Annual Report 2015

Stonnington Community Financial Services Limited

ABN 31 099 416 092

Windsor **Community Bank**® Branch
Prahran Market branch

Contents

Chairman's report

For year ending 30 June 2015

We have all heard the adage the only constant is change itself. It seems to be a lesson I have to relearn...constantly. We have experienced some dramatic changes this year, some unexpected and some self orchestrated.

The first of those changes has been a difficult one. Sef Eroglu our branch manager had a serious accident at work and will not be able to return to his previous position. Whilst this has been a difficult time for staff and directors, it is nothing compared to what Sef's family has had to face. Our best wishes and hopes go out to Sef and his family.

Our longest serving staff member Victoria Hooi retired after 11 years at the Windsor branch and we wish Victoria a relaxing and enjoyable time spent with her husband. Board members John Fallon and Katrina Walker stepped down this year. Both John and Katrina have been instrumental in helping the board move towards our strategic targets and I would like to thank both John and Katrina for their dedication and hard work.

When I took over as Chairman, I promised to focus the business on reaching a level of profit that would:

- Repay our shareholders by putting the business in a financial position to allow it to provide dividends to our shareholders
- Ensure our staff were working in an environment that would allow them to thrive; and
- Set us up to be able to accumulate wealth that would, after taking care of our shareholders, contribute to the community consistently and substantially in a way that is respectful of the Community Bank model

With the above in mind, one of the biggest changes for our business in recent history has been our closure of the Prahran Market sub branch at the end of this financial year. As Jon Caneva our Company Secretary has described, this was not a simple decision, but the board felt it was the necessary one.

Firstly, the sub branch was costing us over $300,000 annually to maintain and we were not able to generate the necessary income to justify the ongoing expenses. Secondly it was stretching our staff resources thin, especially during times of staff shortages such as sick leave and holidays. Thirdly, the Windsor and Prahran Market branches were two of the geographically closest branches in the Bendigo Bank Community Bank network. In spite of their proximity to each other, there were little, if any, economies of scale to enjoy. Most importantly, it represents our dedication and efforts to establish the necessary structure to improve shareholder value and provide even more social impact for our community. Indeed we see the closure of the Prahran Market sub branch as setting the stage to create something Bigger and Better for our shareholders, staff, customers, corporate partner Bendigo Bank and our extended community.

Personally, my biggest frustration as Chairman is the fact that we have not yet returned the business to profitability. However I believe we are clearly on the right path. Our operating loss in 2014-2015 was $5,387, a much better result than the budgeted amount of $45,158. I believe we have managed the cost side of our business well and have established the more important foundation for growth. We have a strong, motivated board, For our staff members have assumed responsibility in the absence of a manager and our focus continues to be on generating business. Our branch will be one of eight Community Banks in the network of 310 branches that will trial the adoption of a Business Development Manager in place of the traditional Branch Manager position. This reflects the Board's sharp focus on business growth and we are currently recruiting for that critical appointment.

Finally I would like to thank the staff especially for not only enduring but thriving in what has been a challenging year. They have repaid the business with their enthusiasm and dedication and it does not pass unnoticed. I would also like to thank my amazing board for their courage, creativity and support. Each and every member has contributed a vast amount of effort and hours to volunteer for something they feel strongly about, a strong Stonnington community.

M. Spiegel

Michael W. Spiegel
Chairman

Treasurer’s report

For year ending 30 June 2015

Treasurers Report: SCFS t/as Windsor Community Bank

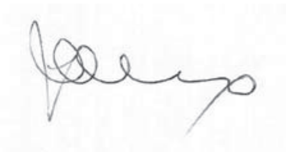
Stonnington Community Financial Services (SCFS) achieved a $5387 Operating Loss in 2014-15 (before year-end adjustments) and better than the budgeted Operating Loss of $45,158. The Operating Loss in prior year 2013-14 was $59,889.

The focus for the 2014-15 year was ongoing prudential management of our variable expenses in the environment of low interest margins and constrained capacity to generate new business. Director’s fees were reduced to zero and new sponsorship and marketing spend reduced to reflect our overall financial position. Expenses were managed to budget overall and came in $78000 better than budget due in the main to lower than budget employment expenses.

The major decision reached during the year was to close Prahran market (PM) sub branch effective 1 July 15 which in a full year will save SCFS over $200,000pa from rent and salaries and running costs (full effect will be achieved in 2016-17 financial year as rent from PM ceases from Jan 2016).

