



Annual Report 2014

Acacia Ridge Financial
Services Limited

ABN 73 116 060 916

Acacia Ridge **Community Bank**[®] Branch

Contents

Chairman's report	2
Manager's report	5
Directors' report	7
Auditor's independence declaration	13
Financial statements	14
Notes to the financial statements	18
Directors' declaration	37
Independent audit report	38

Chairman's report

For year ending 30 June 2014

I am pleased to present my first report as Chairman and the ninth Annual Report for the company for the financial year ending 30 June 2014.

Acacia Ridge **Community Bank**[®] Branch will be nine years old on 23 November 2014 and is continuing to provide a valuable banking service to Acacia Ridge and surrounding areas. The net profit after income tax for the year was \$60,746. The company continues to have approximately 150 shareholders with a total shareholding of \$534,487.

The result for the year was driven by our Branch Manager Mark Coxhead, who joined in September 2013. Mark was ably supported by Lynne, Sandy, Ruby and Moana who returned from maternity leave. Our branch staff has developed strong relationships with customers and community groups and give of their own time to contribute to community events. Our branch was honoured with "Branch of the Month" in June 2014 for our region within Bendigo and Adelaide Bank.

Linda Beaumont stepped down as Chairman in January 2014 and returned to her original role as Company Secretary and Director. Jane Carlisle joined the Board during the year and has made a valuable contribution in her short time with us. All seven Directors serve on various committees and attend community functions throughout the year.

The Directors will be considering the payment of a dividend following receipt of audited accounts for the year. The amount of any dividend will depend on a number of factors including profitability and cash flow. Dividends paid in past years were 4 cents per share in 2009, 5 cents per share in 2010, 6 cents per share in 2011, 8 cents per share in 2012 and 8 cents per share fully franked in 2013.

305 communities with a \$122 million reasons to celebrate

Thanks to the support of **Community Bank**[®] branch customers and shareholders, the Australia-wide network has now returned more than \$122 million to support and strengthen local communities.

This enormous achievement came as the **Community Bank**[®] network celebrated the opening of its 305th branch in Penola, South Australia, 16 years after the **Community Bank**[®] concept was born in the western Victorian farming townships of Rupanyup and Minyip in 1998.

These branches join a robust and maturing banking network where valued partnerships enhance banking services, taking the profits their banking business generates and reinvesting that funding into initiatives that will ultimately strengthen their community.

Our **Community Bank**[®] company has played a key role in these milestones, returning more than \$480,000 to our local community with a further \$165,691 in dividends returned to local shareholders.

These community grants and sponsorships have made a significant difference to a number of local organisations including St Thomas More College, Acacia Ridge YMCA, PCYC Inala, Robertson Gymnastics Club, Australian Futsal Association and local schools. We look forward to continuing to support these groups and others as more people bank with us and we become more successful.

The company held a Community Forum in May 2014 to try to ascertain the needs of our community. Over 60 people attended and working groups have been formed to follow up on projects identified on the night. Important partnerships have been formed with community organisations, local schools and businesses, local and state governments and all are working together to complete the many projects identified. Already one project has been completed (an industrial overlocker has been provided for Acacia Ridge Community Support Inc) with many more in the pipeline over the coming months and years.

Chairman's report (continued)

Interest rate movements

Our **Community Bank**[®] company and our partner Bendigo and Adelaide Bank, encourage transparency when setting interest rates and fees.

We believe it is our shared responsibility to ensure customers understand the environment banks operate in, so they can make educated judgement calls on who they choose to do their banking business with.

We support our partner Bendigo and Adelaide Bank in its decision making and believe it is committed to striking a fair balance between all key stakeholders – borrowers, depositors, shareholders, staff and the wider communities – when it sets interest rates.

Ratings upgrade

Bendigo and Adelaide Bank remains one of the few banks globally to be awarded an upgraded credit rating since the onset of the Global Financial Crisis.

This means the Bank continues to be rated at least "A-" by Standard & Poor's, Moody's and Fitch in recognition of its strong performance in the face of what continues to be a challenging economic environment.

Government Guarantee

In September 2011, the Federal Government announced changes to its Financial Claims Scheme (FCS), also known as the "government guarantee", lowering it from \$1 million to a permanent guarantee cap of \$250,000 per account holder per Authorised Deposit-taking Institution (ADI) effective 1 February 2012.

All **Community Bank**[®] branches operate under Bendigo and Adelaide Bank's banking licence, and as such the first \$250,000 of a depositor's funds held with a **Community Bank**[®] branch are guaranteed by the Federal Government, free of charge, and supported by the capital base and financial strength of their franchise partner, Bendigo and Adelaide Bank.

Lowering the cap is an indication of the strength of Australian banks, including Bendigo and Adelaide Bank and the combination of healthy, profitable banks and strong prudential regulation is the best guarantee our customers have that their money is safe in our bank.

Review of Community Bank[®] model

The review of the **Community Bank**[®] model currently underway is a collaborative effort to rigorously explore and analyse the model; an approach strongly underpinned by financial modelling and empirical analysis. The future model will then be tested and reviewed through extensive consultation and enquiry.

