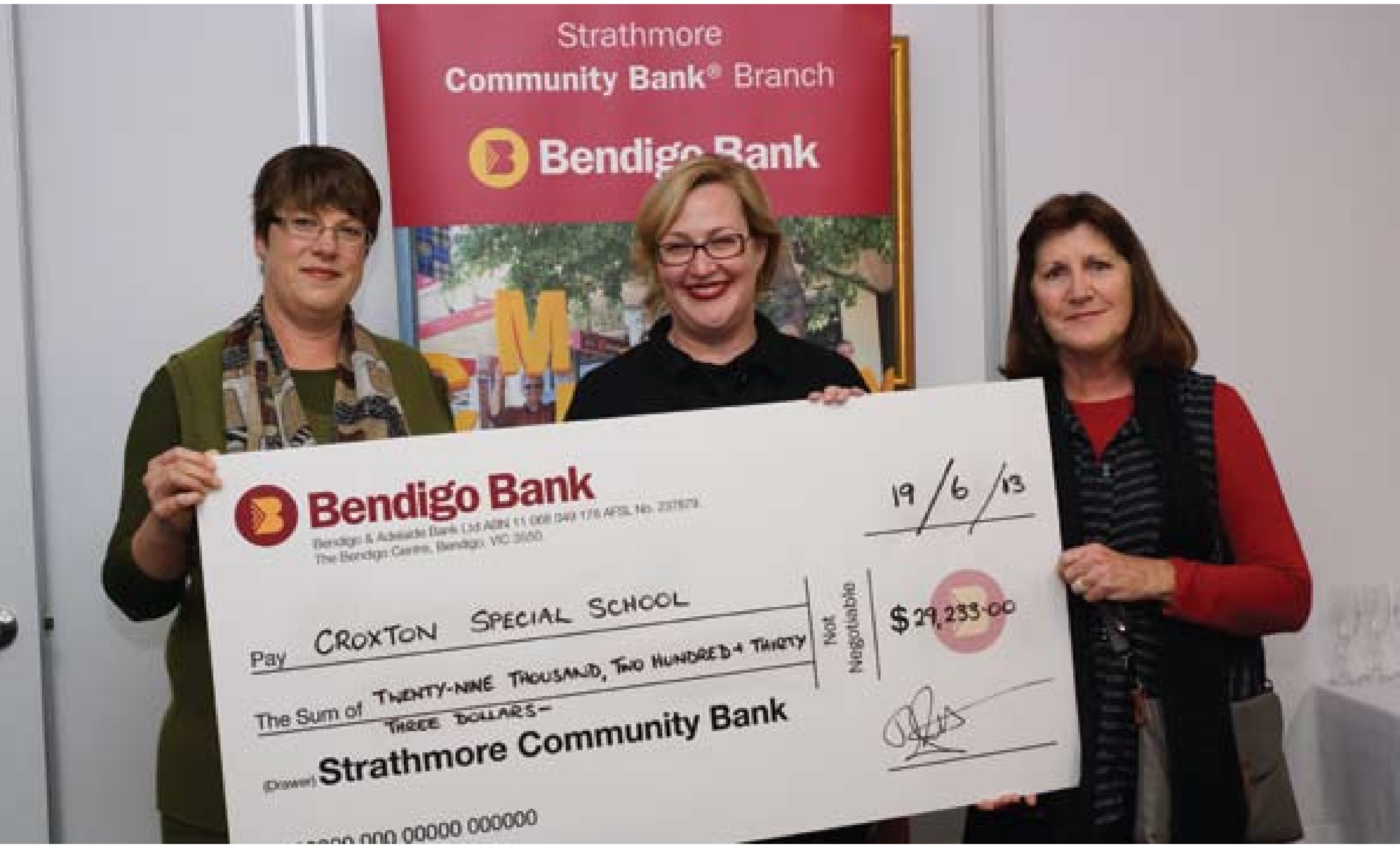

Strathmore Community Services Ltd

ABN 84 096 122 459

ANNUAL REPORT 2013

Strathmore **Community Bank®** Branch

Contents

Chairman's report

For year ending 30 June 2013

It gives me pleasure to present this the twelfth annual report for Strathmore Community Services Limited and to report on yet another successful year.

In June 2013 we said farewell to two of our Board members – Mark Burgin and Kevin Plant. Mark was one of our founding members and worked tirelessly to ensure the establishment and success of our branch. He took on the role of Chairman of the Board and held that position until June 2011. Kevin Plant was a diligent and conscientious member of our Board always thinking of the best for our shareholders and our community. Both Mark and Kevin have good reason to be proud of the success of Strathmore **Community Bank®** Branch and we thank them and wish them all the very best for the future.

Our aim is to have our branch accepted as part of the community and a positive influence in community development, sustainability and prosperity. I am pleased to tell you that we have again surpassed our goal. In the past 12 months we have continued to grow and with your support we have given in excess of $612,000 back into community programs and projects and you can see the many varied organisations we have supported further on in this Annual Report.

In November 2012 we refurbished our branch with a new look - an open and engaging style making it a more pleasant experience for our customers and staff. After 11 years the time was right to undertake such a vast project and it was certainly worth the wait.