A fundamental requirement in the coming year will be to arrest the decline in financial deposit and loan footings through new business development, retention of existing customers and ongoing strategies to optimise and cross sell more products to new and existing customers.

The Board of Directors focus is to return SCFS to a sustainable level of operating surplus so that shareholders dividends, debt reduction and a consistent contribution to the Stonnington community can be delivered in 2017 and beyond.



Leigh Powell
Treasurer

Secretary's report

For year ending 30 June 2015

Dear Shareholders,

Change is constant and one of those things that is continually with us. It is a factor of everyday business and one that is ever present in our business. This past twelve months has seen a lot of change and I believe change for the better.

The Board has worked extremely hard to turn our business around and deliver back to the community and our shareholders a strong and viable business. To do this many hard decisions have been made, none harder than the closing of the Prahran Market Branch and amalgamation into the Windsor Branch.

The benefits to the community and shareholders from the reduction of costs will be the potential of more grants and partnerships and a return to providing shareholders with annual dividends.

Our Chairman, Michael Spiegel has brought together a fresh thinking team with great ideas and a roadmap of how our business is going to improve and move forward over the coming years. Our Treasurer, Leigh Powell, has worked hard on creating a viable budget that provides future profits and shareholder dividends moving forward.

Our Directors Emma Crichton, Annette Wiltshire and Adam Ferfoglia have worked hard to develop the business with their expertise in marketing, legal and project management. Our two newest Directors Fiona Triaca and Rajkumar Gopiraj, have a wealth of experience in the not-for-profit sector, marketing, social media and management. This hard working team are poised to take our business to the next level and I am sure our shareholders will reap the reward from this team in the coming years.

Throughout the year I am asked by shareholders about the buying and selling of shares. To provide general information in a quick answer it is important to note that we operate under what is called the Low Volume Market (LVM) under the guidance of ASIC. As the number of shares that we transact in a year are small, the cost to be registered on a share market is not warranted. In simple terms if you wish to buy or sell shares you must register your interest on the website, the web address is; http://www.bendigobank.com.au/public/community/our-branches/windsor then select Trading Shares (LVM). Please read through the information here to assist in your Buy or Sell.In the event that you do not have access to the internet please contact me at the Windsor Branch.

I thank you for your continued support of our Community Bank and look forward to seeing you at the AGM in October.

Sincerely,
Jon Caneva
Secretary

Director’s report

For year ending 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 Stonnington 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
Michael Spiegel Appointed April 2013 Chairman		Michael Spiegel is currently Vice President Distribution for a prepaid gift voucher company with operations in Melbourne and London. Previously he was Head of Strategic Development and the Executive Secretary of the Board for the Australian Regenerative Medicine Institute at Monash University. Michael was also a Director and founder of Mirrorcone Pty Ltd and the Monash Antibody Technologies Facility.
Leigh Powell Appointed November 2013 Treasurer		Leigh has worked in business and the mortgage and finance sectors for 35 years. He has extensive experience in strategy and product development, credit risk, operational risk, commercial contract negotiation, supplier management, dispute resolution, capital markets securitisation. Currently Leigh operates his own consultancy and advisory business leveraging previous experience gained in senior roles with National Australia Bank, Genworth Financial and PMI Mortgage Insurance.
Giovanni Caneva Appointed November 2002 Seretary		Jon assists other businesses with business development, administration, bookkeeping and BAS preparation. He also owned and operated for 14 years the then Duke of Windsor Hotel (Lucky Coq) and was instrumental in getting the Windsor Community Bank® Branch and Windsor IGA up and running.

Directors (continued)

Name and position held	Qualifications	Experience and Other Directorships
Richard Hasseldine Appointed August 2010 Resigned September 2014 Director	Chartered Accountant (UK)	Prior to retiring Richard was an Executive with Bendigo and Adelaide Bank Limited for over 7 years. Before this Richard was employed by the Bank of Melbourne for almost 14 years in roles that included CFO and general Manager.
Sandra Makris Appointed April 2013 Resigned November 2014 Director		Sandra has spent the last sixteen years in the not-for-profit sector, first for membership associations and industry groups, then in the Arts before recently focusing on charitable causes. She was also a Councillor at what was then the City of Prahran. Prior to this Sandra worked in Chapel Street in real estate, business broking and valuations.
Katrina Walker Appointed November 2013 Resigned July 2015 Director		Katrina is an experienced marketing and communications professional with over 20 years experience in the business market. She has a solid background in communication for public and private companies spanning corporate, marketing and internal communication. As Director of katwalk communications, Katrina consults to a range of small and medium businesses across all aspects of marketing and communications including PR, social media, event management and content creation for websites and collateral.
Emma Crichton Appointed June 2014 Director		Emma is currently working as a consultant assisting organisations to do business with a social investment. This follows seven years as the CEO of St Kilda Youth Service, where she was responsible for a period of growth for this not-for-profit organisation. She is a founder and a Director of the ‘start up’ International Film Festival, Lorne Film. Emma has held Board positions with the Youth Affairs Council of Victoria, the Inner Eastern Employment Local Learning and Employment Network and headspace Southern Melbourne. She is passionate about community development and social enterprise and she has expertise in ‘start ups’ especially innovative youth programs.

