



# Annual Report 2015

Strathmore Community  
Services Limited

ABN 84 096 122 459

Strathmore **Community Bank**<sup>®</sup> Branch

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# Chairman's report

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For year ending 30 June 2015

Dear Shareholder,

The financial year 2014/15 was a year of extreme competition in all facets of banking. There are now many companies in the market place offering all sorts of deals for the financing of all types of business and housing loans. The interesting aspect of this so called competition is that the major four banks in fact control almost 70% of these operations.

The rates for both the purchasing of housing, general loans and of course those rates being paid for term deposits are at an all time low. For those currently enjoying retirement this means that the expected returns previously being enjoyed are now depleted by the low rates of return. From a business point of view this aspect has enabled us to in fact increase our home loan business this year, which has maintained good growth over the past 12 months.

The Reserve Bank does not appear currently be looking at increasing rates so we can only surmise that loans for housing will continue to grow. Something we, as an individual company and branch have no control over but an issue that we continue to monitor closely,

We are now into our 15th year of operation and continue to totally support over 190 separate community organisations via our grants, donations and sponsorship programs.

It is totally inspiring to move around our community and see our signs attesting to the fact that our **Community Bank**<sup>®</sup> branch - your bank - has provided the necessary funding for these organisations to both assist in the community and grow.

The total for grants, donations and sponsorships of our community is now in excess of \$6.3 million and for the last financial year we gave \$829,659 which also included incentives currently given to many sporting clubs that continue via their membership to support our business.

Our biggest issue these days is that we must continue to grow the business so that we can continue to provide for those new community organisations being created in our community.

With this in mind, the Board is currently undertaking to employ a Business Development Manager to increase our business opportunities and raise it to the next level. Interviews have been undertaken during the past few weeks and this new role is expected to be filled and operational in late January 2016.

The total now returned by the 310 **Community Bank**<sup>®</sup> network across Australia exceeds \$135 million which has made a considerable impact on communities everywhere.

The Board continues to attend as many local functions as possible so that we can spread the message "Bank with us as a community organisation and we can possibly provide future funding to your association" message.

Board Directors also spend a considerable amount of their time on bank issues ensuring that the business operates both efficiently and profitably. All Board Directors are volunteers.

We, of course, could not exist without the exceptional service that is provided by our branch staff.

Bendigo and Adelaide Bank continues to be number one for exceptional service as voted by Roy Morgan and it is so gratifying when staff receive thank you letters at the branch from our clients for the provision of exceptional service.



**Peter Mckie,**  
**Chairman**

# Manager's report

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For year ending 30 June 2015

Continuing on from the previous financial year, the team at the Strathmore **Community Bank**<sup>®</sup> Branch has again achieved some good results in 2014/15. The record low interest rates that we continue to see and negligible business growth and economic environment certainly does mean that growing the business is very challenging. In very recent times we have also seen the banking regulators look to cap investment property finance growth on the books at 10% for the year and this adds to the challenge of increasing banking business. The result from this growth cap has seen Bendigo Bank having to apply a higher interest rate for property investment finance compared to owner occupied loans.

Factoring all of the above in we still managed to grow our lending book by \$6 million again this financial year and surpass \$100 million of lending business overall for the very first time which was a very pleasing milestone to reach. This growth figure was on the back of close to \$34 million worth of loans being approved during the year which signifies that many individuals and organisations who have spare cash and aren't earning all that much interest from this are choosing to instead reducing their debt levels. This has been a common theme over the past two to three years now.

In terms of the deposit business on our books, we maintained our large holding of around \$176 million throughout the year. Although we didn't see any deposit growth over the course of the year, in this current environment where interest earnings remain at record lows, this was a reasonable result. Overall our total banking business size sat at \$276 million as at 30 June 2015 and we continue to work hard on growing this further.

We continue to diversify our income streams through other offerings including general insurance, wealth management and superannuation. During the past year have achieved in excess of 100 general insurance policies sales for the year which was a very successful achievement.

On the team front, early in 2015 one of our part-time staff members, Sue Bullen made the decision to finish her banking career after many years of service to the Strathmore **Community Bank**<sup>®</sup> Branch. Leanne Licastro then joined the team and Leanne has slotted into the team very well to ensure we had a seamless transition. I would like to thank our branch team, Helen, Malcolm, Hayley, Jake, Edwina, Sue, Nella and Leanne for all their efforts throughout the year as we strive to continue to deliver the best banking service we possibly can to our customers.

I would also like to thank our esteemed Chairman, Peter McKie and our Board of Directors who are all very supportive of the branch team and are always keen to help us to achieve our objectives.