With our community support for the year as indicated above we have now given back to the local community an amazing total of $4.09 million. As our list of groups that we support continues to grow so is our customer base.

We are still working with Bendigo and Adelaide Bank so as to complete our assessment of the "Community Strengthening factor" which when finalised will provide to us a figure that truly represents the value to the community of our grants, donations and sponsorships given back to our community.

I would like to thank my fellow Board members, our shareholders and customers for their contribution to our fantastic results for the past year. Of course we would not be where we are without Phil Stewart and our remarkable staff who provide exceptional and attentive service at all times to our customers. I look forward to continuing to work together to make Strathmore **Community Bank®** Branch a leader in our community.

Peter McKie
Chairman

Manager's report

For year ending 30 June 2013

In the 2012/13 financial year we continued to successfully grow our lending book by $10.4 million to $88 million. This growth was a very good result especially on the back of $9 million of loans that were paid out during the year. The loan payouts were largely due to property sales, fierce competition and a general emphasis on debt reduction in the current economic environment.

Our large deposit book reduced substantially by $20 million to $161 million in what proved to be a difficult year in deposits. This decrease was made up of some large organisations each using their funds for sizeable property developments as expected. Adding to this the deposit interest rates have continued to spiral to near record levels with Bendigo and Adelaide Bank's deposit appetite pricing the deposit rates at conservative levels.

Overall our business on the books sits close to $250 million as at 30 June 2013.

In relation to profits we have continued to keep this reasonably consistent due to the growth of our lending book which is pleasing. This is also factoring in Bendigo and Adelaide Bank's "restoring the balance" which has reduced our income generated by fixed interest rate deposits and loans by 0.125 percentage points in each of the past two years.

In early 2013 we said goodbye to our team member, Carly and welcomed Edwina as a new Customer Service Officer in February. Our team continues to perform very well and I would like to thank you all and make special mention to Helen and Malcolm who have recently surpassed 12 years of quality service at the Strathmore **Community Bank®** Branch which is a terrific achievement.

During the year we have also seen two of our Directors retire from the Board in Mark and Kevin. I would like to congratulate you both on your retirement from the Board and thank you for your support in my first three years at Strathmore. A special mention goes to Mark as Chairman of the Board upon my commencement who provided much support and guidance for me.

Last but not least I would like to recognise our shareholders and the importance you play in making the Strathmore **Community Bank®** Branch one of the most successful **Community Bank®** branches in Australia! Without you there would not be a Strathmore **Community Bank®** Branch.

Philip Stewart
Branch Manager

Secretary's report

For year ending 30 June 2013

We have marked another very successful year for 2012/13 all thanks to the loyalty of our shareholders, customers and our staff.

We have again made major contributions to our local and wider community. Proudly supporting our schools, sporting clubs, service clubs, aged care facilities, children's services, youth programs, emergency services and worthy charitable organisations with sponsorships, grants and donations totalling $612,513 bringing our total contribution for 12 years to over $4.09 million. By continuing your support of our branch you have enabled us to enrich the lives of many in our community and to assist them to complete projects and programs that would have otherwise been almost impossible.

In May this year we initiated a new partnership with the Bully Free Australia Foundation. The Foundation is striving to provide genuine and lasting care for bullying victims and their families and we strongly support and endorse their dedication and commitment to raising awareness of bullying and its devastating consequences; we look forward to a long and rewarding affiliation with the Foundation.

Another worthy community alliance we have continued is the Essendon Football Club – On The Ball Program. This program is designed to work with students on school based projects that raise the awareness of issues relevant to them such as depression, drug or alcohol abuse, cyber bullying and life choices. Essendon footballers, Australian Paralympians or Melbourne Vixens visit and work with students in schools in our local community. Our financial assistance makes this program possible.

On Saturday 22 June we held our Annual Community Street Party marking our 12th birthday. The weather was perfect for a great fun filled morning for the young and young at heart, enjoying a sausage sizzle, entertainment and give a ways. The wide smiles of the children told of their delight with their painted faces and fairy floss.

For the past five years we have effectively been managing a special Low Volume Market, to facilitate the trading of Strathmore Community Services Ltd shares between our shareholders. If you are interested in purchasing or selling shares in our company then you are able to do so from the Bendigo and Adelaide Bank website, you are also welcome to call into the branch and one of our staff will advise you.

To continue to succeed we need the support of our staff, we are fortunate to have a dedicated team lead by our Manager Philip Stewart and we thank them for their loyalty and hard work over the past year.

Finally, I thank you our shareholders and customers and look forward to another great year ahead.

