Annual Report 2015

Warrandyte Community Financial Services Limited

ABN 70 102 635 147

Warrandyte **Community Bank**® Branch

Contents

Chairman's report

For year ending 30 June 2015

What a year it has been!

With Warrandyte Community Financial Services Limited (WCFSL) undergoing a number of changes from Directors, staff, focus and strategic approach, there is a lot to look forward to over the coming years.

I shall start from the top: at its annual strategy day, your Board revised WCFSL's vision and mission statements to be more in line with our renewed focus and aims:

Vision

To be the trusted Bank where all the local community does business with us for our customers' and community's direct benefit.

Mission

We will strengthen our community by building a profitable business that benefits our customers, community, staff and shareholders.

The vision and mission is supported by the values by which the Director's and staff operate. These values include Integrity, Community Focus, Performance and Leadership and Teamwork.

As you will be aware, I stepped into the role of Chairman in January this year following Sarah Wrigley's retirement as a Director and Chairman, a role that Sarah sculptured over the past six years. Since my appointment in January there have been many challenges faced by the Bank and many long and challenging nights around the Board table but I am pleased to report that your company is already showing the results from all the hard work put in by all Directors and staff. I feel very privileged by the fact that I can be so heavily involved in the local community, from running my own local business, responding to fires and other emergencies in our local area as 2nd Lieutenant of South Warrandyte Fire Brigade to being involved with a number of valued groups and projects around the area. As Chairman of your **Community Bank**® company I get to do what I know many others would love to do; live and breathe community. This is what makes the involvement with WCFSL for myself and the other Directors so rewarding.

Earlier this year the Board reviewed the operating model of the branch and concluded that a Customer Relationship Manager would help our team continue to "spruik" our good work. It was following this review that we appointed our new Customer Relationship Manager, Cheryl Meikle. Cheryl has a focus on customer and community engagement, as well as assisting our Branch Manager Mark Challen.

Independently of the Board's review, and as many of you know, Mark recently advised the Board that he felt it time to move on. Mark's decision to leave us after 12.5 years was a blow but it was clear that Mark's mind was made up; his desire to replicate his success at Warrandyte was high on his bucket list. I know you will join me in wishing Mark well and on behalf of the Board, shareholders and customers, I thank him sincerely for his dedication in making our branch what it is today.

Further changes have also occurred to our valuable support staff with the appointment of Deanne Dickson to continue Kerry Podmore's excellent work as Assistant to the Board and Marketing Committee and the appointment of Jacqui Thompson as Assistant to the Company Secretary carrying on Karin Walford's outstanding work. Despite Kerry finishing with WCFSL a little while ago I, on behalf of the Board, would like to thank both Kerry and Karin for the exceptional work they have both done for our branch and our community for so many years.

Chairman's report (continued)

During the year we have had some changes to the Board following the retirement of Directors, Sarah Wrigley, Julie O'Neill and Ian McMillan as life moves them in other directions and we welcomed Joanne Hammond and Cliff Dawson as new Directors. I take this opportunity to thank the outgoing Directors for their commitment and exceptional volunteer work with our branch and welcome Joanne and Cliff to their new home away from home.

I cannot shy away from the reason that myself as Chairman and our Directors spend hundreds upon hundreds of volunteer hours governing and building our Warrandyte **Community Bank**® Branch. We are here to put back into our local community of Warrandyte and surrounds. The passion that drives us to do this, also drives our passion to grow a profitable local business. Talking of driving, you may have seen our new Warrandyte **Community Bank**® Branch car parked outside the branch or driving around as the team visit our current and potential customers – give them a wave or better still, flag them down to make an appointment about your banking needs!

We are excited about the future of our **Community Bank**® branch. We have an amazing team of Directors, assistants and staff in the Warrandyte **Community Bank**® Branch and it is with great pride that I continue to lead the future of our Bank.

But what can you do to assist our community?

This is not a rhetorical question. This is a call to arms. A request to make a difference!

As Directors and staff we can only tell our story so many times (despite us never ceasing to tell our story) but what we rely on is you! You are our advocates; you are those experiencing the work we do from the receiving end. We urge you to tell our story, consider how else you can make the Greater Warrandyte area an even better place to live by ultimately referring customers to us. Remember, we put back a direct sum of our profit into the local community and it is the reason we exist! Who else do you know can say that?

