Annual Report 2015

Boorowa Community Financial Services Limited

ABN 76 093 519 094

Boorowa **Community Bank®** Branch

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Chairman’s report

For year ending 30 June 2015

The year 2015 marks our 14th year of trading and my 13th year as Chairman.

Thanks to the support of our **Community Bank**® branch customers and shareholders, our **Community Bank**® company has enjoyed another successful year. We have achieved an operating profit of $477,370 compared to $436,738 last financial year. Similarly, our after tax profit has increased to $227,464 compared to $157,535 last year.

By continuing to deliver a great service in partnership with Bendigo Bank, we have strengthened our business. This is a pleasing result in light of the tough global banking environment. The predicted plateau in business growth has not occurred largely due to the excellent work done by our Boorowa **Community Bank**® branch staff.

Our partner, Bendigo Bank has, in conjunction with the national **Community Bank**® network, recently completed the most comprehensive review of the **Community Bank**® model since inception. Changes to the profit sharing model in 2016 are expected to have some impact on our profitability. As a well-established branch, one of these changes will be a reduction in the amount of funds provided for marketing. There will be a pool of marketing funds that all **Community Bank**® companies will contribute to and this will enable improved collaboration for regional, state and national marketing of the **Community Bank**® brand and the ideals it stands for.

Community contributions have continued to be the major focus for our **Community Bank**® company. A total of $152,406 was given to community projects and sponsorships this year. Recipients included the Boorowa Remembers Memorial Garden ($13,208), Boorowa Wool Harvesting Association shearing shed facility ($18,986) and the Boorowa Men’s Den for metal crafting equipment ($4795). Many local events and sporting groups received sponsorship including Woolfest, Boorowa Show and International Women’s Day. A further $100,000 has been pledged to the Boorowa Pre-School Long Day-Care project. This significant community contribution enabled them to access a $500,000 Government grant.

I extend my thanks to my fellow Board members who freely give their time and enthusiasm. We were very sad to lose a long-standing Board member, Neil Gorham, in October 2014. His incredible knowledge of all things “Boorowa” is greatly missed.

To the staff, I thank you for your ongoing dedication. Our Branch Manager, Greg Pryor, achieves beyond our expectations and is ably supported by our wonderful branch staff. Their commitment to Boorowa is what makes our branch a success.

Thank you to our partners at Bendigo Bank as well as our financial advisors at Laterals GLP.

Most importantly, thank you to you, our shareholders, for making our **Community Bank**® branch possible. Together, we can to continue to operate a successful **Community Bank**® branch and provide ongoing support to our community.

Sue Corcoran
Chairman

Manager’s report

For year ending 30 June 2015

Boorowa **Community Bank**® Branch has achieved another successful year of trading and business growth with our business levels now exceeding $117 million, an increase of over $8 million for the year.

Wide spread support for the Boorowa **Community Bank**® Branch has enabled the company and Board to return generous returns to both shareholders and the community via dividends, grants, sponsorships and donations.

My thanks once again go to Sue and her Board for their support and direction and also the support from the Bendigo and Adelaide Bank. I must also thank the staff for their ongoing commitment towards the success of Boorowa **Community Bank**® Branch.

With continued local support and with that from the surrounding district, we anticipate account numbers will grow over 4,000 this year and business levels to exceed $120 million.

By supporting the Boorowa **Community Bank**® Branch, everybody benefits.

Greg Pryor
Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2015

In the 2015 financial year, the **Community Bank**® network opened its 310th branch and community contributions since the model's inception exceed $130 million. Both of these achievements could not have been achieved without your ongoing support as a shareholder, customer and advocate of what is a truly unique way of banking for the benefit of your local community.

Local communities continue to embrace the **Community Bank**® model, a banking movement founded on the simple belief that successful customers and successful communities create a successful bank.

Seventeen years later communities are still approaching us and the model is as robust and relevant as ever, however a review of what we were doing, why and how we could do it better was timely.