Peter S. Brown JP

Peter Brown, JP
Company Secretary

Sponsorships/donations/grants

- 1st Strathmore Scouts
- 2nd Strathmore St Aidan's Scout Group
- A Thomson Environment Scholarship
- Aberfeldie Cricket Club
- Aberfeldie Sports Club
- Airport West Football Club
- Anglicare Victoria
- Animal Aid
- Ave Maria Kindergarten
- Bendigo Bank Bushfires Appeal
- Berry Street Playgroup
- Beyond Blue
- Bionic Ear Institute
- Broadmeadows Hospital Aged Care Unit
- Broadmeadows Sub District Cricket Club
- Broadmeadows Uniting Care
- Brotherhood of St Laurence
- Brumby's Babes
- Brunswick Cycling Club
- Bully Free Australia
- Caroline Chisholm Society
- Christ Church Anglican Kindergarten
- Clifton Park Bowling Club
- Coburg Special School
- Cyclone Larry Appeal
- Dads to Dads
- Dads North West
- Diabetes Victoria
- Dorothy Impey Home
- Doutta Stars Football Club
- Edenhope and District Hospital
- Edith Bendall Lodge
- Essendon Baseball Club
- Essendon Bowls Club
- Essendon Bowls Club (Ladies)
- Essendon Camera Club
- Essendon Cricket Club
- Essendon Choral Society
- Essendon Croquet Club
- Essendon Croquet Club
- Essendon Football Club - On The Ball
- Essendon Lions Club
- Extreme Makeover Event
- Essendon Men's Senior Tennis Group
- Essendon Netball Club
- Essendon United Junior Soccer Club
- FC Strathmore Split
- Federation Retirement Village Glenroy
- Flemington Financial Services
- Friends of Horseshoe Bend
- Friends of Napier Park
- Glenroy Football Club
- Glenroy Special School
- Glenroy Sports Club
- Guide Dogs Victoria
- Hadfield Football Club
- Haig Fawkner Cricket Club
- Heart Foundation Victoria
- Heart Research Victoria
- Herd 09
- Herd 11
- Jacana Cricket Club
- Keith Farquhar Rover Crew
- Kicking Goals For Xav
- Lions Club of Doutta Galla
- Lort Smith Animal Hospital
- Lowther Hall
- Mirabel Foundation
- Moonee Ponds Central School
- Macedon Ranges Adventure Playground
- Moonee Valley City Council
- Moonee Valley CC Mayoral Race Day
- Moonee Ponds Creek Coordination Committee Inc
- Moonee Valley Brass Band
- Moonee Valley Outreach Program
- Movember
- Mulberry Gardens Community Kitchen Garden
- National Breast Cancer Foundation - Fundraising Breakfast
- Niddrie Community Youth Club Inc
- Napier Concert Orchestra
- Neurofibromatosis Awareness Night
- Neurofibromatosis Australia
- Niddrie Gymnastics
- North West Wolves
- Northern Golf Club
- Northern Obedience Dog Club
- Northern Saints Sports Club
- Northerners Cricket Club
- Oak Park Community Sports Association
- Oak Park Junior Football Club
- Oak Park Primary School - fete
- Oak Park Primary School - Cookbook
- Oak Park Primary School - Hardship
- Oak Park Saints Basketball Club
- Oak Park Tennis Club
- Op Newstart
- Pascoe Vale Centrals Cricket Club

Continued over page

Sponsorships/donations/grants (continued)

- Pascoe Vale Junior Soccer Club
- Pascoe Vale Primary School
- Pascoe Vale Soccer Club
- Paul Dillon
- PEGS Cricket Club
- PEGS Football Club
- Penola Saints Netball Club
- Relay for Life
- Rotary Club of Essendon
- RDNS - Essendon
- Rotary Club of Essendon North
- Rotary Club of Pascoe Vale
- Rotary Club of Strathmore
- Roxburgh Park Broadmeadows Cricket Club
- Royal Children's Hospital
- Royal Children's Hospital NNU
- Salvation Army - Moonee Valley
- St Aidan's Friendship Club
- St Aidan's Pre School
- St Bernard's Hockey Club
- St Bernard's Old Collegians Cricket Club
- St Bernard's Old Collegians Football Club
- St Francis Cricket Club
- St Francis De Sales School
- St Francis Junior Football Club
- St Monica's Netball Club
- St Peters Tennis Club
- St Therese's Parish Netball Club
- St Therese's Primary School
- St Vincent De Paul Primary School
- St Vincent De Paul Primary School - scholarship
- St Vincent De Paul Primary School School Fair
- St Vincent De Paul - Fashion Night
- St Vincents De Paul Netball
- St Vincents Parents Association
- St Vincent's Tennis Club
- SES Essendon Unit
- Samoan Tsunami
- Strathmore Bowls Club
- Strathmore Cricket Club
- Strathmore Community Garden
- Strathmore Community Kindergarten
- Strathmore Football Club
- Strathmore Interchurch Council
- Strathmore Junior Football Club
- Strathmore Kindergarten
- Strathmore Neighbourhood Watch
- Strathmore North Primary School
- Strathmore Primary School
- Strathmore Primary School - Movie Night
- Strathmore Secondary College
- Strathmore Sports Club
- Strathmore Theatrical Arts Group
- Strathmore Unicorns Basketball Club
- Strathmore View Club
- Tasmanian Bushfire Appeal
- The Crossways Preschool
- The Scout Assoc of Aust - Vic Branch
- Therry Penola Old Boy's Football Club
- Travancore School
- Tullamarine Football Club
- Valley Financial Services
- Victorian Playground Association Inc
- Vision Australia
- Walter & Eliza Hall Institute
- West Coburg Cricket Club
- West Coburg Junior Football Club
- West Coburg Senior Football Club
- West Meadows Football Club
- Western Autistic School
- Youth Foundations Victoria
- Zoos Victoria

Directors' report

For the financial year ended 30 June 2013

Your Directors submit their report of the company for the financial year ended 30 June 2013.