Directors (continued)

Name and position held	Qualifications	Experience and Other Directorships
		A Stonnington local, Emma is a proud supporter of the Community Bank® model and using commercial models of business for community gain.
John Fallon Appointed June 2014 Resigned June 2015 Director	Bachelor of Commerce Degree (Hons)	John is an Associate Director at Grant Thornton specialising in external audit and financial reporting. John has a Bachelor of Commerce Degree (Hons) from the National University of Ireland, is a Fellow of the Association of Chartered Certified Accountants, a member of the Institute of Internal Auditors and the Governance Institute of Australia and a Board member and Treasurer of the Irish Australian Chamber of Commerce.
Adam Ferfoglia Appointed June 2014 Director	Bachelor of Computing (Hons)	Adam is a business consultant with extensive experience in the Banking, Architecture and Engineering industries, specialising in business transformation, strategy and operations. He holds a Bachelor of Computing (Hons) from Monash University and is currently completing his MBA at the Melbourne Business School. As a former competitive swimmer and coach, Adam has experience with how close relationships between organisations and local businesses can benefit the community as a whole.
Annette Wiltshire Appointed June 2014 Director	Lawyer	Annette is a lawyer who has extensive experience working in the government sector in legal and policy roles, specialising in infrastructure, commercial and emergency management law. She has recently worked as a Research Fellow at Melbourne University Law School, examining climate change issues for the Victorian Centre for Climate Change Adaptation Research. Annette is very interested in building the social, economic and environmental capacity of local communities and is delighted to be working with Bendigo and Adelaide Bank Limited to enhance the Stonnington community. She brings her legislative, governance, risk and compliance skills to the Board.

Directors (continued)

Name and position held	Qualifications	Experience and Other Directorships
Fiona Triaca Appointed June 2015 Director	Bachelor of International Politics Masters of Creative Media	Fiona worked in London for a number of years at organisations ranging from Fox Television Studios, ABN AMRO Rothschild, Royal Bank of Scotland and Jefferies International. Fiona is the founder and director at Naked Ambition which works with companies that recognise the changing landscape for the future of work, are prepared to tackle innovation from every angle to empower their leaders.
Rajkumar Gopiraj Appointed June 2015 Director	Bachelor of Science in Materials and Mathematics Bachelor of Engineering (Hons) in Materials Engineering Masters of Commercial Law Master of Business Administration Masters of Marketing	Rajkumar has been employed at a diverse range of organsiations, including AECOM Australia Pty Ltd, United Nations - UMOJA and the Australian Red Cross. During this time he has demonstrated strong project, operational, business, and general business management acumen. He has a proven record of developing strategic approaches and employing tactical methods to maximize productivity.

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

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

Principal activities

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

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

Review of operations

The (loss) of the company for the financial year after provision for income tax was $14,620 (2014 loss: ($30,499)), which is a 52% improvement as compared with the previous year.

The net assets of the company have decreased to $268,748 (2014: $283,368). The increase/ decrease is due to the $14,620 loss in 2015.

Dividends

There were no divdends declared or paid during the year ending 30 June 2015 (2014: Nil).

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

During the year it was decided with the agreement of Bendigo Bank that the sub branch at Prahran market should be closed and this occurred on 30 June 2015. The decision was made to improve the potential of SCFS to make and sustain an operating surplus.

Events subsequent to the end of the reporting period

The closure of the sub branch at Prahran Market will reduce overall SCFS expenditure by approximately $100,000 pa. Rent will continue to be payable for the premises at Prahran Market until January 2016 under the lease arrangement.