To emphasise the point of how our profit returns have been used, below are just some of the projects that WCFSL have been involved in this year:

Manningham SES - Inflatable Rescue Boat
An inflatable rescue boat is an essential and important piece of Manningham SES' range of life saving equipment. Receiving a Warrandyte **Community Bank**® Branch grant of $18,254.60 this year ensured they were able to replace a very old rescue boat with a new up to date model, to be used in emergency situations. Manningham SES provides rescue services for a large part of the Yarra River from Wonga Park to Dight's Falls in Abbotsford and requires two rescue boats on the water in any situation.

Wonga Park Primary – Raising the Roof project
Wonga Park Primary School has been able to complete stage one of its Raising the Roof project. A $35,000 grant enabled the school to build the framework and raise the roof over an existing basketball court. The undercover area is used for physical education, general play, before school tennis, after school basketball training, Outside School Hours Care (OSHC) outdoor activities and community events.

Park Orchards Primary School – Running Track
February 23 saw the official opening of the new running track at Park Orchards Primary School (POPS). In a joint submission with the Lions Club of Park Orchards, POPS received a Warrandyte **Community Bank**® Branch grant of $33,000 making the school's dream a reality. The two lane synthetic running track has been a hit with the school's children who have been putting it to the test ever since.

Greater Warrandyte CFAs – Thermal Imaging Cameras
A grant of $42,900 enabled the Greater Warrandyte CFA brigades to purchase much needed thermal imaging equipment. This is a huge asset for the whole community as it enables firefighters to check for hotspots which could reignite fires, locate persons in burning structures or for search and rescue missions that were previously unseen or difficult to detect.

The thermal imaging cameras have already come to good use notably in a fire at the Grand Hotel on Sunday March 29. The South Warrandyte CFA was also called to help in the search for missing boy, Luke Shambrook at Lake Eildon using the thermal imaging camera earlier in the year.

Chairman's report (continued)

Scholarships

In 2015, six local students were able to kick-start their further education with a scholarship from Warrandyte **Community Bank**® Branch. Maddy Edsell, Josh White and Zac Ratcliffe were announced as this year's scholarship recipients and joined Mitch Dawson, Nik Henkes and Josh McMullen in their second year of financial support. With $10,000 each over two years to pay for study related expenses such as course fees, equipment, book and travel expenses a scholarship can help ease some of the financial burden of tertiary education.

Warrandyte Community Emergency Response Fund

The Emergency Response Fund was created to provide essential and urgent assistance to residents of Greater Warrandyte following an emergency event such as fire or flood.

Funds will be dispersed by Manningham Community Health Services Ltd who will assess the needs of local residents and provide appropriate health, wellbeing and financial assistance as required.

Aaron Farr
Chairman

Manager's report

For year ending 30 June 2015

During our 12th year of operation, we have seen a challenging banking environment which has put pressure on our ability to maintain our current business volumes.

Some of the challenges are as a result of changes in demographics within the community with customers downsizing residences and repayment of loans. This together with the low interest rates and increased debt reduction affects both our lending volumes and depositor / investors.

However, we to continue to satisfy our customers' needs by offering different types of insurance cover to provide 'peace of mind' and mitigate the risk of being under insured in the event of any unforeseen circumstances.

It was pleasing to see community contributions continue to increase, reaching a total of $1.7 million since the branch's opening in 2003. Thank you for making this possible.

Some of the projects where the Warrandyte **Community Bank**® Branch has been able to make a difference include the funding towards the construction of a roof over the basketball court at Wonga Park Primary School, the construction of a jogging track at Park Orchards Primary School and the purchase of an inflatable rescue boat for the Manningham SES. All of these projects would not have been completed within the short time frame without the support of the Warrandyte **Community Bank**® Branch.

During the year, it came to the branch's notice that our neighbours in Wonga Park had lost their ATM following the withdrawal of this service by a major competitor. So with community in mind and to assist with banking services, the Warrandyte **Community Bank**® Branch installed an ATM at Wonga Park Cellars and General Store providing much needed access to banking for Wonga Park residents.