With a holistic strategic review of the **Community Bank**[®] model, and with a joint commitment to set the vision and strategy for a sustainable commercial model, the Bank and its **Community Bank**[®] partners will create a shared vision for future long-term success regardless of changes to operational and market conditions.

Bank launches largest scholarship program yet

Hundreds of Australian students have benefitted from Bendigo and Adelaide Bank's scholarship program since it began in 2007. In March, the Bank launched its largest ever scholarship program, with more than 160 first and second year scholarships offered in 2014.

We are proud to have been part of this program through the granting of a scholarship to Joshua White from St Thomas More College who is studying a Bachelor of Science at the University of Queensland, St Lucia.

In 2014, Rural Bank offered eight scholarships to rural and regional students pursuing a career in agribusiness, in partnership with selected **Community Bank**[®] branches.

Chairman's report (continued)

La Trobe University and Melbourne University have also partnered with the Bank to offer specialised scholarship programs for their rural and regional students, while several metropolitan **Community Bank**[®] branches are also helping local students from their district with study costs.

These scholarships can give students the financial help they need to take the first step on their pathway to higher learning, and maybe one day they will be able to bring these skills back to their local community.

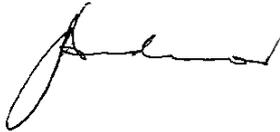
For more information about the 2014 Bendigo and Adelaide Bank Scholarship, visit www.bendigoadelaide.com.au/scholarships.

The future

Our Manager Mark Coxhead has settled into his role and has made valuable contacts in the community. Whilst the economic environment has been slow, Mark continues to meet the needs of customers with a broad range of products. As stated on previous occasions, the more business the branch writes the greater the benefits to our community.

I encourage all our shareholders to attend the Annual General Meeting on Thursday 20 November 2014 and the information session which will follow. You will be able to meet your Directors and branch staff.

I wish to thank my fellow directors for their expertise and dedication over the year. Thanks are also extended to our staff and customers for their continuing support.



Peter Henderson
Chairman

Manager's report

For year ending 30 June 2014

It is with great pleasure that I present to you the Manager's Report for the 2013/14 financial year.

It has been a year that has presented many opportunities and challenges in what is a very competitive market, and we should all be proud of the achievements made throughout the year.

During the past year we achieved a number of great outcomes including:

- We returned in excess of \$160,000 in profits to the local community.
- We were awarded 'Branch of the Month' – Brisbane Region in June.
- We held our first ever Community Forum in May, giving the members of our local community a real voice in helping identify ideas to help make Acacia Ridge a sustainable and healthy place to live, work and play.
- From this Community Forum, we now have a dedicated working group, made up of like-minded community members, Board Directors and branch staff to drive the key ideas identified at the Community Forum forward to fruition.
- We continued to create stronger, deeper relationships with our customers by having relevant and meaningful discussions about how we can help our customers achieve their financial goals and aspirations.

A snapshot of our business as at 30 June 2014:

- 1,841 customers
- 1.701 products per customer
- \$81.2 million in total business.

Through the efforts of our shareholders, Directors and staff we continue to make a real difference to both our customers and the local Acacia Ridge community.

I would also like to take this opportunity to thank the efforts of our staff, including Lynne Kamp, Sandy Ernst, Moana Joyce, Ruby Fanolua, Michelle Johnston, Paul Crowley, Vova Ozolins and Talessa Keily.

Without their ongoing hard work, dedication and support, the branch would not have been able to achieve the successes of the past year.

I would also like to thank you, the shareholders, who have continued to show support and commitment to the Acacia Ridge **Community Bank**[®] Branch.

In addition, I would like to make special mention and thanks to our volunteer Directors – Chairman Peter Henderson and his team, who spend countless hours being advocates of your **Community Bank**[®] branch.

Without their unwavering support and effort of your **Community Bank**[®] branch, we would not have been able to achieve the great successes and results that we have since we commenced on 23 November 2005.

The year ahead:

The year ahead will continue to present many opportunities for us to build and grow our business in the local Acacia Ridge community, and promote the great work that we do in helping our community become an even better place to live, work and play.

My goal is to continue to grow the business, to lead and develop my team to help us create stronger connections with our customers and local community by having meaningful and relevant discussions as to how we can help our customers achieve their financial goals and aspirations.

Manager's report (continued)

By helping our customers grow, we in turn also grow, which enables us to further help our local Acacia Ridge community grow and thrive.

I am committed to working closely with you all over the next year and beyond to help achieve these outcomes, and I look forward to the challenges and successes that are ahead of us.

Once again, my appreciation and thanks to you all for your dedication and support over the past 12 months.



Mark Coxhead
Branch Manager

Directors' report

For the financial year ended 30 June 2014

Your directors submit the financial statements of the company for the financial year ended 30 June 2014.