Directors

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

Name and position held	Qualifications	Experience and other Directorships
Mark Burgin Director since 2001 Director	Certified Practising Accountant	Resigned 4 June 2013
Michael Garafillis Director since 2009 Director	Sales & Marketing Manager	
Thomas Anderson Director since 2003 Director	Pharmacist	
Peter McKie Director since 2003 Chairman	Manager	
Peter Brown Director since 2005 Company Secretary	Newsagent	
Kevin Plant Director since 2007 Director	Retired Newsagent	Resigned 20 May 2013
Kerri Osborne Director since 2009 Director	Education Consultant	
Craig Jenkins Director since 2009 Director	Manager	

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 Bank®** services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

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

Review of operations

The profit/(loss) of the company for the financial year after provision for income tax was $187,614 (2012 profit): $177,725), which is a 5% increase as compared with the previous year.

The net assets of the company have increased to $1,630,078 (2012: $1,491,465). The increase is largely due to steady income in the mortage loans generated by the branch.

Dividends

	Year ended 30 June 2013	
	Cents per share	**$**
Dividends paid in the year:		
- As recommended in the prior year report	10	49,001

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 reporting date

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

There has been no remuneration policy developed as Director positions are held on a voluntary basis and Directors are not remunerated for their services.

Mark William Burgin received $18,000 (2012: $22,500) for professional accounting services provided to the company.

Carolyn Burgin, a related party of Director Mark Burgin owns the premises situated at 337 Napier Street, Strathmore the company has entered into a lease agreement with Carolyn Burgin with regard to the premises during the year ended 30 June, 2013. $52,032 (2012:$51,277) was paid in relation to this lease.

Peter Brown, as owner of the Newsagency, received $4,226 (2012:$2,619) for providing printing and stationery items to the company.

The Directors have estimated the total benefits received from the Directors Privilege Package to be nil for the year ended 30 June 2013. The estimated benefit per Director is as follows:

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' report (continued)

Directors' meetings

The number of Directors' meetings held during the year were 11. Attendances by each Director during the year were as follows:

Director	Board meetings#	Audit committee meetings#
Mark Burgin	6(10)	2(2)
Michael Garafillis	11(12)	2(2)
Thomas Anderson	11(12)	2(2)
Peter McKie	11(12)	N/A
Peter Brown	11(11)	N/A
Kevin Plant	9(10)	N/A
Kerri Osborne	12(12)	N/A
Craig Jenkins	9(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. However, the Board believes that the company has adequate systems in place for the management of its environment requirements and is not aware of any breach of these environmental requirements as they apply to the company.

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

Peter Brown has been the Company Secretary of Strathmore Community Services Limited since 2009. Peter qualifications and experience include owning and operating his own business and has held responsible positions for a number of community of groups.

Directors' report (continued)

Non audit services

The 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 Strathmore, Victoria 18 September 2013.

Peter McKie
Director

Auditor's independence declaration

Richmond Sinnott & Delahunty
Chartered Accountants

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Bendigo, Victoria
PO Box 30, Bendigo, VIC 3552

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Email: rsd@rsdadvisors.com.au
www.rsdadvisors.com.au

18th September 2013

The Directors
Strathmore Community Services Limited
P.O Box 20
NORTH ESSENDON VIC 3041

Dear Directors

To the Directors of Strathmore Community Services Limited

Auditor's Independence Declaration under section 307C of the Corporations Act 2001

I declare that to the best of my knowledge and belief, during the year ended 30 June 2013 there has been:

(i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) No contraventions of any applicable code of professional conduct in relation to the audit.

Warren Sinnott
Partner
Richmond Sinnott & Delahunty

Richmond Sinnott & Delahunty
ABN 60 616 244 309
Liability limited by a scheme approved under Professional Standards Legislation

Partners:
Warren Sinnott, Cara Hall, Brett Andrews, Philip Delahunty, Kathie Teasdale, David Richmond

Financial statements

Statement of profit or loss and other comprehensive income for the year ended 30 June 2013

	Notes	2013 $	2012 $
Revenue	2	1,942,911	1,926,978
Employee benefits expense	3	(543,233)	(489,091)
Depreciation and amortisation expense	3	(33,919)	(38,440)
Finance costs	3	-	-
Bad and doubtful debts expense	3	(20)	(559)
Rental expense		-	-
Other expenses		(395,009)	(364,403)
Operating profit/(loss) before charitable donations & sponsorships		**970,730**	**1,035,044**
Charitable donations and sponsorships		(707,047)	(778,215)
Profit/(loss) before income tax expense		**263,683**	**256,829**
Tax expense / (benefit)	4	76,069	79,104
Profit/(loss) for the year		**187,614**	**177,725**
Other comprehensive income		-	-
Total comprehensive income		**187,614**	**177,725**
Profit/(loss) attributable to:			
Members of the company		-	-
Total		**187,614**	**177,725**
Earnings per share (cents per share)			
- basic for profit / (loss) for the year	21	38.29	36.27
- diluted for profit / (loss) for the year	21	38.29	36.27