The past year saw the resignation of staff members Nikie McKee, Diane Cooper and Hayley Byrnes. We thank them for their dedicated service and loyalty to the Warrandyte **Community Bank**® Branch over many years which has contributed to the success of the branch.

The branch also saw a recent operating model re-structure which created the new position of Customer Relationship Manager to assist with our increasing community engagement and marketing. Cheryl Meikle joined us in June as our Customer Relationship Manager and with Cheryl's community focus and customer service skills I know she will be a great asset to the branch.

Simone Kleinys also joined the team as a part time Customer Service Officer in May. These new members of the team will complement the continued efforts of Gavan, Linda and Phun who returned from maternity leave in December last year.

I would like to thank all of the staff past and present and the Board who all strive towards building a bigger and better Warrandyte **Community Bank**® Branch.

We all want to continue to increase the contributions made to the local communities by being advocates. Sometimes by asking a simple question such as 'if you are not banking with the Warrandyte **Community Bank**® Branch why not, when your banking helps to build a better community?' This simple question often helps to understand the model of banking that we operate.

Our products and rates are extremely competitive and our personalised service gives us that point of difference. Together with the addition of contributing back to the local community it adds up to be a win-win for everyone!

I hope you all know that Bendigo and Adelaide Bank was awarded 'Business Bank' of the year for the 4th consecutive year demonstrating another area where we lead the sector, so come in and talk to us about any commercial transaction that you may be contemplating.

Manager's report (continued)

If it is a business or home loan, finance for a motor vehicle, insurance or financial advice or commercial banking, we welcome your call to arrange a discussion at a time and place convenient to you.

Finally, as many of you know, I have tendered my resignation and will leave Warrandyte **Community Bank**® Branch in November. It has been a wonderful 12 plus years and I'm very proud to have led a team who have helped provide over $1.7 million back to the community. Whilst I leave during challenging times I am confident that your Board and the team in your branch will continue to provide the banking products and services that you have enjoyed and that the community will continue to prosper and grow.

Mark Challen
Branch Manager

Directors' report

For the financial year ended 30 June 2015

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

Directors

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

Name and position held	Qualifications	Experience and other Directorships
Aaron Michael William Farr Chairman	B.Com, Grad Dip LP, LL.B	Lawyer
Darren Maurice Ryding Director and Treasurer	B Bus (Accounting) FCPA	Experience in franchising, retail hospitality, automotive after sales and financial industries
John Shaw Director	FAICD, B App. Sc CPA, M.App. Sc.	Senior management experience in both the private Sector and Government
John Gary Provan Director	Registered Building Practioner	Experience in Commercial and Domestic construction
Matthew Clive Wilson Director	B Bus	Risk management and insurance, finance and general business
Colin Caulfield Director	B Bus	Senior management experience in strategic planning, local and international distribution and financial, sales and staff management
Monica Isobel Piery Director		Boards and Committee Officer - experience in company public companies
Sarah Wrigley Resigned 31 December 2014 Chairman	BMS, GAICD QPMR	Board member Royal Botanic Gardens Board member Market Research Industry Association Market Research Consultant for over 25 years
Ian Thomas Mc Millan Appointed 10 October 2014 Director		Retired
Julie O'Neil Appointed 22 December 2014 Resigned 24 March 2015 Director	B Bus (Accounting) CPA	Senior Compliance Officer

Directors (continued)

Name and position held	Qualifications	Experience and other Directorships
Joanne Elizabeth Hammond Appointed 21 June 2015 Director	BA Hons DipM	Communications Co-ordinator
Cliff Dawson Appointed 8 September 2015 Director	B Ec FCA CFP	Extensive experience in Public Practice as Business Advisor, Tax Agent and Registered Company Auditor. Certified Financial Planner and Licensed Advisor.

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 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 $73,215 (2014 profit: $92,701), which is a 20% decrease compared with the previous year. The decrease was principally due to lower income from banking revenue and interest received on investments.

The net assets of the company have decreased to $1,257,427 (2014: $1,265,747).