Directors

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

Peter Geoffrey Henderson

Chairman

Occupation: Company Director

Qualifications, experience and expertise: Involved in banking, finance and accounting since 1962. Small business owner for 20 years. Holds a Bachelor of Business degree, as well as Graduate Diplomas in Finance & Investment and Management. Current Director of Drug Awareness & Relief Foundation Australia. Councillor of Presbyterian & Methodist Schools Association.

Special responsibilities: Member of Marketing & Sponsorship Committee and Audit & Finance Committee.

Interest in shares: 30,001

Amanda Lee Harward

Treasurer (Appointed 29 August 2013)

Occupation: Chartered Accountant

Qualifications, experience and expertise: Amanda is a Chartered Accountant and director of a local accounting firm. She holds a Bachelor of Commerce/ Bachelor of Business (Management) from the University of Queensland. She is a registered tax agent with over 14 years' experience in assisting small business clients with their accounting, business and taxation needs.

Special responsibilities: Member of Audit & Finance Committee

Interest in shares: 10,000

Linda Anne Beaumont

Secretary

Occupation: Pharmacist

Qualifications, experience and expertise: Linda holds a Bachelor of Pharmacy and a Grad Dip in Medication Management. She has worked as a registered Pharmacist for 35 years. Linda was a partner in a local Pharmacy and continues to perform home medicine reviews in Acacia Ridge. Linda has been involved in softball for over 25 years including serving as treasurer of South Brisbane Softball Association for 2 years.

Special responsibilities: Member of the Marketing and Sponsorship Committee.

Interest in shares: 7,501

Victoria Louise Maguire

Director

Occupation: Business Owner

Qualifications, experience and expertise: Involved in small businesses since 1982. Holds a MA in Psychology from University of Sydney. Chairman of Elizabeth Street Shopping Centre Body Corporate.

Special responsibilities: Member of the Business Development Committee.

Interest in shares: 50,001

Directors' report (continued)

Directors (continued)

Earle Alexander Johnston

Director

Occupation: Development Manager

Qualifications, experience and expertise: Earle is a fundraising professional and has worked for The Salvation Army since 2012. Prior to this, he was Fundraising Manager at 96.5 Family Radio for 2 years and previously at Telstra for 12 years, his roles included Senior Business Analyst, Customer Advocacy and Customer Experience. Earle is an elected member of the QUT Alumni Board and holds a non-executive directorship at Juice 1073 on the Gold Coast. He is a member of AICD and Fundraising Institute Australia and his most recent qualification is a Master of Business (Philanthropy and Non Profit Studies) from QUT.

Special responsibilities: Chairman of the Marketing & Sponsorship Committee.

Interest in shares: 400

Mark Ledwidge

Director

Occupation: Optometrist

Qualifications, experience and expertise: Small business owner for 29 years. Holds a Bachelor in Optometry from Queensland University of Technology and is Treasurer of the Rotary Club of Archerfield.

Special responsibilities: Chairman of the Audit & Finance Committee.

Interest in shares: 10,001

Jane Baxter Carlisle

Director (Appointed 27 March 2014)

Occupation: Consultant

Qualifications, experience and expertise: Jane has an Associate Diploma in Clinical Laboratory Techniques and a Grad Dip in Health Administration and Information Systems with over 20 years' experience working in senior Queensland Health roles with significant experience engaging and partnering with: community groups; non-government organisations; advocacy groups; and all levels of Government to successfully deliver health service improvements. These roles included team leader, project manager, director and governance roles in whole-of-Government and Department wide executive level committees in: Pathology and Scientific Services; Risk and Audit; Patient Safety; Human Resources; and Disaster Response.

Special responsibilities: Member of the Marketing and Sponsorship Committee and the Audit & Finance Committee.

Interest in shares: 500

Gigi Lacey

Director (Appointed 29 August 2013) (Resigned 30 January 2014)

Occupation: Consultant

Qualifications, experience and expertise: Gigi holds an undergraduate qualification in Human Services and post-graduate degrees in Management and Adult Education and Training, Gigi works as a consultant, assisting community organisations to develop and survive in their changing environments.

Special responsibilities: Nil

Interest in shares: Nil

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

No directors have material interests in contracts or proposed contracts with the company, except for Victoria Maguire who is the sole director of the landlord of the premises occupied by the bank; and Peter Henderson and Amanda Harward whose firm provides accounting services to the company.

Directors' report (continued)

Company Secretary

The company secretary is Linda Anne Beaumont. Linda was appointed to the position of secretary on 1 January 2014.

Linda has worked as a community pharmacist for over 30 years, 14 of those in Acacia Ridge. Holds a Bachelor in Pharmacy from the University of Queensland. Served as treasurer of South Brisbane Softball Association Ltd for 2 years. Also involved with other community organisations.

Principal Activities

The principal activities of the company during the financial year were facilitating **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.

Operating results

Operations have continued to perform in line with expectations. The profit of the company for the financial year after provision for income tax was:

Year ended 30 June 2014 \$	Year ended 30 June 2013 \$
60,746	112,855

Remuneration report

No Director receives remuneration for services as a Company Director or Committee Member.