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2013

	Notes	2013 $	2012 $
Assets			
Current assets			
Cash and cash equivalents	6	1,183,534	1,226,230
Trade and other receivables	7	183,113	185,515
Total current assets		**1,366,647**	**1,411,745**
Non-current assets			
Property, plant and equipment	8	325,502	91,702
Deferred tax asset	4	-	21,036
Intangible assets	9	30,000	40,000
Total non-current assets		**355,502**	**152,738**
Total assets		**1,722,149**	**1,564,483**
Liabilities			
Current liabilities			
Trade and other payables	10	44,001	31,771
Current tax liability	11	13,185	-
Provisions	12	34,885	41,247
Total liabilities		**92,071**	**73,018**
Net assets / (liabilities)		**1,630,078**	**1,491,465**
Equity			
Issued capital	13	490,010	490,010
Retained earnings /	14	1,140,068	1,001,455
Total equity		**1,630,078**	**1,491,465**

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2013

	Notes	Issued Capital $	Retained Earnings $	Total Equity $
Balance at 1 July 2011		490,010	921,732	1,411,742
Total comprehensive income for the year		-	177,725	177,725
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	22	-	(98,002)	(98,002)
Balance at 30 June 2012		**490,010**	**1,001,455**	**1,491,465**
Balance at 1 July 2012		490,010	1,001,455	1,491,465
Total comprehensive income for the year		-	187,614	187,614
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	22	-	(49,001)	(49,001)
Balance at 30 June 2013		**490,010**	**1,140,068**	**1,630,078**

The accompanying notes form part of these financial statements.

Statement of cash flows
for the year ended 30 June 2013

	Notes	2013 $	2012 $
Cash flows from operating activities			
Receipts from clients		2,058,499	1,863,643
Payments to suppliers and employees		(1,781,292)	(1,729,274)
Dividend revenue received		-	-
Income tax paid		(55,033)	(114,352)
Interest received		41,850	63,335
Net cash flows from/(used in) operating activities	**15b**	**264,024**	**83,352**
Cash flows from investing activities			
Purchase of property, plant & equipment		(257,719)	1,754
Net cash flows from/(used in) investing activities		**(257,719)**	**1,754**
Cash flows from financing activities			
Dividends paid		(49,001)	(98,002)
Net cash flows from/(used in) financing activities		**(49,001)**	**(98,002)**
Net increase/(decrease) in cash held		**(42,696)**	**(12,896)**
Cash and cash equivalents at start of year		1,226,230	1,239,126
Cash and cash equivalents at end of year	**15a**	**1,183,534**	**1,226,230**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2013

The financial statements and notes represent those of Strathmore Community Services Limited.

Strathmore Community 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 18 September 2013.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

The financial statements are general purpose financial statements, that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board and the Corporations Act 2001. The company is a for profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of the 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.

(b) Income tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

Note 1. Summary of significant accounting policies (continued)

(c) Property, plant and equipment

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

Class of asset	Depreciation rate
Plant & Equipment	13-17%
Leasehold improvements	6.7%

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Revaluations

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

(d) Impairment of assets

At each reporting date, the company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

(e) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position. Cash flows are presented on a gross basis.

The GST components of investing and 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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(f) Employee benefits

Provision is made for the company's liability for employee benefits arising from the services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to the employee benefits.

(g) Intangibles

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 per the Statement of Profit or Loss and other Comprehensive Income.

(h) Cash

Cash on hand and in banks are stated at nominal value. Bank overdrafts are shown as 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.

(i) Revenue

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

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).

(j) Receivables and payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables expected to be collected within 12 months at the end of the reporting period are classified as current assets. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company and are recognised as a current liability.

(k) New accounting standards and interpretations not yet adopted

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:

Note 1. Summary of significant accounting policies (continued)

(k) New accounting standards and interpretations not yet adopted (continued)

(i) AASB 9 Financial Instruments (2010), AASB 9 Financial Instruments (2009)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project that may result in limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets and hedge accounting.

AASB 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The adoption of AASB 9 (2010) is not expected to have an impact on the company's financial assets or financial liabilities.

(ii) AASB 13 Fair Value Measurement (2011)

AASB 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout Australian Accounting Standards. Subject to limited exceptions, AASB 13 is applied when fair value measurements or disclosures are required or permitted by other AASBs. The company is currently reviewing its methodologies in determining fair values. AASB 13 is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

(iii) AASB 119 Employee Benefits (2011)

AASB 119 (2011) changes the definition of short-term and other long-term employee benefits to clarify the distinction between the two. For defined benefit plans, removal of the accounting policy choice for recognition of actuarial gains and losses is not expected to have any impact on the company. However, the company may need to assess the impact of the change in measurement principles of expected return on plan assets. AASB 119 (2011) is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

(l) Loans and borrowings

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

(m) 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.