Dividends

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

	Year ended 30 June 2015	
	Cents Per Share	$
Final Dividend paid in the year	12	81,535

Options

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

Significant changes in the state of affairs

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

Events subsequent to the end of the reporting period

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

Remuneration report

Remuneration policy

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

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

i. Attends a minimum of six face-to-face Board meetings; and

ii. Attends the Annual General Meeting and one other **Community Bank®** forum; and

iii. Attends the Board retreat / planning day.

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

i. each Director of the company may receive $1,000,and

ii. each office bearer of the company may receive $2,000.

	2015
Aaron Michael William Farr	3,000
Darren Maurice Ryding	4,000
John Shaw	2,000
John Gary Provan	2,000
Matthew Clive Wilson	4,000
Colin Caulfield	2,000
Monica Isobel Piery	2,000
Sarah Wrigley	3,000
Ian Thomas Mc Millan	1,000
Julie O'Neil	-
Joanne Elizabeth Hammond	-
	23,000

Some Directors have elected to receive no remuneration and others were paid in excess of the prescribed levels due to adjustments for prior years.

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.

Indemnifying Officers or Auditor (continued)

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

Director	Board Meetings #	Audit Committee Meetings #
Aaron Michael William Farr	9 (11)	3 (4)
Darren Maurice Ryding	11 (11)	4 (4)
John Shaw	9 (9)	3 (3)
John Gary Provan	8 (11)	N/A
Matthew Clive Wilson	9 (11)	N/A
Colin Caulfield	11 (11)	N/A
Monica Isobel Piery	10 (11)	3 (4)
Sarah Wrigley	5 (6)	2 (2)
Ian Thomas Mc Millan	7 (7)	N/A
Julie O'Neil	1 (2)	N/A
Joanne Elizabeth Hammond	0 (0)	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 regulations.

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

John Shaw has been the Company Secretary of Warrandyte Community Financial Services Limited since 30 August 2011.

Mr Shaw is a Fellow of the Australian Institute of Company Directors, CPA, M. App. Sc. and has experience in Senior Management in both the Private Sector and Government Business Enterprises.

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 Warrandyte on 15 September 2015.

Aaron Michael William Farr
Chairman

Auditor's independence declaration

Richmond Sinnott & Delahunty
Chartered Accountants

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015 there have 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

P.P. Delahunty
Partner
Bendigo
Dated at Bendigo, 15th September 2015

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Financial statements

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

	Note	2015 $	2014 $
Revenue	2	1,341,052	1,362,428
Employee benefits expense	3	(451,609)	(427,807)
Depreciation and amortisation expense	3	(33,579)	(40,070)
Bad and doubtful debts expense	3	(291)	(846)
Rental expense		(76,012)	(72,179)
Other expenses	3	(261,767)	(237,649)
Operating profit before charitable donations & sponsorships		**517,794**	**583,877**
Charitable donations and sponsorships		(409,359)	(449,842)
Profit before income tax		**108,435**	**134,035**
Tax expense	4	35,220	41,334
Profit for the year		**73,215**	**92,701**
Other comprehensive income		-	-
Total comprehensive income for the year		**73,215**	**92,701**
Profit attributable to members of the company		73,215	92,701
Total comprehensive income attributable to members of the company		**73,215**	**92,701**
Earnings per share (cents per share)			
- basic for profit for the year	24	10.78	13.64

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2015

	Note	2015 $	2014 $
Assets			
Current assets			
Cash and cash equivalents	6	155,914	52,189
Investments and other financial assets	7	850,524	923,098
Trade and other receivables	8	111,646	128,010
Current tax receivable	13	3,673	12,763
Total current assets		**1,121,757**	**1,116,060**
Non-current assets			
Property, plant and equipment	9	170,970	164,283
Deferred tax assets	13	14,862	13,257
Intangible assets	10	40,585	54,429
Total non-current assets		**226,417**	**231,969**
Total assets		**1,348,174**	**1,348,029**
Liabilities			
Current liabilities			
Trade and other payables	11	33,468	26,368
Provisions	12	55,383	47,036
Total current liabilities		**88,851**	**73,404**
Non current liabilities			
Provisions	12	1,895	8,878
Total non current liabilities		**1,895**	**8,878**
Total liabilities		**90,746**	**82,282**
Net assets		**1,257,428**	**1,265,747**
Equity			
Issued capital	14	657,286	657,286
Retained earnings	15	600,141	608,461
Total equity		**1,257,427**	**1,265,747**

The accompanying notes form part of these financial statements.

