreciation	(117,131)	(94,598)
	83,057	105,165
Total written down amount	83,057	105,165

Notes to the financial statements (continued)

	2015 \$	2014 \$
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Note 9. Property, plant and equipment (continued)

Movements in carrying amounts

Plant and equipment

Balance at the beginning of the reporting period	105,165	126,151
Additions	425	1,700
Disposals	-	-
Depreciation expense	(22,533)	(22,686)
Balance at the end of the reporting period	83,057	105,165

Note 10. Intangible assets

Franchise fee

At cost	57,686	57,686
Less accumulated amortisation	(32,688)	(21,151)
	24,998	36,535

Movements in carrying amounts

Franchise fee

Balance at the beginning of the reporting period	36,535	48,072
Additions	-	-
Disposals	-	-
Amortisation expense	(11,537)	(11,537)
Balance at the end of the reporting period	24,998	36,535

Note 11. Trade and other payables

Current

Unsecured liabilities:

Trade creditors	29,694	25,302
GST Payable	14,729	10,062
	44,423	35,364

The average credit period on trade and other payables is one month.

Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 12. Provisions		
Employee benefits	57,029	53,822
Movement in employee benefits		
Opening balance	53,822	50,025
Additional provisions recognised	28,253	20,927
Amounts utilised during the year	(25,046)	(17,130)
Closing balance	57,029	53,822
Current		
Annual leave	30,861	30,417
Long-service leave	26,168	23,405
Total provisions	57,029	53,822

Provision for employee benefits

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

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

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

	2015 \$	2014 \$
Note 13. Tax balances		
(a) Tax Asset		
Current		
Income tax receivable	(25,123)	5,473
	(25,123)	5,473
Non-current		
Deferred tax assets comprise:		
Provisions	17,109	16,147
Accrued income	(194)	(280)
Other	666	285
	17,581	16,152

Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 14. Share capital		
610,008 Ordinary shares fully paid of 85 cents each	518,507	518,507
Less: Equity raising costs	-	-
	518,507	518,507
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	518,507	518,507
Shares issued during the year	-	-
At the end of the reporting period	518,507	518,507

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

Capital management

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

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

(i) the Distribution Limit is the greater of:

- (a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

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

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

Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 15. Retained earnings		
Balance at the beginning of the reporting period	232,309	211,816
Profit after income tax	85,111	57,094
Dividend Paid	(36,601)	(36,601)
Balance at the end of the reporting period	280,819	232,309

Note 16. Statement of cash flows

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

Profit after income tax	85,111	57,094
Non cash items		
- Depreciation	22,533	22,686
- Amortisation	11,537	11,537
Changes in assets and liabilities		
- (Increase) decrease in receivables	2,113	(3,758)
- (Increase) decrease in tax receivable/payable	30,596	22,469
- (Increase) decrease in deferred tax asset	(1,429)	(16,152)
- Increase (decrease) in payables	9,059	(27,601)
- Increase (decrease) in provisions	3,207	3,797
Net cash flows from/(used in) operating activities	162,727	70,072

Note 17. Leases

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the Statement of Financial Position.

Payable - minimum lease payments		
- no later than 12 months	55,697	55,697
- between 12 months and 5 years	55,697	111,394
- greater than 5 years	-	-
	111,394	167,091

The property lease is a non-cancellable lease with a 5 year term, with rent payable quarterly in advance with annual CPI increases. The lease has 3, 5-year extension options.

Notes to the financial statements (continued)

Note 18. Related party transactions

The company's main related parties are as follows:

(a) Key management personnel

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

The totals of remuneration paid to Key Management Personnel of the company during the year are as follows:

	2015 \$	2014 \$
Short-term employee benefits	13,400	13,300
Total Key Management Personnel compensation	13,400	13,300

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chairman and non-executive Directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive Directors and other Key Management Personnel.

(b) Other related parties

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

(c) Transactions with key management personnel and related parties

Other than detailed below, no key management personnel or related party has entered into any contracts with the company.

	2015 \$	2014 \$
Graham Manson Ludecke	3,000	3,000
Michael John Davies	2,400	2,400
Glen Hay Kruger	2,350	2,400
Helen Diana Searle (Resigned 28 November 2013)	-	1,000
Ian Richard Siebert	1,800	1,800
Campbell John Sinclair (Resigned 30 June 2014)	-	1,800
Kate Jean Robb	2,000	750
Felicity Thomlinson	1,850	150
	13,400	13,300

Notes to the financial statements (continued)

Note 18. Related party transactions (continued)

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

The Board of Sandringham Community Financial Services Limited has not accepted the Bendigo and Adelaide Bank Limited's **Community Bank** Directors Privileges package. Accordingly Directors did not receive any benefit in regard to this package.