Remuneration report

Remuneration policy

The remuneration policy of Stonnington Community Financial Services Ltd has been designed to align key management personnel (KMP) objectives with shareholder and remuneration of the Directors, Office Bearers, and Senior Management 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, Office Bearers, and Senior Management:

It was resolved at the 2008 AGM to reimburse Directors of the company in the following manner by apportioning the annual budget of $12,000 on the following basis:

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

i. Directors must attend 70% of listed Board Meetings in a year
ii. Directors that are elevated to an executive position in the first year would receive the

Remuneration report (continued)

appropriate payment.
iii. Directors that left during a year, would receive a pro rata payment
iv. Payments would be made Quarterly.
v. Payments made to Directors can only be increased by a vote at the next AGM.

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

i. Chairman $2,000
ii. Secretary & Treasurer $1,500 each
iii. Directors after 1 years service $1,000 each
iv. Directors with less than 1 years service $500 each"

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.

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 11. Attendances by each director during the year were as follows:

Director	Board Meetings #	Audit Committee Meetings #
Michael Spiegel	11 (11)	3 (3
Leigh Powell	10 (11)	3 (3)
Giovanni Caneva	10 (11)	3 (3)
Richard Hasseldine	3 (3)	N/A
Sandra Makris	4 (4)	N/A
Katrina Walker	0 (0)	N/A
Emma Crichton	10 (11)	N/A
John Fallon	10 (11)	2 (3
Adam Ferfoglia	8 (11)	N/A
Annette Wiltshire	11 (11)	N/A
Fiona Triaca	1 (1)	N/A
Rajkumar Gopiraj	1 (1)	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, however the Prahran Market branch will be closed.

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

Giovanni Caneva has been the Company Secretary of Stonnington Community Financial Services Limited since April 2014.

Giovanni assists other businesses with business development, administration, bookkeeping and BAS preparation.He also owned and operated for 14 years the then Duke of Windsor Hotel (Lucky Coq) and was instrumental in getting the Windsor Community Bank® Branch and Windsor IGA up and running.

Auditor independence declaration

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

Signed in accordance with a resolution of the Board of directors at Prahran on 16 September 2015.

M. Spiegel

Michael Spiegel

Director

Auditor’s Independence Declaration

Richmond
Sinnott &
Delahunty
Chartered Accountants

Level 2, 10-16 Forest Street
Bendigo, VICTORIA
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www.rsdadvisors.com.au

16 September 2015

Richmond Sinnott & Delahunty
P0 Box 30
BENDIGO VIC 3552

RE: STONNINGTON FINANCIAL SERVICES LIMITED AUDIT

Dear Sirs

Pursuant to your request in and connection with your audit of Stonnington Financial Services Limited (‘the Company’) for the year ended 30 June 2015, we submit the following representations after making appropriate enquiries and according to the best of our knowledge and belief.

General

1. All financial records and related data have been made available for inspection. All material transactions have been properly recorded in the accounting records underlying the financial statements.

2. There have been no irregularities involving management or employees that could have an effect on the financial statements.

3. Except as disclosed to you there have been no:

    - Violations or possible violations of laws or regulations, the effects of which should be considered for disclosure in the financial report or as a basis for recording a contingent loss; or

    - Communications from regulatory authorities concerning non-compliance with, or deficiencies in, financial reporting practices.

4. We have established and maintained an adequate internal control structure to facilitate the preparation of reliable financial statements.

5. We have no plans or intentions that may materially affect the carrying values, or classifications of assets and liabilities.

Assets

6. There were no deficiencies or encumbrances attaching to the title of the assets of the Company at balance date other than those reflected in the financial statements.

Liabilities

7. All liabilities which have arisen out of the activities of the Company to the end of the financial year have been included in the financial report.

8. There are no contractual commitments for capital expenditure at balance date not included in the financial statements.

9. There are no contingent liabilities, including guarantees, at balance date, which are not disclosed in the financial statements or the notes thereto.

Other

10. No events have occurred subsequent to balance date, which would require adjustments to, or disclosure in the financial statements.

11. The Board has completed budgets and cashflow projections for the coming year and is satisfied that the Company will continue as a going concern.

12. Other than as detailed in the financial statements, the Company is not aware of any breach or non-compliance with the terms of any contractual arrangements, however caused, which could initiate claims on the Company and which would have a material effect on the financial statements.

14. The minutes of the Directors Meetings made available to you are a complete and authentic record of all meetings since 1 July 2014 to 30 June 2015.

15. All related party transactions (including number of shares held by Directors at 30 June 2015 and 30 June 2014) and related amounts receivable and payable have been properly recorded and disclosed in the financial statements.