There are no employees who are directly accountable and have responsibility for the strategic direction and operational management of the entity.

There are therefore no specified Executives whose remuneration requires disclosure.

Transactions with directors

	2014 \$	2013 \$
Victoria Maguire is a Director of J L Lander Pty Ltd, J L Lander Pty Ltd own the premises occupied by the bank.	62,029	60,805
Peter Henderson and Amanda Harward are both Directors at Accounting Intelligence Pty Ltd, Acacia Ridge Financial Services Limited Used the services of Accounting Intelligence Pty Ltd during the financial year.	5,566	5,410
Peter Henderson provided consulting services to the bank during the financial year.	2,687	3,524
Earle Johnston provided consulting services to the bank during the financial year.	2,268	-
Linda Beaumont provided consulting services to the bank during the financial year.	825	-

Directors' report (continued)

Remuneration report (continued)

Directors' shareholdings

	Balance at start of the year	Changes during the year	Balance at end of the year
Peter Geoffrey Henderson	29,501	500	30,001
Linda Anne Beaumont	15,001	-7,500	7,501
Victoria Louise Maguire	50,001	-	50,001
Earle Alexander Johnston	400	-	400
Mark Ledwidge	10,001	-	10,001
Amanda Lee Harward (Appointed 29 August 2013)	-	10,000	10,000
Jane Baxter Carlisle (Appointed 27 March 2014)	-	500	500
Gigi Lacey (Appointed 29 August 2013) (Resigned 30 January 2014)	-	-	-

Dividends

	Year ended 30 June 2014	
	Cents	\$
Dividends paid in the year	8	42,759

Significant changes in the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Indemnification and insurance of directors and officers

The company has indemnified all directors and the manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or manager of the company except where the liability arises out of conduct involving the lack of good faith.

Directors' report (continued)

Indemnification and insurance of directors and officers (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 or a related body corporate.

Directors' meetings

The number of directors' meetings attended by each of the directors of the company during the year were:

	Board Meetings Attended		Committee Meetings Attended			
	Eligible	Attended	Audit		Marketing	
			Eligible	Attended	Eligible	Attended
Peter Geoffrey Henderson	11	11	-	-	4	4
Linda Anne Beaumont	11	11	4	4	8	8
Victoria Louise Maguire	11	8	8	4	-	-
Earle Alexander Johnston	11	11	-	-	8	8
Mark Ledwidge	11	7	8	8	-	-
Amanda Lee Harward (Appointed 29 August 2013)	7	7	4	3	4	4
Jane Baxter Carlisle (Appointed 27 March 2014)	4	4	-	-	5	4
Gigi Lacey (Appointed 29 August 2013) (Resigned 30 January 2014)	3	2	4	2	-	-

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

Non audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non audit services provided during the year are set out in the notes to the accounts.

The board of directors has considered the position, in accordance with the advice received from the board and governance audit and human resources committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

Directors' report (continued)

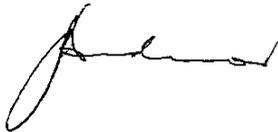
Non audit services (continued)

- all non-audit services have been reviewed by the governance audit and human resources committee to ensure they do not impact on the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 13.

Signed in accordance with a resolution of the board of directors at Acacia Ridge, Queensland on 8 September 2014.



**Peter Geoffrey Henderson,
Chairman**

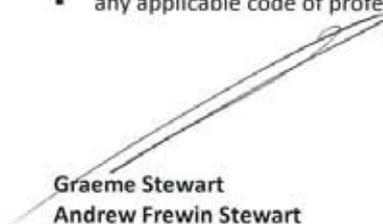
Auditor's independence declaration



Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Acacia Ridge Financial Services Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been no contraventions of:

- the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review
- any applicable code of professional conduct in relation to the review.



Graeme Stewart
Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550

Dated: 15 September 2014

Liability limited by a scheme approved under Professional Standards Legislation. ABR: 51 061 795 337.

P: (03) 5443 0344

F: (03) 5443 5304

61-65 Bull St./PO Box 454 Bendigo Vic. 3552

afs@afsbendigo.com.au

www.afsbendigo.com.au

TAXATION • AUDIT • BUSINESS SERVICES • FINANCIAL PLANNING

Financial statements

Statement of Comprehensive Income for the year ended 30 June 2014

	Note	2014 \$	2013 \$
Revenue from ordinary activities	4	828,985	882,767
Employee benefits expense		(334,798)	(353,528)
Charitable donations, sponsorship, advertising and promotion		(169,398)	(130,920)
Occupancy and associated costs		(90,378)	(80,836)
Systems costs		(16,794)	(18,354)
Depreciation and amortisation expense	5	(22,385)	(21,304)
Finance costs	5	(14)	(77)
General administration expenses		(108,356)	(116,526)
Profit before income tax expense		86,862	161,222
Income tax expense	6	(26,116)	(48,367)
Profit after income tax expense		60,746	112,855
Total comprehensive income for the year		60,746	112,855
Earnings per share for profit attributable to the ordinary shareholders of the company:		¢	¢
Basic earnings per share	20	11.37	21.11

The accompanying notes form part of these financial statements.