Last but certainly not least, thank you to our shareholders who without you, the Strathmore **Community Bank**<sup>®</sup> Branch would not have been created back in 2001. Who would have known back then that after 14 years the Strathmore **Community Bank**<sup>®</sup> Branch would have contributed \$6 million back into our local community. My guess is no one would have envisaged this.



**Philip Stewart**  
**Branch Manager**

# Secretary's report

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For year ending 30 June 2015

As Company Secretary I am responsible for the overall governance of the company and for compliance and reports to the Australian Securities and Investments Commission (ASIC). The implementation of good governance practices has resulted in continued good management of Board processes and transparency for our shareholders. Our Board of Directors meet once a month and our shareholders are invited to attend our Annual General Meeting (AGM) in October. A part of my role is to manage all Board meetings ensuring all documentation is kept in compliance with the Corporations Act and importantly, to make sure any Directors' interests or conflicts of interest are recorded; I am pleased to report that we comply in every way and that the company's business is dealt with professionally at each monthly meeting.

The 2014/15 financial year has been another great year for Strathmore **Community Bank**<sup>®</sup> Branch. We continue to grow and strengthen within our community thanks to the support of loyal customers and shareholders.

This financial year we have given \$829,659 back to the local and wider community. This has been achieved through community grants, sponsorships and donations. Since we opened for business in July 2001 we have given support to 18 local schools and kindergartens, 69 of our local sporting clubs, 16 youth programs, aged care, health care, seven local service clubs and we have joined Moonee Valley City Council in several worthy partnerships. We have supported many charitable organisations including Bully Zero Foundation, Beyond Blue, Royal District Nursing Service, the National Breast Cancer Foundation, Walter and Eliza Hall Institute, Vision Australia, Relay for Life and Guide Dogs Victoria. We look forward to continuing to assist these groups as you continue to support our **Community Bank**<sup>®</sup> branch.

This year we have maintained our sponsorship of the Essendon Football Club Youth and Education program. The program includes Kinder Carnival, Literacy Programs, On The Ball and Train Like A Bomber. All programs focus on fun, fitness and coordination and are available free to kindergartens and schools in the North West Metropolitan area all year round. Our continued financial support ensures the success of these valuable programs for our young people.

We have sponsored another Guide Dog puppy – Harper. Harper is just a few months old and currently undergoing a five-month intensive training program before she will be matched with a person with a vision impairment, giving them the gift of freedom, independence and mobility.

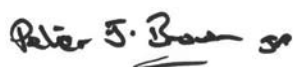
State Emergency Services Essendon Unit has been the recipient of our support for the past three years. Initially our support enabled the unit to replace their crew cab and provide some vital upgrading and replacement of old outdated equipment. Again this financial year we have given our annual sponsorship to assist them to provide emergency assistance to thousands of our community in their time of need.

We continue our annual support of the Royal Children's Hospital – Butterfly Ward with our five cots in this very special new born intensive care ward, a ward that provides the best neo natal care for the sickest babies and infants from Victoria, interstate and overseas; we are very proud to be able to help in our own special way.

We continue to oversee our "Low Volume Market" facilitating the trade of Strathmore Community Services Limited shares between shareholders and potential shareholders. If you would like to purchase or sell shares you can do so by going to [www.bendigobank.com.au/public/community/our-branches/strathmore/trading-shares-lvm](http://www.bendigobank.com.au/public/community/our-branches/strathmore/trading-shares-lvm).

You are welcome to call our corporate office on 9379 3042 if you require assistance.

Finally, we owe our success to our branch staff and you, our shareholders and customers, for this I thank you and look forward to celebrating our 15th birthday in 2016.



**Peter Brown, JP**  
**Company Secretary**

# Sponsorships, grants and donations

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1st Strathmore Scouts

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2nd Strathmore St Aidan's Scout Group

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A Thomson Environment Scholarship

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Aberfeldie Sports Club

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Airport West Football Club

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Anglicare Victoria

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Animal Aid

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Aquatics & Recreation Victoria

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Ave Maria Kindergarten

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Avondale Heights Football Club

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Bendigo Bank Bushfires Appeal

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Berry Street Playgroup

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Beyond Blue

---

Bionic Ear Institute

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Black Dog Ride

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Blue Mountains Bushfire Appeal

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Bonsai Northwest

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Broadmeadows Hospital Aged Care Unit

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Broadmeadows Sub District Cricket Club