We understand that your examination was made in accordance with Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an opinion on the Company's financial statements and that your tests of the financial records and other auditing procedures were limited to those which you considered necessary for that purpose.

For and on behalf of the Board

Michael Spiegel
Director

Financial statements

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

		2015	2014
Notes	**$**	**$**	
Revenue	2	1,026,751	1,057,121
Employee benefits expense	3	(496,720)	(509,911)
Depreciation and amortisation expense	3	(46,449)	(52,497)
Finance costs	3	(4,557)	(4,412)
Bad and doubtful debts expense	3	(12,004)	(341)
Rental expense		(168,339)	(164,469)
Other expenses	3	(302,545)	(342,261)
Operating loss before charitable donations & sponsorships		(3,863)	(16,770)
Charitable donations and sponsorships		(15,951)	(41,969)
Loss before income tax		(19,814)	(58,739)
Tax benefit	4	(5,194)	(28,240)
Loss for the year		(14,620)	(30,499)
Other comprehensive income		-	-
Total comprehensive income for the year		(14,620)	(30,499)
Total comprehensive income attributable to:			
Members of the company		-	-
Total		(14,620)	(30,499)
Earnings per share (cents per share)			
basic earnings per share	23	(2.25)	(4.69)

Statement of Financial Position
As at 30 June 2015

	Notes	2015 $	2014 $
Assets			
Current Assets			
Cash and cash equivalents	6	99,186	1,140
Trade and other receivables	8	53,208	71,127
Investments	7	15,125	**15,125**
Total Current Assets		**167,519**	**87,392**
Non-Current Assets			
Property, plant and equipment	9	138,756	167,041
Deferred tax assets	14	51,775	46,581
Intangible assets	10	27,590	44,128
Total Non-Current Assets		**218,121**	**257,750**
Total Assets		**385,640**	**345,142**
Liabilities			
Current Liabilities			
Bank overdraft	12	-	9,378
Trade and other payables	11	21,756	28,302
Provisions	13	25,136	24,094
Loans and borrowings	12	70,000	-
Total Current Liabilities		**116,892**	**61,774**
Total Liabilities		**116,892**	**61,774**
Net Assets		**268,748**	**283,368**
Equity			
Issued capital	**15**	**647,010**	**647,010**
Accumulated losses	**16**	**(378,262)**	**(363,642)**
Total Equity		**268,748**	**283,368**

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

		Issued Capital $	Accumulated Losses $	Total Equity $
Balance at 1 July 2013		**647,010**	**(333,143)**	**313,867**
Loss for the year		-	(30,499)	(30,499)
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		**-**	**(30,499)**	**(30,499**
Transactions with owners, in their capacity as owners				
Dividends paid or provided	25	-	-	-
Balance at 30 June 2014		**647,010**	**(363,642)**	**283,368**
Balance at 1 July 2014		**647,010**	**(363,642)**	**283,368**
Loss for the year		-	(14,620)	(14,620)
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		**-**	**(14,620)**	**(14,620)**
Transactions with owners, in their capacity as owners				
Dividends paid or provided	25	-	-	-
Balance at 30 June 2015		**647,010**	**(378,262)**	**268,748**

Statement of Cash Flows
For the year ended 30 June 2015

	Notes	2015 $	2014 $
Cash Flows From Operating Activities			
Receipts from customers		1,043,876	1,048,519
Payments to suppliers and employees		(1,001,060)	(1,077,941)
Interest paid		(4,557)	(4,412)
Interest received		792	1,151
Income tax refund		-	3,160
Net cash provided by/(used in) operating activities	**17b**	**39,051**	**(29,523)**
Cash Flows From Investing Activities			
Proceeds from sale of property, plant & equipment		(1,627)	-
Net cash flows from/(used in) investing activities		**(1,627)**	**-**
Cash Flows From Financing Activities			
New borrowings		70,000	9,378
Repayment of borrowings		(9,378)	(70,000)
Net cash provided by/(used in) financing activities		**60,622**	**(60,622)**
Net increase/(decrease) in cash held		**98,046**	**90,145)**
Cash and cash equivalents at beginning of financial year		1,140	91,285
Cash and cash equivalents at end of financial year	**17a OR 6**	**99,186**	**1,140**

Notes to the financial statements

For the year ended 30 June 2015

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

Stonnington 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 16 September 2015.

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, were 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 Adlaide Bank Limited that governs the management of the Community Bank® branches at Pahran Market and Windsor.

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.