Financial statements (continued)

Balance Sheet as at 30 June 2014

	Note	2014 \$	2013 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	351,011	318,016
Trade and other receivables	8	38,936	53,071
Current tax assets	11	26	2,269
Total Current Assets		389,973	373,356
Non-Current Assets			
Property, plant and equipment	9	84,294	79,939
Intangible assets	10	19,438	33,321
Total Non-Current Assets		103,732	113,260
Total Assets		493,705	486,616
LIABILITIES			
Current Liabilities			
Trade and other payables	12	22,499	33,298
Total Current Liabilities		22,499	33,298
Non-Current Liabilities			
Deferred tax liability	11	1,055	1,154
Total Non-Current Liabilities		1,055	1,154
Total Liabilities		23,554	34,452
Net Assets		470,151	452,164
Equity			
Issued capital	13	512,373	512,373
Accumulated losses	14	(42,222)	(60,209)
Total Equity		470,151	452,164

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Changes in Equity for the year ended 30 June 2014

	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2012	512,373	(130,305)	382,068
Total comprehensive income for the year	-	112,855	112,855
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(42,759)	(42,759)
Balance at 30 June 2013	512,373	(60,209)	452,164
Balance at 1 July 2013	512,373	(60,209)	452,164
Total comprehensive income for the year	-	60,746	60,746
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(42,759)	(42,759)
Balance at 30 June 2014	512,373	(42,222)	470,151

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2014

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Receipts from customers		913,844	969,821
Payments to suppliers and employees		(817,155)	(774,548)
Interest received		13,541	9,022
Interest paid		(14)	(77)
Income taxes paid		(21,607)	(24,448)
Net cash provided by operating activities	15	88,609	179,770
Cash flows from investing activities			
Payments for property, plant and equipment		(12,855)	-
Net cash used in investing activities		(12,855)	-
Cash flows from financing activities			
Dividends paid		(42,759)	(42,759)
Net cash used in financing activities		(42,759)	(42,759)
Net increase in cash held		32,995	137,011
Cash and cash equivalents at the beginning of the financial year		318,016	181,005
Cash and cash equivalents at the end of the financial year	7(a)	351,011	318,016

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2014

Note 1. Summary of significant accounting policies

a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standard Boards and the Corporations Act 2001. The company is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

These financial statements and notes comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. These areas involving a higher degree of judgement or complexities, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Historical cost convention

The financial statements have been prepared under the historical cost convention on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Comparative figures

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

Adoption of new and amended accounting standards

The company adopted the following standards and amendments, mandatory for the first time for the annual reporting period commencing 1 July 2013:

- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements.
- AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, AASB 128 Investments in Associates and Joint Ventures, AASB 127 Separate Financial Statements and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards.
- AASB 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039.
- AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and other Amendments which provides an exemption from the requirement to disclose the impact of the change in accounting policy on the current period.
- AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Adoption of new and amended accounting standards (continued)

- AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011).
- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle.
- AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities.

AASB 2011-4 removes the individual key management personnel disclosure requirements in AASB 124 Related Party Disclosures. As a result the company now only discloses the key management personnel compensation in total and for each of the categories required in AASB 124. Detailed key management personnel compensation is outlined in the remuneration report, included as part of the directors report.

The adoption of revised standard AASB 119 has resulted in a change to the accounting for the company's annual leave obligations. As the entity does not expect all annual leave to be taken within 12 months of the respective service being provided, annual leave obligations are now classified as long-term employee benefits in their entirety. This changes the measurement of these obligations, as the entire obligation is now measured on a discounted basis and no longer split into a short-term and a long-term portion. However, the impact of this change is considered immaterial on the financial statements overall as the majority of the annual leave is still expected to be taken within 12 months after the end of the reporting period.

None of the remaining new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2013 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

The company has not elected to apply any pronouncements before their mandatory operative date in the annual reporting period beginning 1 July 2013.

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**[®] branch at Acacia Ridge, Queensland.

The branch 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**[®] 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:

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

- advice and assistance in relation to the design, layout and fit out of the **Community Bank**[®] branch
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

b) Revenue

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the company and any specific criteria have been met. Interest and fee revenue is recognised when earned. The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue. All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue calculation

The franchise agreement with Bendigo and Adelaide Bank Limited provides for three types of revenue earned by the company. First, the company is entitled to 50% of the monthly gross margin earned by Bendigo and Adelaide Bank Limited on products and services provided through the company that are regarded as “day to day” banking business (i.e. ‘margin business’). This arrangement also means that if the gross margin reflects a loss (that is, the gross margin is a negative amount), the company effectively incurs, and must bear, 50% of that loss.