(n) 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.

(o) Comparative figures

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

Note 1. Summary of significant accounting policies (continued)

(p) 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 changes 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.

Income tax

The company is subject to income tax. Significant judgement is required in determining the deferred tax asset or the provision for income tax liability. 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 calculating 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.

(q) 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.

Fair value represents the amount for which an asset would be exchanged or a liability settled, between knowledgeable willing parties. Where available quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are applied to determine the fair value. Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less 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.

Note 1. Summary of significant accounting policies (continued)

(q) Financial instruments (continued)

Classification and subsequent measurement (continued)

(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

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset 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. In the case of financial assets carried at amortised cost, loss events may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in payments, indications that they will enter bankruptcy or other financial reorganisation and changes in arrears or economic conditions that correlate with defaults.

Derecognition of financial instruments

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.

	2013 $	2012 $
Note 2. Revenue and other income		
Revenue		
- services commissions	1,891,354	1,863,643
- other revenue	-	-
	1,891,354	**1,863,643**
Other revenue		
- interest received	51,557	63,335
- other revenue	-	-
	51,557	**63,335**
Total revenue	**1,942,911**	**1,926,978**

	2013 $	2012 $

Note 3. Expenses

	2013 $	2012 $
Employee benefits expense		
- wages and salaries	278,068	224,455
- secondment salaries	217,135	222,447
- superannuation costs	47,169	41,473
- workcare	861	326
- other costs	-	390
	543,233	**489,091**
Depreciation of non-current assets:		
- plant and equipment	23,919	28,440
Amortisation of non-current assets:		
- intangible assets	10,000	10,000
	33,919	**38,440**
Finance costs:		
- Interest paid	-	-
Bad debts	20	559

Note 4. Tax expense

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

	2013 $	2012 $
Prima facie tax on profit/(loss) before income tax at 30% (2012: 30%)	79,105	77,048
Add tax effect of:		
- Adjustments in respect of current income tax of previous year	-	-
- Utilisation of previously unrecognised carried forward tax losses	-	-
- Non-deductible expenses	(3,036)	2,056
Current income tax expense	**76,069**	**79,104**
Income tax attributable to the entity	**76,069**	**79,104**
The applicable weighted average effective tax rate is	28.8	31.5
Current tax liability	**13,185**	**-**

Notes to the financial statements (continued)

	2013 $	2012 $
Note 4. Tax expense (continued)		
Opening balance	-	-
Less: Tax installments and assessment	(41,848)	-
Add: Current year income tax expense	76,069	-
Utilization of carried forward tax losses	(21,036)	-
Closing balance	**13,185**	**-**
Deferred tax asset		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	**-**	**21,036**

The applicable income tax rate is the Australian Federal tax rate of 30% (2012: 30%) applicable to Australian resident companies.

Note 5. Auditors' remuneration

Remuneration of the Auditor for:		
- Audit or review of the financial report	3,900	3,900
- Share registry services	2,787	2,787
	6,687	**6,687**

Note 6. Cash and cash equivalents

Cash at bank and on hand	**1,183,534**	**1,226,230**

Note 7. Trade and other receivables

Current		
Trade debtors	153,777	156,122
Other assets	29,336	29,393
	183,113	**185,515**

Credit risk

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

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.

Note 7. Trade and other receivables (continued)

Credit risk (continued)

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	
2013						
Trade receivables	153,777	-	-	-	-	153,777
Other receivables	-	-	-	-	-	-
Total	**153,777**	**-**	**-**	**-**	**-**	**153,777**
2012						
Trade receivables	156,122	-	-	-	-	156,122
Other receivables	-	-	-	-	-	-
Total	**156,122**	**-**	**-**	**-**	**-**	**156,122**

Note 8. Property, plant and equipment

	2013 $	2012 $
Leasehold improvements		
At cost	462,996	205,277
Less accumulated depreciation	(146,923)	(128,918)
	316,073	**76,359**
Plant and equipment		
At cost	63,303	63,303
Less accumulated depreciation	(53,874)	(47,960)
	9,429	**15,343**
Total written down amount	**325,502**	**91,702**

	2013 $	2012 $

Note 8. Property, plant and equipment (continued)

	2013 $	2012 $
Movements in carrying amounts		
Leasehold improvements		
Balance at the beginning of the reporting period	76,359	96,553
Additions	257,719	-
Disposals	-	-
Depreciation expense	(18,005)	(20,194)
Balance at the end of the reporting period	**316,073**	**76,359**
Plant and equipment		
Balance at the beginning of the reporting period	15,343	21,835
Additions	-	1,754
Disposals	-	-
Depreciation expense	(5,914)	(8,246)
Balance at the end of the reporting period	**9,429**	**15,343**

Note 9. Intangible assets

	2013 $	2012 $
Franchise fee		
At cost	50,000	50,000
Less accumulated amortisation	(20,000)	(10,000)
	30,000	**40,000**
Total Intangible assets	**30,000**	**40,000**
Movements in carrying amounts		
Franchise fee		
Balance at the beginning of the reporting period	40,000	-
Additions	-	50,000
Disposals	-	-
Amortisation expense	(10,000)	(10,000)
Balance at the end of the reporting period	**30,000**	**40,000**

	2013 $	2012 $

Note 10. Trade and other payables

Current		
Unsecured liabilities:		
Trade creditors	40,901	13,897
Other creditors and accruals	3,100	17,874
	44,001	**31,771**

Note 11. Current tax liability

Income tax payable	13,185	-
	13,185	**-**

Note 12. Provisions

Employee benefits	34,885	41,247
Opening balance	41,247	33,701
Additional provisions recognised	(6,362)	7,546
Amounts utilised during the year	-	-
Closing balance	**34,885**	**41,247**
Current		
Annual leave	14,337	17,769
Long service leave	20,548	23,478
	34,885	**41,247**

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.