Economic Dependency (continued)

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

- Advice and assistance in relation to the design, layout and fit out of the Community Bank® branch;
- Training for the branch managers and other employees in banking, management systems and interface protocol;
- Methods and procedures for the sale of products and provision of services;
- Security and cash logistic controls;
- Calculation of company revenue and payment of many operating and administrative expenses;
- The formulation and implementation of advertising and promotional programs; and
- Sale techniques and proper customer relations.

Summary of significant accounting policies

(b) Income tax

The income tax expense / (income) for the year comprises current income tax expense / (income) and deferred tax expense / (income).
Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.
Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

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) 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.

1. Summary of significant accounting policies (continued)

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

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use. 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*
Leasehold Improvements	10 to 20%
Plant & equipment	7.5 to 33.3%
Computers	25%
Computer Software	40%

The asset's 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 asset's 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.

(d) 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.

1. Summary of significant accounting policies (continued)

(e) 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.

(f) 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.

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.

1. Summary of significant accounting policies (continued)

(g) Intangible assets and franchise fees

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

(h) 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.

(j) 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).

(k) 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.

(l) 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.

(m) Borrowing costs

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

1. Summary of significant accounting policies (continued)

(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 revenue 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);

1. Summary of significant accounting policies (continued)

- 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.

(p) Loans and borrowings

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

(q) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which is probable that the outflow of economic benefits will result and the outflow can be reliably measured.
Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.
A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

(r) 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.

(s) Comparative figures

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

(t) 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

1. Summary of significant accounting policies (continued)

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.

(u) Critical accounting estimates and judgements (continued)

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.

(v) Financial instruments

Initial recognition and measurement

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

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

1. Summary of significant accounting policies (continued)

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.

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.

1. Summary of significant accounting policies (continued)

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.

2. Revenue and other income

	2015 $	**2014 $**
Revenue		
- services commissions	1,006,226	1,055,970
	1,006,226	1,055,970
Other revenue		
- interest received	792	1,151
- other revenue	19,733	-
	20,525	1,151
Total Revenue	1,026,751	1,057,121

3. Expenses

Employee benefits expense		
- wages and salaries	420,724	434,416
- superannuation costs	36,214	36,934
- other costs	39,782	38,561
	496,720	509,911
Depreciation of non-current assets:		
- plant and equipment	15,836	21,886
- leasehold improvements	14,076	14,075

3. Expenses (continued)

Amortisation of non-current assets:		
- intangible assets	16,537	16,536
	46,449	52,497
Finance Costs:		
- Interest paid	4,557	4,412
Bad debts	12,004	341
- insurance	18,458	22,310
- printing and stationery	13,990	13,476
- IT equipment Lease	48,569	52,730
- IT running costs	18,229	18,435
- IT support costs	34,882	34,397
- electricity and gas	7,232	8,690
- repairs and maintenance	2,960	7,322
- rates	5,291	5,460
- telephone	12,652	12,221
- marketing	10,466	32,082
- other	129,816	135,138
	302,545	342,261

4. Tax Expense	2015 $	2014 $
a. The components of tax expense/(income) comprise	(4,881)	(21,012)
- deferred tax expense/(income) relating to the origination and reversal of temporary	(313)	(7,228)
- adjustments for under/(over)-provision of current income tax of previous years	-	-
	(5,194)	(28,240)

3. Expenses (continued)

b. The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:

Prima facie tax on profit/(loss) before income tax at 30% (2014: 30%)	(5,944)	(17,622)
Add tax effect of:		
- Non-deductible expenses	1,063	(3,390)
- Employee Provisions	(313)	(7,228)
Current income tax expense	(5,194)	(28,240)
Income tax attributable to the entity	**(5,194)**	**(28,240)**
The applicable weighted average effective tax rate is	26.21%	48.08%

The applicable income tax rate is the Australian Federal tax rate of 30% (2014: 30%) applicable to Australian resident companies.

5. Auditors' remuneration

Remuneration of the auditor for:		
- Audit or review of the financial report	6,040	4,620
- Share registry services	1,800	2,904
	7,840	7,524

6. Cash and cash equivalents

Cash at bank and on hand	99,186	1,140

7. Investments

Term Deposits	15,125	15,125

8. Trade and other receivables	$	$
Current		
Trade receivables	53,208	71,127

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.

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.