The second source of revenue is commission paid by Bendigo and Adelaide Bank Limited on the other products and services provided through the company (i.e. ‘commission business’). The commission is currently payable on various specified products and services, including insurance, financial planning, common fund, Sandhurst Select, superannuation, commercial loan referrals, products referred by Rural Bank, leasing referrals, fixed loans and certain term deposits (>90 days). The amount of commission payable can be varied in accordance with the Franchise Agreement (which, in some cases, permits commissions to be varied at the discretion of Bendigo and Adelaide Bank Limited). This discretion has been exercised on several occasions previously. For example in February 2011 and February 2013 Bendigo and Adelaide Bank Limited reduced commissions on two core banking products to ensure a more even distribution of income between Bendigo and Adelaide Bank Limited and its **Community Bank**[®] partners. The revenue share model is subject to regular review to ensure that the interests of Bendigo and Adelaide Bank Limited and **Community Bank**[®] companies remain balanced.

The third source of revenue is a proportion of the fees and charges (i.e. what are commonly referred to as ‘bank fees and charges’) charged to customers. This proportion, determined by Bendigo and Adelaide Bank Limited, may vary between products and services and may be amended by Bendigo and Adelaide Bank Limited from time to time.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

c) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the balance sheet liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the company entity intends to settle its tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

d) Employee entitlements

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

The company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

e) Cash and cash equivalents

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. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

f) Trade receivables and payables

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

g) Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- leasehold improvements	40 years
- plant and equipment	2.5 - 40 years
- furniture and fittings	4 - 40 years

h) Intangibles

The franchise fee paid to Bendigo and Adelaide Bank Limited has been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

The renewal processing fee paid to Bendigo and Adelaide Bank Limited when renewing the franchise agreement has also been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

i) Payment terms

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

j) Borrowings

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

k) Financial instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires 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.

Classification and subsequent measurement

(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 using the effective interest rate method.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in the Statement of Comprehensive Income. Available-for-sale financial assets are included in non-current assets except where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

(iv) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

l) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the company are classified as finance leases. Finance leases are capitalised by recording 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 charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

m) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

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

n) Contributed equity

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

o) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

p) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Notes to the financial statements (continued)

Note 2. Financial risk management

The company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the board of directors.

(i) Market risk

The company has no exposure to any transactions denominated in a currency other than Australian dollars.

(ii) Price risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The company is not exposed to commodity price risk.

(iii) Credit risk

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank Limited.

(iv) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo and Adelaide Bank Limited and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

(vi) 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 balance sheet.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the distribution limit:

The distribution limit is the greater of:

- (a) 20% of the profit or funds of the franchisee otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the franchisee over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2014 can be seen in the statement of comprehensive income.

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

Notes to the financial statements (continued)

Note 3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Taxation

Judgement is required in assessing whether deferred tax assets and certain tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

These judgements and assumptions are subject to risk and uncertainty. There is therefore a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in corresponding credit or charge to the statement of comprehensive income.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and the condition of the asset is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Impairment of assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Notes to the financial statements (continued)

Note 3. Critical accounting estimates and judgements (continued)

Impairment of assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

	2014 \$	2013 \$
Note 4. Revenue from ordinary activities		
Operating activities:		
- services commissions	815,673	869,298
- other revenue	100	1,947
Total revenue from operating activities	815,773	871,245
Non-operating activities:		
- interest received	13,212	11,522
Total revenue from non-operating activities	13,212	11,522
Total revenues from ordinary activities	828,985	882,767

Note 5. Expenses

Depreciation of non-current assets:

- plant and equipment	1,802	1,824
- leasehold improvements	6,698	5,595

Amortisation of non-current assets:

- franchise agreement	2,313	2,313
- franchise renewal fee	11,572	11,572
	22,385	21,304

Finance costs:

- interest paid	14	77
Bad debts	1,081	877

Notes to the financial statements (continued)

	Note	2014 \$	2013 \$
--	------	------------	------------

Note 6. Income tax expense

The components of tax expense comprise:

- Current tax		26,157	22,179
- Movement in deferred tax		(99)	750
- Recoupment of prior year tax losses		-	25,438
- Under provision of tax in the prior period		58	-
		26,116	48,367

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

Operating profit		86,862	161,222
Prima facie tax on profit from ordinary activities at 30%		26,058	48,367
Add tax effect of:			
- timing difference expenses		99	(750)
		26,157	47,617
Movement in deferred tax	11	(99)	750
Under provision of income tax in the prior year		58	-
		26,116	48,367

Note 7. Cash and cash equivalents

Cash at bank and on hand		6,011	23,016
Term deposits		345,000	295,000
		351,011	318,016

Note 7.(a) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

Cash at bank and on hand		6,011	23,016
Term deposits		345,000	295,000
		351,011	318,016

Note 8. Trade and other receivables

Trade receivables		30,862	44,922
Other receivables and accruals		3,517	4,302
Prepayments		4,557	3,847
		38,936	53,071