(d) Key management personnel shareholdings

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

	2015	2014
Graham Manson Ludecke	6,500	6,500
Michael John Davies	1,000	1,000
Glen Hay Kruger	-	-
Helen Diana Searle (Resigned 28 November 2013)	-	-
Ian Richard Siebert	-	-
Campbell John Sinclair (Resigned 30 June 2013)	-	1,500
Kate Jean Robb	-	-
Felicity Thomlinson	-	-

There was no movement in key management personnel shareholdings during the year. Each share held has a paid up value of 85 cents and is fully paid.

(e) Other key management transactions

Ian Siebert purchased 1,000 shares into his family superannuation fund, namely "Davies Siebert Superannuation Fund".

Note 19. Events after the reporting period

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

Note 20. Contingent liabilities and contingent assets

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

Note 21. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one geographic area being Sandringham, Victoria. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2014: 100%).

Notes to the financial statements (continued)

Note 22. Company details

The registered office and principle place of business is: 75 Station Street, Sandringham Victoria 3191.

Note 23. Earnings per share

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

Diluted earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares). There were no options or preference shares on issues during the year.

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

	2015 \$	2014 \$
Profit after income tax expense	85,111	57,094
Weighted average number of ordinary shares for basic and diluted earnings per share	610,008	610,008

Note 24. Dividends paid or provided for on ordinary shares

A final fully franked ordinary dividend of 6 cents per share (2014: 6 cents) franked at the tax rate of 30% (2014: 30%).

36,601	36,601
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Note 25. Financial risk management

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

	Note	2015 \$	2014 \$
Financial assets			
Cash and cash equivalents	6	686,388	561,141
Trade and other receivables	7	81,958	84,071
Investments and other financial assets	8	31,919	31,465
Total financial assets		800,265	676,677
Financial liabilities			
Trade and other payables	11	44,423	35,364
Total financial liabilities		44,423	35,364

Notes to the financial statements (continued)

Note 25. Financial risk management (continued)

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board.

Specific financial risk exposure and management

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

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

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

Credit risk exposures

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

The company has no significant concentrations of credit risk with Bendigo and Adelaide Bank Limited. The company's exposure to credit risk is limited to Australia by geographic area.

None of the assets of the company are past due (2014: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

25. Financial risk management (continued)

(a) Credit risk (continued)

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

	2015	2014
	\$	\$
A rated cash and cash equivalents	686,388	561,141
Australian term deposits > 3 months	24,668	24,668
	711,056	585,809

(b) Liquidity risk

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

Notes to the financial statements (continued)

Note 25. Financial risk management (continued)

(b) Liquidity risk (continued)

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

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

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

Financial liability and financial asset maturity analysis:

30 June 2015	Note	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
Financial liabilities due for payment					
Trade and other payables	11	44,423	44,423	-	-
Total expected outflows		44,423	44,423	-	-
Financial assets - cash flows realisable					
Cash & cash equivalents	6	686,388	686,388	-	-
Trade and other receivables	7	81,958	81,958	-	-
Investments and other financial assets	8	31,919	31,919		
Total anticipated inflows		800,265	800,265	-	-
Net inflow on financial instruments		755,842	755,842	-	-

Notes to the financial statements (continued)

Note 25. Financial risk management (continued)

(b) Liquidity risk (continued)

30 June 2014	Note	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
Financial liabilities due for payment					
Trade and other payables	11	35,364	35,364	-	-
Total expected outflows		35,364	35,364	-	-
Financial assets - cash flows realisable					
Cash & cash equivalents	6	561,141	561,141	-	-
Trade and other receivables	7	84,071	84,071	-	-
Investments in other financial assets	8	31,465	31,465		
Total anticipated inflows		676,677	676,677	-	-
Net inflow on financial instruments		641,313	641,313	-	-

(c) Market risk

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

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

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

Sensitivity analysis

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

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

Notes to the financial statements (continued)

Note 25. Financial risk management (continued)

(c) Market risk (continued)

Sensitivity analysis (continued)

	Profit \$	Equity \$
Year ended 30 June 2015		
+/- 1% in interest rates (interest income)	7,183	7,183
+/- 1% in interest rates (interest expense)	-	-
	7,183	7,183
Year ended 30 June 2014		
+/- 1% in interest rates (interest income)	5,926	5,926
+/- 1% in interest rates (interest expense)	-	-
	5,926	5,926

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Fair values

- Fair value estimation

The fair values of financial assets and liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position.

Differences between fair values and the carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied to the market since their initial recognition by the company.

Notes to the financial statements (continued)

Note 25. Financial risk management (continued)

(d) Price risk (continued)

Fair values (continued)

- Fair value estimation (continued)

	Note	2015		2014	
		Carrying amount \$	Fair value \$	Carrying amount \$	Fair value \$
Financial assets					
Cash and cash equivalents (i)	6	686,388	686,388	561,141	561,141
Trade and other receivables (i)	7	81,958	81,958	84,071	84,071
Investments and other financial assets	8	31,919	31,919	31,465	31,465
Total financial assets		800,265	800,265	676,677	676,677
Financial liabilities					
Trade and other payables (i)	11	44,423	44,423	35,364	35,364
Total financial liabilities		44,423	44,423	35,364	35,364

- (i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.