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

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2013		**657,286**	**597,295**	**1,254,581**
Profit for the year		-	92,701	92,701
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		**-**	**92,701**	**92,701**
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	24	-	(81,535)	(81,535)
Balance at 30 June 2014		**657,286**	**608,461**	**1,265,747**
Balance at 1 July 2014		**657,286**	**608,461**	**1,265,747**
Profit for the year		-	73,215	73,215
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		**-**	**73,215**	**73,215**
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	24	-	(81,535)	(81,535)
Balance at 30 June 2015		**657,286**	**600,141**	**1,257,427**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2015

	Note	2015 $	2014 $
Cash flows from operating activities			
Receipts from customers		1,427,106	1,450,334
Payments to suppliers and employees		(1,291,716)	(1,327,166)
Interest received		31,453	34,914
Income tax paid		(27,735)	(77,471)
Net cash provided by operating activities	**16**	**139,108**	**80,611**
Cash flows from investing activities			
Purchase of property, plant & equipment		(26,422)	(15,397)
Proceeds from sale of investments		72,574	(127,088)
Net cash flows used in investing activities		**46,152**	**(142,485)**
Cash flows from financing activities			
Repayment of borrowings		-	(623)
Dividends paid		(81,535)	(81,535)
Net cash used in financing activities		**(81,535)**	**(82,158)**
Net increase/(decrease) in cash held		**103,725**	**(144,032)**
Cash and cash equivalents at beginning of financial year		52,189	196,221
Cash and cash equivalents at end of financial year	**6**	**155,914**	**52,189**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2015

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

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

The financial statements were authorised for issue by the Directors on 15 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®** branch at Warrandyte.

The branch operates 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®** branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank®** branch are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

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

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

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

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Economic dependency (continued)

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

(b) Income tax

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

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

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

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

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

(c) Fair value of assets and liabilities

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

Fair value is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (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.

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 rate used for each class of depreciable asset is:

Class of asset	Depreciation rate
Leasehold improvements	5-40%
Plant & equipment	5-50%
Moror vehicle	12.50%

The residual values and useful lives of assets 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.

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 employee renders 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 obligations 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.

Note 1. Summary of significant accounting policies (continued)

(h) Employee benefits (continued)

<u>Other long-term employee benefits</u>

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

(j) Cash and cash equivalents

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

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

(k) Revenue and other income

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

Interest, dividend and fee revenue is recognised when earned.

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

(l) Trade and other receivables

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

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

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.

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.

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.

Note 1. Summary of significant accounting policies (continued)

(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.

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.

Note 1. Summary of significant accounting policies (continued)

(u) Financial instruments (continued)

Impairment (continued)

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

Derecognition

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

	2015 $	2014 $

Note 2. Revenue and other income

	2015 $	2014 $
Revenue		
- services commissions	1,313,586	1,327,695
	1,313,586	**1,327,695**
Other revenue		
- interest received	27,466	34,733
	27,466	**34,733**
Total revenue	**1,341,052**	**1,362,428**

Note 3. Expenses

	2015 $	2014 $
Employee benefits expense		
- wages and salaries	386,677	375,916
- superannuation costs	35,798	33,876
- other costs	29,134	18,015
	451,609	**427,807**
Depreciation of non-current assets:		
- plant and equipment	19,735	26,226
Amortisation of non-current assets:		
- intangible assets	13,844	13,844
	33,579	**40,070**
Bad debts	**291**	**846**

	2015 $	2014 $

Note 3. Expenses (continued)

Other expenses

	2015 $	2014 $
- insurance	14,938	14,600
- printing and stationery	11,273	14,349
- IT equipment Lease	25,235	27,513
- IT running costs	5,800	5,122
- IT support costs	18,385	17,745
- franchise renewal fees	13,844	13,844
- electricity and gas	6,425	6,649
- repairs and maintenance	1,295	3,315
- rates	4,453	6,685
- telephone	7,466	7,616
- marketing	36,554	13,089
- other	116,099	107,122
	261,767	**237,649**