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Broadmeadows Uniting Care

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Brotherhood of St Laurence

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Brumby's Babes

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Brunswick Cycling Club

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Bully Free Australia

---

Caroline Chisholm Society

---

Christ Church Anglican Kindergarten

---

Clifton Park Bowling Club

---

Coburg Lions Football Club

---

Coburg Special School

---

Cyclone Larry Appeal

---

Dads to Dads

---

Dads North West

---

Diabetes Victoria

---

Dorothy Impey Home

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Doutta Galla Ladies Probus

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Doutta Stars Football Club

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Edenhope and District Hospital

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Edith Bendall Lodge

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Essendon Baseball Club

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Essendon Bowls Club

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Essendon Camera Club

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Essendon Cricket Club

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Essendon Choral Society

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Essendon Croquet Club

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EDFL

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Essendon Football Club

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Essendon Lions Club

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Extreme Makeover Event

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Essendon Men's Senior Tennis Group

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Essendon Netball Club

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Essendon Primary School

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Essendon Retired Mens Tennis Club

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Essendon United Junior Soccer Club

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FC Strathmore Split

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Federation Retirement Village Glenroy

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Flemington Financial Services

---

Friends of Horseshoe Bend

---

Friends of Napier Park

---

Gladstone Park Cricket Club

---

Glenroy Football Club

---

Glenroy Sports Club

---

Glenroy Special School

---

Guide Dogs Victoria

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Hadfield Football Club

---

Haig Fawkner Cricket Club

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Heart Foundation Victoria

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Herd 11

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Hillside Football Club

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Jacana Cricket Club

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Keith Farquhar Rover Crew

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Kicking Goals For Xav

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Lions Club of Doutta Galla

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Local Footy Show

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Lort Smith Animal Hospital

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Lowther Hall

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Lyons Family Support Fund

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Mirabel Foundation

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Moonee Ponds Central School

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Macedon Ranges Adventure Playground

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Moonee Valley City Council

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Moonee Ponds Creek Coordination Committee Inc

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Moonee Valley Brass Band

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Moonee Valley Foundation

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Moonee Valley Outreach Program

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Moreland City Football Club

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Movember

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Mulberry Gardens Community Kitchen Garden

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National Breast Cancer

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Foundation - Fundraising Breakfast

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Niddrie Community Youth Club Inc

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Napier Concert Orchestra

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Neurofibromatosis Australia

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Niddrie Gymnastics

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North West Suburban Solicitors Association

---

North West Wolves

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Northern Golf Club

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Northern Obedience Dog Club

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Northern Saints Sports Club

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## Sponsorships, grants and donations (continued)

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

# Board of Directors

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**Seated, left to right:**

- Company Secretary – Peter Brown, JP
- Chairman – Peter McKie
- Kerri Osborne
- Michael Garafillis
- Craig Jenkins

**Standing:**

- Phil Lusher
- Treasurer – Glenn Clements



# Directors' report

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For the financial year ended 30 June 2015

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

## Directors

The following persons were Directors of Strathmore Community 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
<b>Peter McKie</b> Appointed 21/10/2003 Director	Manager	
<b>Glenn Clements</b> Appointed 11/03/2014 Director	Manager	
<b>Craig Jenkins</b> Appointed 15/07/2009 Director	Manager	
<b>Peter Brown</b> Appointed 18/10/2005 Director, Secretary	Newsagent	
<b>Kerri Osborne</b> Appointed 13/05/2009 Director	Education Consultant	
<b>Michael Garafillis</b> Appointed 13/05/2009 Director	Sales & Marketing Manager	
<b>Phillip Arnold Lusher</b> Appointed 11/03/2014 Director	Retired	

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

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

# Directors' report (continued)

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## Principal activities

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

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

## Review of operations

The profit of the company for the financial year after provision for income tax was \$18,285 (2014 profit: \$11,935), which is a 53% increase as compared with the previous year.

The net assets of the company have decreased to \$1,562,296 (2014: \$1,593,012). The decrease is mainly due to the increase of \$29,900 for Donations and Sponsorships to various Community Organisations.

## Dividends

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

	Year ended 30 June 2015	
	Cents Per Share	\$
Dividends paid in the year (final) dividend:	10	49,001

## Options

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

## Significant changes in the state of affairs

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

## Events subsequent to the end of the reporting period

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

## Remuneration report

### Remuneration policy

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

### Remuneration benefits and payments

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

# Directors' report (continued)

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## Remuneration report (continued)

### Remuneration benefits and payments (continued)

The Strathmore Community Services Limited has accepted the Bendigo and Adelaide Bank Limited's **Community Bank**<sup>®</sup> 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 utilise 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 2015. Peter Brown, as owner of the newsagency, received \$5,645 (2014:\$6,040) for providing printing and stationery items to the company under normal commercial terms and conditions. Glenn Clements, as owner of the business supplying promotional items, received \$19,525 (2014:\$40,071) for providing promotional items to the company under normal commercial terms and conditions.