Directors' declaration

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

1. The financial statements and notes, as set out on pages 12 to 43 are in accordance with the Corporations Act 2001 and:
 - (i) comply with Australian Accounting Standards which, as stated in accounting policy Note 1(a) to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - (ii) give a true and fair view of the company's financial position as at 30 June 2015 and of the performance for the year ended on that date;
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Graham Ludecke
Chairman

Signed at Sandringham on 17 September 2015.

Independent audit report



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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANDRINGHAM COMMUNITY FINANCIAL SERVICES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Sandringham Community Financial Services Limited, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company at the year's end.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 the auditor's 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, the auditor considers internal control relevant to the company's preparation 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 company'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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent audit report (continued)

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Sandringham Community Financial Services Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

Auditor's Opinion

In our opinion:

- (a) the financial report of Sandringham Community Financial Services Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the remuneration report of Sandringham Community Financial Services Limited for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.

RICHMOND SINNOTT & DELAHUNTY

Chartered Accountants



Kathie Teasdale
Partner

Dated at Bendigo, 18th September 2015

NSX report

Share information

The following table shows the number of shareholders, broken into various categories showing the total number of shares held.

Number of shares held	Number of shareholders
1 to 1,000	196
1,001 to 5,000	80
5,001 to 10,000	7
10,001 to 100,000	9
100,001 and over	0
Total shareholders	292

Each of the above shareholders are entitled to 1 vote, irrespective of the number of shares held.

There are no substantial shareholders (holding more than 5% of voting rights) as each shareholder is entitled to 1 vote. Normally holding more than 5% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the company.

There are 5 shareholders holding less than a marketable parcel of shares (\$500 in value).

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to \$0.85c per share. There are no unquoted equity securities.

The following table shows the 10 largest shareholders.

Shareholder	Number of fully paid shares held	Percentage of issued capital
Richard Everitt Thorne	29,500	4.84
Scipio Nominees Pty Ltd	27,500	4.51
Winpar Holdings Limited	26,000	4.26
Fleray Pty Ltd as trustee for <Senior Super Fund A/C>	20,000	3.28
Maslen Pty Ltd	20,000	3.28
Nikstan Constructions P/L as trustee for < Melbourne Property Holdings Unit Trust A/C>	20,000	3.28
Thomas Leigh Pty Ltd as trustee for <The Waring Family Superannuation Fund A/C>	19,500	3.20
Northern Suburbs Secretarial Services Pty Ltd <as trustee for Juleton A/c>	13,500	2.21
Ruth Trait	12,500	2.05
Estate Late Peter Welsh as trustee for <Peter Welsh S/Fund A/C>	10,000	1.64
	198,500	32.54

NSX report (continued)

Registered Office and Principal Administrative Office

The registered office of the company is located at:

75 Station Street,
Sandringham VIC 3191
Phone: (03) 9521 6488

The principal administrative office of the company is located at:

75 Station Street,
Sandringham VIC 3191
Phone: (03) 9521 6488

Security register

The security register (share register) is kept at:

Richmond Sinnott & Delahunty Pty Ltd
Level 2, 10-16 Forest Street,
Bendigo VIC 3550
Phone: (03) 5445 4200

Company Secretary

The Company Secretary is
Kate Robb
Phone: (03) 9521 6488

Corporate governance

The company has implemented various corporate governance practices, which include:

- (a) The establishment of an audit committee.
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

Annexure 2A

There are no material differences between the information in the company's Annexure 2A and the information in the financial documents in its annual report.

Five year summary of performance

	2011	2012	2013	2014	2015
Gross revenue	\$935,223	\$964,585	\$815,870	\$736,764	\$800,225
Net profit before tax	\$143,822	\$150,465	\$77,938	\$59,949	\$123,628
Total assets	\$737,214	\$799,563	\$843,313	\$834,529	\$925,901
Total liabilities	\$92,116	\$88,135	\$112,990	\$83,713	\$126,575
Total equity	\$645,098	\$711,428	\$730,323	\$750,816	\$799,326
Earnings per share	19.62 ¢	16.87 ¢	9.1 ¢	9.36 ¢	13.95 ¢

Sandringham **Community Bank®** Branch
75 Station Street, Sandringham VIC 3191
Phone: (03) 9521 6488 Fax: (03) 9521 6977

Franchisee:
Sandringham Community Financial Services Limited
75 Station Street, Sandringham VIC 3191
Phone: (03) 9521 6488 Fax: (03) 9521 6977
ABN: 86 099 131 192

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