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 9. Property, plant and equipment		
Plant and equipment		
At cost	50,154	46,372
Less accumulated depreciation	(36,564)	(34,762)
	13,590	11,610
Leasehold improvements		
At cost	152,418	143,345
Less accumulated depreciation	(81,714)	(75,016)
	70,704	68,329
Total written down amount	84,294	79,939
Movements in carrying amounts:		
Plant and equipment		
Carrying amount at beginning	11,610	13,434
Additions	3,781	-
Disposals	-	-
Less: depreciation expense	(1,802)	(1,824)
Carrying amount at end	13,589	11,610
Leasehold improvements		
Carrying amount at beginning	68,329	73,924
Additions	9,074	-
Disposals	-	-
Less: depreciation expense	(6,698)	(5,595)
Carrying amount at end	70,705	68,329
Total written down amount	84,294	79,939

Note 10. Intangible assets

Franchise fee

At cost	21,570	21,570
Less: accumulated amortisation	(18,335)	(16,023)
	3,235	5,547

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 10. Intangible assets (continued)		
Renewal processing fee		
At cost	57,853	57,853
Less: accumulated amortisation	(41,650)	(30,079)
	16,203	27,774
Total written down amount	19,438	33,321

Note 11. Tax

Current:

Income tax refundable	(26)	(2,269)
------------------------------	-------------	----------------

Non-Current:

Deferred tax liability		
- accruals	1,055	1,154
	1,055	1,154
Net deferred tax liability	(1,055)	(1,154)
Movement in deferred tax charged to statement of comprehensive income	(99)	750

Note 12. Trade and other payables

Trade creditors	13,161	22,207
Other creditors and accruals	9,338	11,091
	22,499	33,298

Note 13. Contributed equity

534,487 ordinary shares fully paid (2013: 534,487)	534,487	534,487
Less: equity raising expenses	(22,114)	(22,114)
	512,373	512,373

Notes to the financial statements (continued)

Note 13. Contributed equity (continued)

Rights attached to shares

(a) Voting rights

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the **Community Bank**[®] branch have the same ability to influence the operation of the company.

(b) Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo and Adelaide Bank Limited contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

(c) Transfer

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the Corporations Act 2001.

Prohibited shareholding interest

A person must not have a prohibited shareholding interest in the company.

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

The board has the power to request information from a person who has (or is suspected by the board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the board in selling or otherwise dealing with those shares.

Notes to the financial statements (continued)

Note 13. Contributed equity (continued)

Prohibited shareholding interest (continued)

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

	2014 \$	2013 \$
Note 14. Accumulated losses		
Balance at the beginning of the financial year	(60,209)	(130,305)
Net profit from ordinary activities after income tax	60,746	112,855
Dividends paid or provided for	(42,759)	(42,759)
Balance at the end of the financial year	(42,222)	(60,209)

Note 15. Statement of cash flows

Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities

Profit from ordinary activities after income tax	60,746	112,855
Non cash items:		
- depreciation	8,500	7,419
- amortisation	13,885	13,885
Changes in assets and liabilities:		
- decrease in receivables	14,135	10,401
- decrease in other assets	1,115	23,919
- increase/(decrease) in payables	(10,801)	11,291
- increase in current tax liabilities	1,029	-
Net cash flows provided by operating activities	88,609	179,770

Note 16. Leases

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable - minimum lease payments:

- not later than 12 months	36,441	61,146
- between 12 months and 5 years	-	86,623
	36,441	147,769

Notes to the financial statements (continued)

Note 16. Leases (continued)

The branch premises lease is a non-cancellable lease with a five-year term. The lease was reviewed on 23 November 2010 and has two five year renewal options remaining. Rent is payable monthly in advance and is increased annually by CPI.

	2014	2013
	\$	\$

Note 17. Auditor's remuneration

Amounts received or due and receivable by the auditor of the company for:

- audit and review services	4,950	4,950
- share registry services	1,967	2,023
- non audit services	1,200	1,050
	8,117	8,023

Note 18. Director and related party disclosures

Victoria Maguire is a Director of J L Lander Pty Ltd, J L Lander Pty Ltd own the premises occupied by the bank.

62,029	60,805
--------	--------

Peter Henderson and Amanda Harward are both Directors at Accounting Intelligence Pty Ltd, Acacia Ridge Financial Services Limited Used the services of Accounting Intelligence Pty Ltd during the financial year.

5,566	5,410
-------	-------

Peter Henderson provided consulting services to the bank during the financial year.

4,927	3,524
-------	-------

Earle Johnston provided consulting services to the bank during the financial year.

2,268	-
-------	---

Linda Beaumont provided consulting services to the bank during the financial year.

825	-
-----	---

Director Shareholdings

	2014	2013
Ordinary shares fully paid	108,404	104,904

Detailed shareholding disclosures are provided in the remuneration report, included as part of the directors' report.

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 19. Dividends paid or provided		
a. Dividends paid during the year		
Current year dividend		
Fully Franked dividend - 8 cents per share (2013: Unfranked 8 cents per share)	42,759	42,759
b. Franking account balance		
Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	25,584	22,302
- franking debits that will arise from refund of income tax as at the end of the financial year	(26)	(2,269)
- franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	-	-
Franking credits available for future financial reporting periods:	25,558	20,033
- franking debits that will arise from payment of dividends proposed or declared before the financial report was authorised for use but not recognised as a distribution to equity holders during the period	-	-
Net franking credits available	25,558	20,033

The tax rate at which dividends have been franked is 30% (2013: Nil).