Notes to the financial statements (continued)

	2013 $	2012 $
Note 13. Share capital		
490,010 Ordinary shares fully paid of $1 each	490,010	490,010
Less: Equity raising costs	-	-
	490,010	**490,010**
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	490,010	490,010
Shares issued during the year	-	-
At the end of the reporting period	**490,010**	**490,010**

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 Franchisee otherwise available for distribution to shareholders in that 12 month period; and

  (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; 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 for the year ended 30 June 2013 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.

	2013 $	2012 $
Note 14. Retained earnings		
Balance at the beginning of the reporting period	1,001,455	921,732
Dividends	(49,001)	(98,002)
Profit after income tax	187,614	177,725
Balance at the end of the reporting period	**1,140,068**	**1,001,455**

Note 15. Statement of cash flows

	2013 $	2012 $
(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 and cashflow	**1,183,534**	**1,226,230**
(b) Reconciliation of profit after tax to net cash provided from/(used in) operating activities		
Profit after income tax	187,614	177,725
Non cash items		
- Depreciation	23,919	28,440
- Amortisation	10,000	(10,000)
Changes in assets and liabilities		
- (Increase) decrease in receivables	2,402	615
- (Increase) decrease in income tax payable	21,036	(35,246)
- Increase (decrease) in payables	25,415	(99,234)
- Increase (decrease) in provisions	(6,362)	7,546
Net cash flows from/(used in) operating activities	**264,024**	**69,846**

(c) Credit standby arrangement and loan facilities

The company does not have a bank overdraft.

Note 16. 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.

Notes to the financial statements (continued)

Note 16. Related party transactions (continued)

(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, Mark William Burgin received $18,000 (2012: $22,500) for professional accounting services provided to the company.

Carolyn Burgin, a related party of Director Mark Burgin owns the premises situated at 337 Napier Street, Strathmore the company has entered into a lease agreement with Carolyn Burgin with regard to the premises during the year ended 30 June, 2013. $52,032 (2012:$51,277) was paid in relation to this lease. Peter Brown, as owner of the Newsagency, received $4,226 (2012:$2,619) for providing printing and stationery items to the company.

The Strathmore Community Services Limited has accepted the Bendigo and Adelaide Bank Limited's **Community Bank®** Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilize the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be nil for the year ended 30 June 2013.

(d) Key management personnel shareholdings

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

	2013	2012
Mark Burgin	2,751	2,751
Michael Garafillis	2,000	2,000
Thomas Anderson	2,000	2,000
Peter McKie	7,000	7,000
Peter Brown	1,000	1,000
Kevin Plant	2,000	2,000
Kerri Osborne	1,000	1,000
Craig Jenkins	7,701	7,701

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.

Note 17. 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 18. Contingent liabilities and assets

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

Note 19. 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 Strathmore, Victoria. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2012: 100%).

Note 20. Company details

The registered office & principle place of business is: 337 Napier Street, Strathmore VIC 3041.

	2013 $	2012 $

Note 21. 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).

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

	2013 $	2012 $
Profit/(loss) after income tax expense	**187,614**	**177,725**
Weighted average number of ordinary shares for basic and diluted earnings per share	**490,010**	**490,010**

Note 22. Dividends paid or provided for on ordinary shares

(a) Dividends paid during the year

	2013 $	2012 $
- Franked dividends 10 cents per share (2012: 20 cents per share)	**49,001**	**98,002**

	2013 $	2012 $

Note 22. Dividends paid or provided for on ordinary shares (continued)

(b) Franking credit balance

	2013 $	2012 $
The amount of franking credits available for the subsequent financial year are:		
- Franking account balance as at the end of the financial year	525,878	505,028
- Franking credits that will arise from the payment of income tax payable as at the end of the financial year	-	-
	525,878	**505,028**

The tax rate at which dividends have been franked is 30% (2012: 30%).

Note 23. Financial risk management

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

	Note	2013 $	2012 $
Financial assets			
Cash & cash equivalents	6	1,183,534	1,226,230
Trade and other receivables	7	183,113	185,515
Total financial assets		**1,366,647**	**1,411,745**
Financial liabilities			
Trade and other payables	10	44,001	31,771
		-	-
Total financial liabilities		**44,001**	**31,771**

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 company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments. There have been no substantive 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.

Note 23. Financial risk management (continued)

(a) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the company it arises from receivables and cash assets.