Note 4. Tax expense

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

	2015 $	2014 $
- current tax expense	36,825	39,468
- deferred tax expense relating to the origination and reversal of temporary differences	(1,605)	1,866
- recoupment of prior year tax losses	-	-
- adjustments for under/(over)-provision of current income tax of previous years	-	-
	35,220	**41,334**

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

	2015 $	2014 $
Prima facie tax on profit before income tax at 30% (2014: 30%)	32,530	40,211
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	2,690	1,123
Current income tax expense	**35,220**	**41,334**
Income tax attributable to the entity	**35,220**	**41,334**
The applicable weighted average effective tax rate is	32.48%	30.84%

Notes to the financial statements (continued)

	2015 $	2014 $

Note 5. Auditors' remuneration

	2015 $	2014 $
Remuneration of the Auditor for:		
- Audit or review of the financial report	4,430	4,300
- Share registry services	3,130	3,108
	7,560	**7,408**

Note 6. Cash and cash equivalents

	2015 $	2014 $
Cash at bank and on hand	155,914	52,189
	155,914	**52,189**

Note 7. Investments and other financial assets

	2015 $	2014 $
Current		
Loans and receivables:		
- Australian term deposits > 3 months	850,524	923,098
	850,524	**923,098**

Note 8. Trade and other receivables

	2015 $	2014 $
Current		
Trade receivables	97,090	109,484
Other assets	7,738	11,725
Prepayments	6,817	6,801
	111,646	**128,010**

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.

Note 8. Trade and other receivables (continued)

	Gross amount	Past due and impaired	Past due but not impaired			Not past due
			< 30 days	31-60 days	> 60 days	
2015						
Trade receivables	97,090	-	-	-	-	97,090
Other receivables	7,738	-	-	-	-	7,738
Total	**104,828**	**-**	**-**	**-**	**-**	**104,828**
2014						
Trade receivables	109,484	-	-	-	-	109,484
Other receivables	11,725	-	-	-	-	11,725
Total	**121,209**	**-**	**-**	**-**	**-**	**121,209**

	2015 $	2014 $

Note 9. Property, plant and equipment

	2015 $	2014 $
Leasehold improvements		
At cost	174,139	174,139
Less accumulated depreciation	(67,387)	(56,346)
	106,752	**117,793**
Plant and equipment		
At cost	89,079	86,073
Less accumulated depreciation	(47,940)	(39,583)
	41,139	**46,490**
Motor vehicles		
At cost	23,416	-
Less accumulated depreciation	(337)	-
	23,079	**-**
Total written down amount	**170,970**	**164,283**

Notes to the financial statements (continued)

	2015 $	2014 $

Note 9. Property, plant and equipment (continued)

Movements in carrying amounts

	2015 $	2014 $
Leasehold improvements		
Balance at the beginning of the reporting period	117,793	135,474
Additions	-	-
Disposals	-	-
Depreciation expense	(11,041)	(17,681)
Balance at the end of the reporting period	**106,752**	**117,793**
Plant and equipment		
Balance at the beginning of the reporting period	46,490	39,638
Additions	3,006	15,397
Disposals	-	-
Depreciation expense	(8,357)	(8,545)
Balance at the end of the reporting period	**41,139**	**46,490**
Motor vehicle		
Balance at the beginning of the reporting period	-	-
Additions	23,416	-
Disposals	-	-
Depreciation expense	(337)	-
Balance at the end of the reporting period	**23,079**	**-**

Note 10. Intangible assets

	2015 $	2014 $
Franchise fee		
At cost	11,537	11,537
Less accumulated amortisation	(4,772)	(2,465)
	6,765	**9,072**
Renewal process fee		
At cost	57,684	57,684
Less accumulated amortisation	(23,864)	(12,327)
	33,820	**45,357**
Total Intangible assets	**40,585**	**54,429**

	2015 $	2014 $

Note 10. Intangible assets (continued)

Movements in carrying amounts

	2015 $	2014 $
Franchise fee		
Balance at the beginning of the reporting period	9,072	11,379
Additions	-	-
Disposals	-	-
Amortisation expense	(2,307)	(2,307)
Balance at the end of the reporting period	**6,765**	**9,072**
Renewal process fee		
Balance at the beginning of the reporting period	45,357	56,894
Additions	-	-
Disposals	-	-
Amortisation expense	(11,537)	(11,537)
Balance at the end of the reporting period	**33,820**	**45,357**