### 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 incurred 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 were 12. Attendances by each Director during the year were as follows:

Director	Board meetings #	Audit Committee meetings #
Peter McKie	11 (12)	3 (3)
Glenn Clements	11 (12)	3 (3)
Craig Jenkins	7 (12)	N/A
Peter Brown	11 (12)	3 (3)
Kerri Osborne	12 (12)	N/A
Michael Garafillis	9 (12)	N/A
Phillip Arnold Lusher	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.

# Directors' report (continued)

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## **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**

Peter Brown has been the Company Secretary of Strathmore Community Services Limited since 2009.

Peter's qualifications and experience include owning and operating his own business and has held responsible positions for a number of community groups.

## **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 12 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 on 29 September 2015.



**Peter McKie**  
**Director**

# Auditor's independence declaration



Chartered Accountants

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

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

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

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

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

**RICHMOND SINNOTT & DELAHUNTY**  
Chartered Accountants

A handwritten signature in blue ink, appearing to read 'P.P. Delahunty'.

**P.P. Delahunty**  
Partner  
Bendigo

Dated at Bendigo, 29th September 2015

# Financial statements

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

	Note	2015 \$	2014 \$
Revenue	2	1,894,625	1,869,955
Employee benefits expense	3	(603,498)	(567,807)
Depreciation and amortisation expense	3	(43,063)	(46,574)
Bad and doubtful debts expense	3	(770)	24
Other expenses		(413,191)	(457,488)
<b>Operating profit before charitable donations and sponsorships</b>		<b>834,103</b>	<b>798,110</b>
Charitable donations and sponsorships		(818,439)	(788,539)
<b>Profit before income tax</b>		<b>15,664</b>	<b>9,571</b>
Tax expense / (benefit)	4	(2,621)	(2,364)
<b>Profit for the year</b>		<b>18,285</b>	<b>11,935</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>18,285</b>	<b>11,935</b>
Total comprehensive income attributable to:			
<b>Total Comprehensive Income attributable to members of the company</b>		<b>18,285</b>	<b>11,935</b>
<b>Earnings per share (cents per share)</b>			
- basic earnings per share	22	3.73	2.44

The accompanying notes form part of these financial statements.

# Financial statements (continued)

## Statement of Financial Position as at 30 June 2015

	Note	2015 \$	2014 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	1,062,264	1,195,268
Trade and other receivables	7	331,772	171,358
Income tax receivable	12	-	78,347
<b>Total current assets</b>		<b>1,394,036</b>	<b>1,444,973</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	259,423	290,029
Deferred tax assets	12	4,985	2,364
Intangible assets	9	10,000	20,000
<b>Total non-current assets</b>		<b>274,408</b>	<b>312,393</b>
<b>Total assets</b>		<b>1,668,444</b>	<b>1,757,366</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10	64,334	120,076
Provisions	11	41,814	44,278
<b>Total current liabilities</b>		<b>106,148</b>	<b>164,354</b>
<b>Total liabilities</b>		<b>106,148</b>	<b>164,354</b>
<b>Net assets</b>		<b>1,562,296</b>	<b>1,593,012</b>
<b>Equity</b>			
Issued capital	13	490,010	490,010
Retained earnings	14	1,072,286	1,103,002
<b>Total equity</b>		<b>1,562,296</b>	<b>1,593,012</b>

The accompanying notes form part of these financial statements.

# Financial statements (continued)

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

	Note	Issued capital \$	Retained earnings \$	Total equity \$
<b>Balance at 1 July 2013</b>		<b>490,010</b>	<b>1,140,068</b>	<b>1,630,078</b>
Profit for the year		-	11,935	11,935
Other comprehensive income for the year		-	-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>11,935</b>	<b>11,935</b>
<b>Transactions with owners, in their capacity as owners</b>				
Shares issued during the year		-	-	-
Dividends paid or provided	23	-	(49,001)	(49,001)
<b>Balance at 30 June 2014</b>		<b>490,010</b>	<b>1,103,002</b>	<b>1,593,012</b>
<b>Balance at 1 July 2014</b>		<b>490,010</b>	<b>1,103,002</b>	<b>1,593,012</b>
Profit for the year		-	18,285	18,285
Other comprehensive income for the year		-	-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>18,285</b>	<b>18,285</b>
<b>Transactions with owners, in their capacity as owners</b>				
Shares issued during the year		-	-	-
Dividends paid or provided	23	-	(49,001)	(49,001)
<b>Balance at 30 June 2015</b>		<b>490,010</b>	<b>1,072,286</b>	<b>1,562,296</b>

The accompanying notes form part of these financial statements.