Credit risk is managed through maintaining procedures that ensure, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness and their financial stability is monitored and assessed on a regular basis. 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. 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's exposure to credit risk is limited to Australia by geographic area. The majority of receivables are due from Bendigo and Adelaide Bank Limited.

None of the assets of the company are past due (2012: 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.

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.

	2013 $	2012 $
Cash and cash equivalents:		
A rated	**1,183,534**	**1,226,230**

(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.

Notes to the financial statements (continued)

Note 23. Financial risk management (continued)

(b) Liquidity risk (continued)

Financial liability and financial asset maturity analysis:

	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
30 June 2013					
Financial liabilities due					
Trade and other payables	10	44,001	44,001	–	–
Loans and borrowings	11	–*	–	–	–
Total expected outflows		**44,001**	**44,001**	**–**	**–**
Financial assets - realisable					
Cash & cash equivalents	6	1,183,534	1,183,534	–	–
Trade and other receivables	7	183,113	183,113	–	–
Total anticipated inflows		**1,366,647**	**1,366,647**	**–**	**–**
Net (outflow)/inflow financial instruments		**1,322,646**	**1,322,646**	**–**	**–**

	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
30 June 2012					
Financial liabilities due					
Trade and other payables	10	31,771	31,771	–	–
Loans and borrowings	11	–*	–	–	–
Total expected outflows		**31,771**	**31,771**	**–**	**–**
Financial assets - realisable					
Cash & cash equivalents	6	1,226,230	1,226,230	–	–
Trade and other receivables	7	185,515	185,515	–	–
Total anticipated inflows		**1,411,745**	**1,411,745**	**–**	**–**
Net (outflow)/inflow financial instruments		**1,379,974**	**1,379,974**	**–**	**–**

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

Note 23. Financial risk management (continued)

(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.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company reviews the exposure to interest rate risk as part of the regular Board meetings.

The weighted average interest rates of the company's interest-bearing financial assets are as follows:

Financial assets	2013 %	2012 %
Cash and cash equivalents (net of bank overdrafts)	2.87%	5.40%

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 2013		
+/- 1% in interest rates (interest income)	11,835	11,835
	11,835	11,835
Year ended 30 June 2012		
+/- 1% in interest rates (interest income)	12,262	12,262
	12,262	12,262

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

The fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. Fair value is the amount at which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. The company does not have any unrecognised financial instruments at year end.

Directors' declaration

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

1 the financial statements and notes of the company as set out on pages 12 to 34 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 2013 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.

Peter McKie
Director

Signed at Strathmore, Victoria on 18 September 2013.

Independent audit report

Richmond Sinnott & Delahunty
Chartered Accountants

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

Report on the Financial Report

We have audited the accompanying financial report of Strathmore Community Services Limited, which comprises the statement of financial position as at 30 June 2013, 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.

Richmond Sinnott & Delahunty
ABN 60 616 244 309
Liability limited by a scheme approved under Professional Standards Legislation

Partners:
Warren Sinnott
Cara Hall
Brett Andrews
Philip Delahunty
Kathie Teasdale
David Richmond

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

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 Strathmore Community 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 Strathmore Community 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 2013 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.

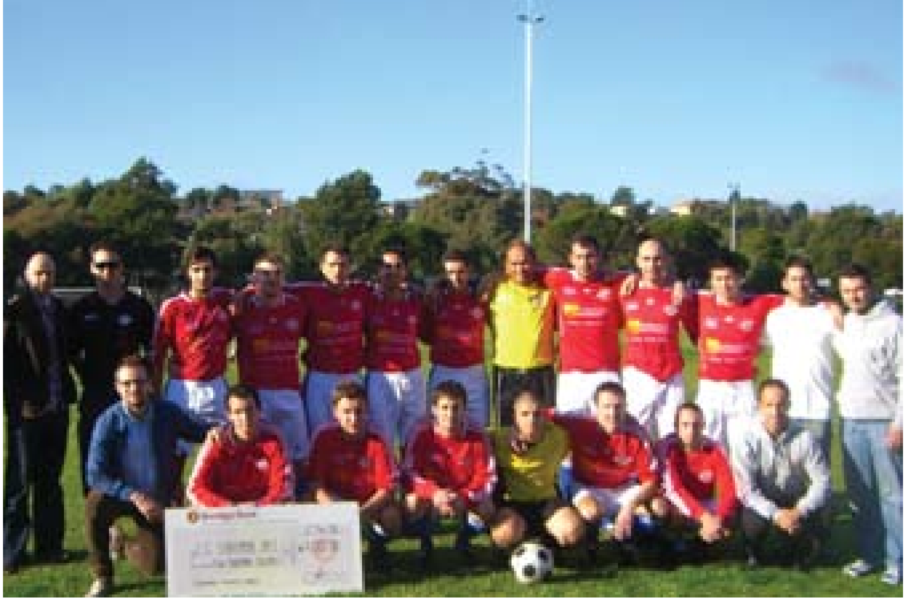
Richmond Sinnott & Delahunty

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W Sinnott

W. J. SINNOTT
Partner

Dated at Bendigo, 18th September 2013



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