Note 11. Trade and other payables

	2015 $	2014 $
Current		
Unsecured liabilities:		
Trade payables	12,679	6,089
Other creditors and accruals	10,390	4,358
GST payable	10,399	15,921
	33,468	**26,368**

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

Note 12. Provisions

	2015 $	2014 $
Employee benefits	**57,278**	**55,914**
Movement in employee benefits		
Opening balance	55,914	62,315
Additional provisions recognised	31,369	35,219
Amounts utilised during the year	(30,005)	(41,620)
Closing balance	**57,278**	**55,914**

	2015 $	2014 $

Note 12. Provisions (continued)

Current		
Annual leave	29,856	30,517
Long-service leave	25,527	16,519
	55,383	**47,036**
Non-current		
Long-service leave	1,895	8,878
	1,895	**8,878**
Total provisions	**57,278**	**55,914**

Provision for employee benefits

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

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

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

	2015 $	2014 $

Note 13. Tax balances

(a) Tax Assets

Current		
Income tax refundable	3,673	12,763
	3,673	**12,763**
Non-current		
Deferred tax asset comprises:		
Accrued income	(2,321)	(3,517)
Provisions	17,183	16,774
	14,862	**13,257**

	2015 $	2014 $
Note 14. Share capital		
679,460 Ordinary shares fully paid	679,460	679,460
Less: Equity raising costs	(22,174)	(22,174)
	657,286	**657,286**
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	657,286	657,286
Shares issued during the year	-	-
At the end of the reporting period	**657,286**	**657,286**

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

Capital management

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

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

(i) the Distribution Limit is the greater of:

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

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

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

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

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

Notes to the financial statements (continued)

	2015 $	2014 $

Note 15. Retained earnings

	2015 $	2014 $
Balance at the beginning of the reporting period	608,461	597,295
Profit after income tax	73,215	92,701
Dividend paid or provided for	(81,535)	(81,535)
Balance at the end of the reporting period	**600,141**	**608,461**

Note 16. Statement of cash flows

	2015 $	2014 $
Reconciliation of cash flow from operations with profit after income tax		
Profit after income tax	73,215	92,701
Non cash flows in profit		
- Depreciation	19,735	26,226
- Amortisation	13,844	13,844
- Accrued income	3,987	180
Changes in assets and liabilities		
- (Increase) decrease in receivables	12,394	(3,078)
- (Increase) decrease in prepayments	(17)	(1,057)
- (Increase) decrease in deferred tax asset	(1,605)	1,866
- Increase (decrease) in income tax refundable	9,090	(38,003)
- Increase (decrease) in payables	7,101	(5,667)
- Increase (decrease) in provisions	1,364	(6,401)
Net cash flows from/(used in) operating activities	**139,108**	**80,611**

Note 17. Leases

	2015 $	2014 $
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	67,966	64,064
- between 12 months and 5 years	130,267	198,233
- greater than 5 years	-	-
	198,233	**262,297**

The property lease is a non-cancellable lease with a 5 year term, with rent payable monthly in advance. The company has 2 5-year extension options.

Note 18. Related party transactions

The company's main related parties are as follows:

(a) Key management personnel

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

The totals of remuneration paid to key management personnel of the company during the year are as follows:

	2015 $	2014 $
Short-term employee benefits	23,000	7,000
Total key management personnel compensation	**23,000**	**7,000**

Short-term employee benefits

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

(b) Other related parties

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

(c) Transactions with key management personnel and related parties

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

During the year, the company purchased goods and services under normal terms and conditions, from related parties as follows:

	2015 $
Liz Ryding, related party of Darren Maurice Ryding Bookkeeping	$8,831

The Warrandyte Community Financial 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 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.