# Financial statements (continued)

## Statement of Cash Flows for the year ended 30 June 2015

	Note	2015 \$	2014 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		2,044,313	2,006,323
Payments to suppliers and employees		(2,225,130)	(1,925,915)
Interest paid		(85)	(105)
Interest received		40,595	53,593
Income tax paid		58,761	(71,946)
<b>Net cash provided by operating activities</b>	<b>15</b>	<b>(81,546)</b>	<b>61,950</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(2,457)	(1,215)
<b>Net cash flows used in investing activities</b>		<b>(2,457)</b>	<b>(1,215)</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(49,001)	(49,001)
<b>Net cash used in financing activities</b>		<b>(49,001)</b>	<b>(49,001)</b>
<b>Net decrease in cash held</b>		<b>(133,004)</b>	<b>11,734</b>
Cash and cash equivalents at beginning of financial year		1,195,268	1,183,534
<b>Cash and cash equivalents at end of financial year</b>	<b>6</b>	<b>1,062,264</b>	<b>1,195,268</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

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For year ended 30 June 2015

These 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 29 September 2015.

## Note 1. Summary of significant accounting policies

### (a) Basis of preparation

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

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

#### Economic dependency

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**<sup>®</sup> branches.

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**<sup>®</sup> branches on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank**<sup>®</sup> branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

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

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank**<sup>®</sup> 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**<sup>®</sup> branch;
- Training for the Branch Managers and other employees in banking, management systems and interface protocol;

# Notes to the financial statements (continued)

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## Note 1. Summary of significant accounting policies (continued)

### (a) Basis of preparation (continued)

#### Economic dependency (continued)

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

### (b) Income tax

The income tax expense / (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) Fair value of assets and liabilities

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

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

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

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

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

# Notes to the financial statements (continued)

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## Note 1. Summary of significant accounting policies (continued)

### **(d) Property, plant and equipment**

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

#### Plant and equipment

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

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

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

#### Depreciation

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

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

<b>Class of asset</b>	<b>Depreciation rate</b>
Leasehold improvements	6.70%
Plant and equipment	13 - 17%

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.

### **(e) Leases**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset - but not the legal ownership - are transferred to the company, are classified as finance leases.

# Notes to the financial statements (continued)

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## Note 1. Summary of significant accounting policies (continued)

### **(e) Leases (continued)**

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

### **(f) Impairment of assets**

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

### **(g) Goods and services tax (GST)**

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

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

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

### **(h) Employee benefits**

#### Short-term employee benefits

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

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

# Notes to the financial statements (continued)

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## Note 1. Summary of significant accounting policies (continued)

### **(h) Employee benefits (continued)**

#### Other long-term employee benefits

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

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

### **(i) 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.

### **(j) Cash and cash equivalents**

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

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

### **(k) Revenue and other income**

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

Interest, dividend and fee revenue is recognised when earned.

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

### **(l) Trade and other receivables**

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

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

# Notes to the financial statements (continued)

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## Note 1. Summary of significant accounting policies (continued)

### **(m) Trade and other payables**

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

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

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

### **(o) New accounting standards for application in future periods**

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

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

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

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

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

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

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

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

"The core principle of the Standard is that an entity will recognise 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);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied."

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

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

# Notes to the financial statements (continued)

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## Note 1. Summary of significant accounting policies (continued)

### **(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 it is probable that the outflow of economic benefits will result and the outflow can be reliably measured.

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

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

### **(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 estimates are revised and in any future periods affected. The estimates and judgements that have a significant risk of causing material adjustments to the carrying values of assets and liabilities are as follows:

#### Estimation of useful lives of assets

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

#### Employee benefits provision

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

#### Income tax

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



# Notes to the financial statements (continued)

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## Note 1. Summary of significant accounting policies (continued)

### (t) Critical accounting estimates and judgements (continued)

#### 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.

### (u) 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 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.

# Notes to the financial statements (continued)

## Note 1. Summary of significant accounting policies (continued)

### (u) Financial instruments (continued)

#### Impairment (continued)

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.