			Past Due but Not Impaired			
2015	**Gross Amount $**	**Past Due and impaired $**	**< 30 days $**	**31-60 days $**	**> 60 days $**	**Not Past Due $**
Trade receivables	53,208	-	-	-	-	53,208
Total	53,208	-	-	-	-	53,208
2014						
Trade receivables	71,127	-	-	-	-	71,127
Total	71,127	-	-	-	-	71,127

9. Property, plant and equipment	**2015 $**	**2014 $**
Leasehold improvements		
At cost	426,342	426,343
Less accumulated depreciation	(361,983)	(347,907)
	64,359	78,436
Plant and equipment		
At cost	211,174	209,547
Less accumulated depreciation	(136,777)	(120,942)
	74,397	88,605

Computer Software		
At cost	12,145	12,145
Less accumulated depreciation	(12,145)	(12,145)
	-	-
Total written down amount	138,756	167,041

Movements in carrying amounts

Leasehold improvements		
Balance at the beginning of the reporting period	78,436	92,511
Depreciation expense	(14,076)	(14,075)
Balance at the end of the reporting period	64,360	78,436

Plant and equipment		
Balance at the beginning of the reporting period	88,605	110,491
Additions	1,627	-
Depreciation expense	(15,836)	(21,886)
Balance at the end of the reporting period	74,396	88,605

10. Intangible assets

Franchise Fee		
At cost	111,537	111,537
Less accumulated amortisation	(106,028)	(103,720)
	5,509	7,817
Renewal Franchise Fee		
At cost	46,149	46,149
Less accumulated amortisation	(24,111)	(14,881)
	22,038	31,268

Leasehold Establishment Fee

At cost	25,000	25,000
Less accumulated amortisation	(24,957)	(19,957)
	43	5,043
Total Intangible assets	27,590	44,128

Movements in carrying amounts

Franchise Fee

Balance at the beginning of the reporting period	7,817	10,124
Amortisation expense	(2,308)	(2,307)
Balance at the end of the reporting period	5,509	7,817

Renewal Franchise Fee

Balance at the beginning of the reporting period	31,268	40,497
Amortisation expense	(9,230)	(9,229)
Balance at the end of the reporting period	22,038	31,268

Leasehold Establishment Fee

Balance at the beginning of the reporting period	5,043	10,043
Amortisation expense	(5,000)	(5,000)
Balance at the end of the reporting period	43	5,043

11. Trade and other payables

Current	**2015 $**	**2014 $**
Unsecured liabilities: Trade creditors	1,339	5,489
Other creditors and accruals	20,417	22,813
	21,756	28,302

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

12. Borrowings

Current		
Secured liabilities		
Bank overdraft	-	9,378
Loans and borrowings	70,000	-
	70,000	9,378

13. Provisions		
Employee benefits	25,136	24,094
Movement in employee benefits		
Opening balance	24,094	41,495
Additional provisions recognised	22,014	4,925
Amounts utilised during the year	(20,972)	(22,326)
Closing balance	25,136	24,094
Current		
Annual leave	18,058	14,127
Long-service leave	7,078	9,967
	25,136	24,094
Total provisions	25,136	24,094

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.

14. Tax balances

(a) Tax Assets

Deferred tax asset comprises:

- tax losses carried forward	44,234	39,353
- Provisions	7,541	7,228
	51,775	46,581

	2015 $	2014 $
15. Share capital		
620,100 Ordinary Shares fully paid	620,100	620,100
29,900 Ordinary Shares fully paid	26,910	26,910
	647,010	647,010

Movements in share capital

Fully paid ordinary shares:

At the beginning of the reporting period	647,010	647,010
Shares issued during the year	-	-
At the end of the reporting period	647,010	647,010

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 Re turn 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.

16. Accumulated losses

Balance at the beginning of the reporting period	(363,642)	(333,143)
Profit/(loss) after income tax	(14,620)	(30,499)
Balance at the end of the reporting period	(378,262)	(363,642)

17. Statement of cash flows	**2015 $**	**2014 $**
(a) *Cash and cash equivalents balances as shown in the statement of financial position can be reconciled to that shown in the statement of cash flows as follows*		
As per the statement of financial position	99,186	1,140
less Bank overdraft	-	(9,378)
As per the statement of cash flow	99,186	(8,238)

(b) *Reconciliation of cash flow from operations with profit after income tax*

Profit / (loss) after income tax	(14,620)	(30,499)
Non cash flows in profit		
- Depreciation	29,912	35,961
- Amortisation	16,538	16,537

Changes in assets and liabilities		
- (Increase) decrease in receivables	17,917	(7,452)
- (Increase) decrease in deferred tax asset	(5,194)	(25,081)
- Increase (decrease) in payables	(6,546)	(1,588)
- Increase (decrease) in provisions	1,044	(17,401)
Net cash flows from/(used in) operating activities	39,051	(29,523)

(c) Credit standby arrangement and loan facilities
The company has a bank overdraft and commercial bill facility amounting to $70,000 (2014: $70,000).