Note 18. Related party transactions (continued)

(d) Key management personnel shareholdings

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

	2015	2014
Aaron Michael William Farr	-	-
Darren Maurice Ryding	-	-
John Shaw	10,666	10,666
John Gary Provan	10,001	10,001
Matthew Clive Wilson	-	-
Colin Caulfield	-	-
Monica Isobel Piery	-	-
Sarah Wrigley	15,000	15,000
Ian Thomas Mc Millan	-	-
Julie O'Neil	-	-
Joanne Elizabeth Hammond	-	-

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

Note 19. Events after the reporting period

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

Note 20. Contingent liabilities and contingent assets

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

Note 21. Operating segments

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

Note 22. Company details

The registered office and principle place of business is: 144 Yarra Street, Warrandyte, Victoria 3113

	2015 $	2014 $

Note 23. Earnings per share

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

Diluted earnings per share amounts are calculated by dividing profit / (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 $
Profit after income tax expense	**73,215**	**92,701**
Weighted average number of ordinary shares for basic and diluted earnings per share	**679,460**	**679,460**

Note 24. Dividends paid or provided for on ordinary shares

	2015 $	2014 $
Fully franked ordinary dividend of 12 cents per share (2014:12 cents per share) franked at the tax rate of 30% (2014: 30%).	**81,535**	**81,535**

Note 25. Financial risk management

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

		2015 $	2014 $
Financial assets			
Cash and cash equivalents	6	155,914	52,189
Investments and other financial assets	7	850,524	923,098
Trade and other receivables	8	111,645	128,010
Total financial assets		**1,118,083**	**1,103,297**
Financial liabilities			
Trade and other payables	11	33,468	26,368
Total financial liabilities		**33,468**	**26,368**

Note 25. Financial risk management (continued)

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. 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, foreign currency 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, clients and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

Credit risk exposures

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

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

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

26. Financial risk management (continued)

(a) Credit risk (continued)

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

	2015 $	2014 $
Cash and cash equivalents:		
A rated		
- Cash and cash equivalents	155,914	52,189
- Investments and other financial assets	850,524	923,098
	1,006,438	**975,287**

Note 25. Financial risk management (continued)

(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 $
Financial liabilities due for payment					
Trade and other payables	11	33,468	33,468	-	-
Total expected outflows		**33,468**	**33,468**	**-**	**-**
Financial assets - cash flows realisable					
Cash & cash equivalents	6	155,914	155,914	-	-
Other financial assets	7	850,524	850,524		
Trade and other receivables	8	111,645	111,645	-	-
Total anticipated inflows		**1,118,083**	**1,118,083**	**-**	**-**
Net (outflow)inflow on financial instruments		**1,084,615**	**1,084,615**	**-**	**-**

30 June 2014	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial liabilities due for payment					
Trade and other payables	11	26,368	26,368	-	-
Total expected outflows		**26,368**	**26,368**	**-**	**-**

Note 25. Financial risk management (continued)

(b) Liquidity risk (continued)

30 June 2014	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets - cash flows realisable					
Cash & cash equivalents	6	52,189	52,189	-	-
Other financial assets	7	923,098	923,098		
Trade and other receivables	8	128,010	128,010	-	-
Total anticipated inflows		**1,103,297**	**1,103,297**	**-**	**-**
Net (outflow)/inflow on financial instruments		**1,076,929**	**1,076,929**	**-**	**-**

(c) Market risk

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

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

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

Sensitivity analysis

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

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

	Profit $	Equity $
Year ended 30 June 2015		
+/- 1% in interest rates (interest income)	275	275
	275	**275**
Year ended 30 June 2014		
+/- 1% in interest rates (interest income)	347	347
	347	**347**

Note 25. Financial risk management (continued)

(c) Market risk (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

- Fair value estimation

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

Directors' declaration

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

1. The financial statements and notes, as set out on pages 7 to 40 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.

Aaron Michael William Farr
Chairman

Signed at Warrandyte on 15 September 2015.

Richmond
Sinnott &
Delahunty
Chartered Accountants

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

Report on the Financial Report

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

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 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:
Kathie Teasdale
David Richmond
Philip Delahunty
Cara Hall
Brett Andrews

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 Warrandyte Community Financial Services Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

Auditor's Opinion

In our opinion:

(a) the financial report of Warrandyte Community Financial Services Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards 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, 15th of September 2015

Warrandyte **Community Bank®** Branch
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www.bendigobank.com.au/warrandyte
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