#### Derecognition

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

	2015 \$	2014 \$
<b>Note 2. Revenue and other income</b>		
Revenue		
- services commissions	1,853,884	1,838,140
	<b>1,853,884</b>	<b>1,838,140</b>
Other revenue		
- interest received	40,595	31,507
- other revenue	146	308
	<b>40,741</b>	<b>31,815</b>
<b>Total revenue</b>	<b>1,894,625</b>	<b>1,869,955</b>

## Notes to the financial statements (continued)

	2015 \$	2014 \$
<b>Note 3. Expenses</b>		
Employee benefits expense		
- wages and salaries	327,841	309,676
- secondment salaries	223,138	214,569
- superannuation costs	51,440	42,684
- workfare	1,079	878
- other costs	-	-
	<b>603,498</b>	<b>567,807</b>
Depreciation of non-current assets:		
- plant and equipment	33,063	36,574
Amortisation of non-current assets:		
- intangible assets	10,000	10,000
	<b>43,063</b>	<b>46,574</b>
Finance costs:		
- Interest paid	-	-
Bad debts	770	(24)

## Note 4. Tax expense

a. The components of tax expense/(income) comprise

- current tax expense/(income)	(2,621)	(2,364)
- deferred tax expense/(income) relating to the origination and reversal of temporary differences	-	-
- recoupment of prior year tax losses		
- adjustments for under/(over)-provision of current income tax of previous years	-	-
	<b>(2,621)</b>	<b>(2,364)</b>

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%)	4,699	2,871
Add tax effect of:		
- Adjustments in respect of current income tax of previous year	-	-
- Utilisation of previously unrecognised carried forward tax losses	-	-
- Timing differences	(7,320)	(5,235)
<b>Current income tax expense</b>	<b>(2,621)</b>	<b>(2,364)</b>
<b>Income tax attributable to the entity</b>	<b>(2,621)</b>	<b>(2,364)</b>

## Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 4. Tax expense (continued)		
The applicable weighted average effective tax rate is	-16.73%	-24.70%

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

### Note 5. Auditors' remuneration

Remuneration of the Auditor for:

- Audit or review of the financial report	4,499	4,200
- Share registry services	1,864	3,718
	<b>6,363</b>	<b>7,918</b>

### Note 6. Cash and cash equivalents

<b>Cash at bank and on hand</b>	<b>1,062,264</b>	<b>1,195,268</b>
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The average effective interest rate on short-term bank deposits was 2.8% (2014: 3.4%); these deposits have an average maturity of 182 days.

### Note 7. Trade and other receivables

#### Current

Trade debtors	164,367	169,408
Prepayments	167,405	1,950
	<b>331,772</b>	<b>171,358</b>

#### 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.

# Notes to the financial statements (continued)

## Note 7. Trade and other receivables (continued)

### Credit risk (continued)

	Gross amount	Past due and impaired	Past due but not impaired			Not past due
			< 30 days	31-60 days	> 60 days	
<b>2015</b>						
Trade receivables	164,367	-	-	-	-	164,367
Other receivables	167,405	-	-	-	-	167,405
<b>Total</b>	<b>331,772</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>331,772</b>
<b>2014</b>						
Trade receivables	169,408	-	-	-	-	169,408
Other receivables	1,950	-	-	-	-	1,950
<b>Total</b>	<b>171,358</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>171,358</b>

**2015**  
**\$**

**2014**  
**\$**

## Note 8. Property, plant and equipment

### Leasehold improvements

At cost	462,996	462,996
Less accumulated depreciation	(208,859)	(177,891)
	<b>254,137</b>	<b>285,105</b>

### Plant and equipment

At cost	66,902	64,445
Less accumulated depreciation	(61,616)	(59,521)
	<b>5,286</b>	<b>4,924</b>

**Total written down amount** **259,423** **290,029**

### Leasehold improvements

Balance at the beginning of the reporting period	285,105	316,073
Depreciation expense	(30,968)	(30,968)
<b>Balance at the end of the reporting period</b>	<b>254,137</b>	<b>285,105</b>

### Plant and equipment

Balance at the beginning of the reporting period	4,924	9,429
Additions	2,457	1,101
Depreciation expense	(2,095)	(5,606)
<b>Balance at the end of the reporting period</b>	<b>5,286</b>	<b>4,924</b>

## Notes to the financial statements (continued)

	2015 \$	2014 \$
<b>Note 9. Intangible assets</b>		
<b>Franchise fee</b>		
At cost	50,000	50,000
Less accumulated amortisation	(40,000)	(30,000)
	<b>10,000</b>	<b>20,000</b>
<b>Total intangible assets</b>	<b>10,000</b>	<b>20,000</b>
<b>Movements in carrying amounts</b>		
<b>Franchise fee</b>		
Balance at the beginning of the reporting period	20,000	30,000
Amortisation expense	(10,000)	(10,000)
<b>Balance at the end of the reporting period</b>	<b>10,000</b>	<b>20,000</b>