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	-	9,024
Total Key Management Personnel compensation	**-**	**9,024**

Short-term employee benefits
These amounts include fees and benefits paid to the non-executive Chair 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.

These amounts represent the expense related to the participation of Key Management Personnel in equity-settled benefits schemes as measured by the fair value of the options, rights and shares granted on grant date.

(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.

Bookkeeping & Marketing services were provided by Caneva Management Pty Ltd, a company of which Gionvanni Caneva is a Director. The fees paid during the year ended 30 June 2015 to Caneva Management Pty Ltd amounted to $12,000 (2014: $12,000).

The Directors have estimated the total benefits received from the Directors Privilege Package to be nil for the year ended 30 June 2015.

(d) Key management personnel shareholdings

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

Michael Spiegel	1,000	1,000
Leigh Powell	-	-
Giovanni Caneva	40,000	40,000
Richard Hasseldine	5,000	5,000
Sandra Makris	3,850	3,850
Katrina Walker	-	-
Emma Crichton	-	-
John Fallon	-	-
Adam Ferfoglia	-	-
Annette Wiltshire	-	-
Fiona Triaca	-	
Rajkumar Gopiraj	-	-

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

(e) Other key management transactions

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

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.

20. Contingent liabilities and contingent assets

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

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 Stonnington, Victoria. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2014: 100%)."

22. Company details

The registered office & principle place of business is:	111 Chapel Street Windsor VIC 3181

23. Earnings per share

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

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

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

Profit/(loss) after income tax expense	(14,620)	(30,499)
Weighted average number of ordinary shares for basic and diluted earnings per share	650,000	650,000

24. Dividends paid or provided for on ordinary shares

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

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 & cash equivalents	6	99,186	1,140
Trade and other receivables	8	53,208	71,127
Investments	7	15,125	15,125
Total Financial Assets		167,519	87,392
Financial Liabilities			
Trade and other payables	11	21,756	28,302
Loans and borrowings	12	70,000	
Bank overdraft	12	-	9,378
Total Financial Liabilities		91,756	37,680

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. The Audit Committee is assisted in the area of risk management by an internal audit function.

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.

fault rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

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 $
Cash and cash equivalents:		
A rated	99,186	1,140

(b) Liquidity risk

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

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

In addition the company has established an loan facility of $70,000 with Bendigo & Adelaide Bank Limited.

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

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

(b) Liquidity risk (continued)

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	21,756	21,756	-	-
Bank overdraft	12	70,000 *	70,000	-	-
Total expected outflows		**91,756**	**91,756**	**-**	**-**
Financial Assets - cash flows realisable					
Cash & cash equivalents	6	99,186	99,186	-	-
Trade and other receivables	8	53,208	53,208	-	-
Investments	7	15,125	15,125		
Total anticipated inflows		**167,519**	**167,519**	**-**	**-**
Net (Outflow)/Inflow on financial instruments		**75,763**	**75,763**	-	-

30 June 2014		Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial Liabilities due for payment					
Trade and other payables	11	28,302	28,302	-	-
Bank overdraft	12	9,378 *	9,378	-	-
Total expected outflows		**37,680**	**37,680**	**-**	**-**
Financial Assets - cash flows realisable					
Cash & cash equivalents	6	1,140	1,140	-	-
Trade and other receivables	8	71,127	71,127	-	-
Investments	7	15,125	15,125		
Total anticipated inflows		**87,392**	**87,392**	**-**	**-**

Net (Outflow)/Inflow on financial instruments	49,712	49,712	-	-

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

(c) Market risk

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

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

The financial instruments that primarily expose the company to interest rate risk are borrowings, 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.

	Profit	Equity
Year ended 30 June 2015	**$**	**$**
+/- 1% in interest rates (interest income)	992	992
+/- 1% in interest rates (interest expense)	-	-
	992	992
Year ended 30 June 2014		
+/- 1% in interest rates (interest income)	(82)	(82)
	-	-
	(82)	(82)

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.

Director’s declaration

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

1. The financial statements and notes, as set out on pages 9 to 35 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.

M. Spiegel

Michael Spiegel
Director

Signed at Prahran on 16 September 2015.

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(BMPAR14116) (09/14)