Note 20. Earnings per share

		2014 \$	2013 \$
(a)	Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	60,746	112,855
		Number	Number
(b)	Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	534,487	534,487

Note 21. Events occurring after the reporting date

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

Note 22. Contingent liabilities and contingent assets

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

Notes to the financial statements (continued)

Note 23. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank**[®] services in Acacia Ridge, Queensland pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 24. Registered office/Principal place of business

The entity is a company limited by shares, incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office	Principal Place of Business
Shop 5/28 Elizabeth Street Acacia Ridge QLD 4110	Shop 5/28 Elizabeth Street Acacia Ridge QLD 4110

Note 25. Financial instruments

Financial Instrument Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for all financial instruments, as well as the settlement period for instruments with a fixed period of maturity and interest rate.

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 %	2013 %
Financial assets												
Cash and cash equivalents	6,011	23,016	345,000	295,000	-	-	-	-	-	-	3.43	4.05
Receivables	-	-	-	-	-	-	-	-	30,862	44,928	N/A	N/A
Financial liabilities												
Interest bearing liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-	-	9,339	11,091	N/A	N/A

Net Fair Values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the balance sheet. The company does not have any unrecognised financial instruments at the year end.

Credit Risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the balance sheet and notes to the financial statements.

Notes to the financial statements (continued)

Note 25. Financial instruments (continued)

Credit Risk (continued)

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from the interest bearing financial assets and liabilities in place subject to variable interest rates, as outlined above.

Sensitivity Analysis

The company has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in interest rates.

As at 30 June 2014, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2014 \$	2013 \$
Change in profit/(loss)		
Increase in interest rate by 1%	60	230
Decrease in interest rate by 1%	60	230
Change in equity		
Increase in interest rate by 1%	60	230
Decrease in interest rate by 1%	60	230

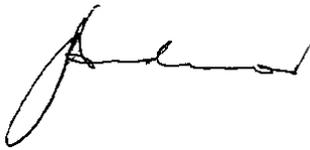
Directors' declaration

In accordance with a resolution of the directors of Acacia Ridge Financial Services Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are 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 2014 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

This declaration is made in accordance with a resolution of the board of directors.



Peter Geoffrey Henderson,
Chairman

Signed on the 8th of September 2014.

Independent audit report



Independent auditor's report to the members of Acacia Ridge Financial Services Limited

Report on the financial report

I have audited the accompanying financial report of Acacia Ridge Financial Services Limited, which comprises the balance sheet as at 30 June 2014, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making fair accounting estimates that are reasonable in the circumstances. In note 1, the directors also state in accordance with the Accounting Standard AASB 101 Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

My responsibility is to express an opinion on the financial report based on the audit. I conducted the audit in accordance with Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 my 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, I consider internal controls relevant to the entity's preparation and presentation 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 entity'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.

The audit did not involve an analysis of the prudence of business decisions made by directors or management.

I performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with my understanding of the company's financial position and of its performance.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337.

P: (03) 5443 0344 | F: (03) 5443 5304 | 61-65 Bull St./PO Box 454 Bendigo Vic. 3552 | afs@afsbendigo.com.au | www.afsbendigo.com.au

TAXATION • AUDIT • BUSINESS SERVICES • FINANCIAL PLANNING

Independent audit report (continued)

Independence

In conducting the audit I have complied with the independence requirements of the *Corporations Act 2001*. I have given to the directors of the company a written auditor's independence declaration, a copy of which is included in the directors' report.

Auditor's opinion on the financial report

In my opinion:

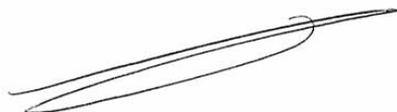
1. The financial report of Acacia Ridge Financial Services Limited is in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 30 June 2014 and of its financial performance and its cash flows for the year then ended and complying with Australian Accounting Standards and the Corporations Regulations 2001.
2. The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the remuneration report

I have audited the remuneration report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. My responsibility is to express an opinion on the remuneration report, based on the audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In my opinion, the remuneration report of Acacia Ridge Financial Services Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.



Graeme Stewart
Andrew Frewin Stewart
61 Bull Street Bendigo Vic 3550

Dated: 15 September 2014



Acacia Ridge **Community Bank**[®] Branch
Shop 5, 11-28 Elizabeth Street, Acacia Ridge QLD 4110
Phone: (07) 3255 6773 Fax: (07) 3255 6997

Franchisee: Acacia Ridge Financial Services Limited
28 Elizabeth Street, Acacia Ridge QLD 4110
Phone: (07) 3892 3435 Fax: (07) 3255 5644
ABN: 73 116 060 916

www.bendigobank.com.au/acacia-ridge
(BMPAR14049) (08/14)

 **Bendigo Bank**
Bigger than a bank.

bendigobank.com.au