## Note 10. Trade and other payables

<b>Current</b>		
Unsecured liabilities:		
Trade creditors	34,179	75,525
Other creditors and accruals	30,155	44,551
	<b>64,334</b>	<b>120,076</b>

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

## Note 11. Provisions

<b>Employee benefits</b>	<b>41,814</b>	<b>44,278</b>
<b>Movement in employee benefits</b>		
Opening balance	44,278	34,885
Additional provisions recognised	-	9,393
Amounts utilised during the year	(2,464)	-
<b>Closing balance</b>	<b>41,814</b>	<b>44,278</b>
<b>Current</b>		
Annual leave	13,737	15,060
Long-service leave	28,077	29,218
	<b>41,814</b>	<b>44,278</b>
<b>Total provisions</b>	<b>41,814</b>	<b>44,278</b>

# Notes to the financial statements (continued)

## Note 11. Provisions (continued)

### Provision for employee benefits

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

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

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

	2015 \$	2014 \$
<b>Note 12. Tax balances</b>		
(a) Tax assets		
Current		
Income tax receivable		78,347
	-	<b>78,347</b>
Non-current		
Deferred tax asset comprises:		
- tax losses carried forward	4,985	2,364
- Provisions	-	-
	<b>4,985</b>	<b>2,364</b>

## Note 13. Share capital

490,010 Ordinary shares fully paid	490,010	490,010
Less: Equity raising costs	-	-
	<b>490,010</b>	<b>490,010</b>

### Movements in share capital

Fully paid ordinary shares:

At the beginning of the reporting period	490,010	490,010
Shares issued during the year	-	-
<b>At the end of the reporting period</b>	<b>490,010</b>	<b>490,010</b>

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.

# Notes to the financial statements (continued)

## Note 13. Share capital (continued)

### Capital management

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

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

(i) the Distribution Limit is the greater of:

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

(b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

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

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

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

	2015 \$	2014 \$
<b>Note 14. Retained earnings</b>		
Balance at the beginning of the reporting period	1,103,002	1,140,068
Dividends	(49,001)	(49,001)
Profit after income tax	18,285	11,935
<b>Balance at the end of the reporting period</b>	<b>1,072,286</b>	<b>1,103,002</b>

## Note 15. Statement of Cash Flows

### Reconciliation of cash flow from operations with profit after income tax

Profit after income tax	18,285	11,935
Non cash flows in profit		
- Depreciation	33,063	36,574
- Amortisation	10,000	10,000



# Notes to the financial statements (continued)

	2015	2014
	\$	\$
Note 15. Statement of Cash Flows (continued)		
Changes in assets and liabilities		
- (Increase) decrease in receivables	(160,414)	(66,593)
- (Increase) decrease in income tax receivable	78,347	115
- (Increase) decrease in deferred tax asset	(2,621)	(2,364)
- Increase (decrease) in payables	(55,742)	62,890
- Increase (decrease) in provisions	(2,464)	9,393
<b>Net cash flows from/(used in) operating activities</b>	<b>(81,546)</b>	<b>61,950</b>

## 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.

### (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. No Director fees have been paid as the positions are held on a voluntary basis. “

Peter Brown, as owner of the newsagency, received \$5,645 (2014:\$6,040) for providing printing and stationery items to the company under normal commercial terms and conditions. Glenn Clements, as owner of the business supplying promotional items, received \$19,525 (2014:\$40,071) for providing promotional items to the company under normal commercial terms and conditions.

The Strathmore Community Services Limited has accepted the Bendigo and Adelaide Bank Limited's **Community Bank**<sup>®</sup> 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 utilise 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 2015.

# Notes to the financial statements (continued)

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## Note 16. Related party transactions (continued)

### (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:

	2015	2014
Peter McKie	7,000	7,000
Glenn Clements	3,000	3,000
Craig Jenkins	7,701	7,701
Peter Brown	2,000	1,000
Kerri Osborne	1,000	1,000
Michael Garafillis	2,000	2,000
Phillip Arnold Lusher	-	-

There was movement in key management personnel shareholdings during the year. Peter Brown increased his holding by 1000 Shares. 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 contingent 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 (2014: 100%).

## Notes to the financial statements (continued)

	2015 \$	2014 \$
<b>Note 20. Leases</b>		
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the Statement of Financial Position.		
Payable - minimum lease payments		
- no later than 12 months	81,429	60,991
- between 12 months and five years	81,429	51,645
	<b>162,858</b>	<b>112,636</b>

The property leases are non-cancellable leases with a five year and three year term, with rent payable monthly in advance.

### Note 21. Company details

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

### Note 22. 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:

	2015 \$	2014 \$
<b>Profit after income tax expense</b>	<b>18,285</b>	<b>11,935</b>
<b>Weighted average number of ordinary shares for basic and diluted earnings per share</b>	<b>490,010</b>	<b>490,010</b>

### Note 23. Dividends paid or provided for on ordinary shares

<b>Final fully franked ordinary dividend of 10 cents per share (2014: 10 cents) franked at the tax rate of 30% (2014: 30%).</b>	<b>49,001</b>	<b>49,001</b>
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# Notes to the financial statements (continued)

## Note 24. 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 \$
<b>Financial assets</b>			
Cash and cash equivalents	6	1,062,264	1,195,268
Trade and other receivables	7	331,772	171,358
<b>Total financial assets</b>		<b>1,394,036</b>	<b>1,366,626</b>
<b>Financial liabilities</b>			
Trade and other payables	10	64,334	120,076
<b>Total financial liabilities</b>		<b>64,334</b>	<b>120,076</b>

### 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.

# Notes to the financial statements (continued)

## Note 24. Financial risk management (continued)

### (a) Credit risk (continued)

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

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 \$
<b>Cash and cash equivalents:</b>		
A rated	1,062,264	1,195,268

### (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.

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

Financial liability and financial asset maturity analysis:

30 June 2015	Note	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
<b>Financial liabilities due for payment</b>					
Trade and other payables	10	64,334	64,334	-	-
<b>Total expected outflows</b>		<b>64,334</b>	<b>64,334</b>	-	-
<b>Financial assets - cash flows realisable</b>					
Cash and cash equivalents	6	1,062,264	1,062,264	-	-
Trade and other receivables	7	331,772	331,772	-	-
<b>Total anticipated inflows</b>		<b>1,394,036</b>	<b>1,394,036</b>	-	-
<b>Net (outflow)inflow on financial instruments</b>		<b>1,329,702</b>	<b>1,329,702</b>	-	-

## Notes to the financial statements (continued)

### Note 24. Financial risk management (continued)

#### (b) Liquidity risk (continued)

30 June 2014	Note	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
<b>Financial liabilities due for payment</b>					
Trade and other payables	10	120,076	120,076	-	-
<b>Total expected outflows</b>		<b>120,076</b>	<b>120,076</b>	-	-
<b>Financial assets - cash flows realisable</b>					
Cash and cash equivalents	6	1,195,268	1,195,268	-	-
Trade and other receivables	7	171,358	171,358	-	-
<b>Total anticipated inflows</b>		<b>1,366,626</b>	<b>1,366,626</b>	-	-
<b>Net (outflow)/inflow on financial instruments</b>		<b>1,246,550</b>	<b>1,246,550</b>	-	-

#### (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.

#### 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 \$
<b>Year ended 30 June 2015</b>		
+/- 1% in interest rates (interest income)	10,623	10,623
	<b>10,623</b>	<b>10,623</b>
<b>Year ended 30 June 2014</b>		
+/- 1% in interest rates (interest income)	11,953	11,953
	<b>11,953</b>	<b>11,953</b>

# Notes to the financial statements (continued)

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Note 24. Financial risk management (continued)

**(c) Market risk (continued)**

Sensitivity analysis (continued)

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

The company has no exposure to fluctuations in foreign currency.

**(d) Price risk**

The company is not exposed to any material price risk.

Fair values

The fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position.

# Directors' declaration

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

1. the financial statements and notes, as set out on pages 13 to 38 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.



**Peter McKie**  
**Director**

Signed at Strathmore, Victoria on 29 September 2015.



# Independent audit report



**Richmond  
Sinnott &  
Delahunty**

Chartered Accountants

Level 2, 10-16 Forest Street  
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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 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company at the year's end.

### *Directors' Responsibility for the Financial Report*

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

## Independent audit report (continued)

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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 2015 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

### **RICHMOND SINNOTT & DELAHUNTY**

Chartered Accountants



**P. P. Delahunty**  
Partner

Dated at Bendigo, 29<sup>th</sup> September 2015

Strathmore **Community Bank**<sup>®</sup> Branch  
337 Napier Street, Strathmore VIC 3041  
Phone: (03) 9374 2607 Fax: (03) 9374 3542

Franchisee: Strathmore Community Services Limited  
5 Lloyd Street, Strathmore VIC 3041  
Phone: (03) 9379 3042  
ABN: 84 096 122 459

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