During an 18 month period the Bank, in partnership with the **Community Bank**® network, undertook a comprehensive review of the **Community Bank**® model. Project Horizon was the largest single engagement process ever undertaken by our organisation.

As a result, a focus for the next 18 months will be the implementation of 64 recommendations. What was overwhelmingly obvious is that our **Community Bank**® network, and our Bank, care deeply about what has been developed and in what the future holds for the network.

In the early days of **Community Bank**® development, the **Community Bank**® model was seen as a way to restore branch banking services to rural towns, regional cities and metropolitan suburbs after the last of the banks closed their doors.

Today, although the focus is still about providing banking services, there is perhaps an even greater interest in the way in which the model creates a successful community enterprise used to effectively, and sustainably, build community capacity.

In October 2014, we welcomed **Community Bank**® branches in Bacchus Marsh, Kilmore, Maffra, Kwinana and Nubeena. All of these branches join a strong and mature banking network where valued partnerships enhance banking services, taking the profits their banking business generates and reinvesting that funding into initiatives to ultimately strengthen their community.

Following consultation with local residents and business owners responding to other banks reducing their branch presence, Aldinga Beach **Community Bank**® Branch opened the Willunga Customer Service Centre in April 2015, providing a full banking service to local people five days a week.

The **Community Bank**® model is a great example of shared value and was centre stage at an international Shared Value conference in the United States earlier this year.

Funding generated by **Community Bank**® branches support projects that make a difference to a community. But no matter how big or small the place people call home, the **Community Bank**® network recognises that when they act as one, powered by the good that money can bring, bigger things can happen for local towns, regions and states.

In WA, a $125,000 commitment to Ronald McDonald House by Collie & Districts **Community Bank**® Branch resulted in a further $125,000 from 21 branches (both community and company owned) in the state.

In QLD, Longreach farming families are now feeding their stock thanks to a dedicated Rotary Club and financial contributions from 16 **Community Bank**® (and company) branches.

Across regional and rural NSW, young people are today better drivers thanks to a driver education program supported by **Community Bank**® branches and across Australia, 58 young people headed off to their first year of university with the help of a **Community Bank**® scholarship.

Bendigo and Adelaide Bank report (continued)

Interest in the **Community Bank**® model remains strong, with 20 **Community Bank**® sites currently in development and a further six **Community Bank**® branches expected to open nationally during the next 12 months.

The network's steady expansion demonstrates the strength and relevance of a banking model where the desire to support the financial needs of customers is equalled by the desire to support the community with the good that money can bring.

By the end of the financial year 2014/15 the **Community Bank**® network achieved the following:

- Returns to community – over $130 million since the model's inception
- **Community Bank**® branches – 310
- **Community Bank**® branch staff – more than 1,500
- **Community Bank**® company Directors – 1,946
- Banking business – $28.79 billion
- Customers – 699,000
- Shareholders – 74,393
- Dividends paid to shareholders since inception – $38.6 million

The communities we partner with also have access to the Bank's extensive range of other community building solutions including Community Enterprise Foundation™ (philanthropic arm), Community Sector Banking (banking service for not-for-profit organisations), Generation Green™ (environment and sustainability initiative), Community Telco® Australia (telecommunications solution), tertiary education scholarships and community enterprises that provide **Community Bank**® companies with further development options.

In Bendigo and Adelaide Bank, your **Community Bank**® company has a committed and strong partner and over the last financial year our company has continued its solid performance. Our 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.

Our **Community Bank**® partners played an integral role in the Bank's involvement in the Financial Systems Inquiry, lobbying their local Federal Government representatives and calling for a level playing field.

Recent APRA announcements regarding changes to risk weights on mortgages will positively impact our Bank – providing customers with a level playing field by giving them more choice from a wider variety of financial providers.

Thanks to the efforts of our people, our peers and **Community Bank**® partners, we're starting to see the benefits. In continuing to take a collaborative approach, we act as one network driving positive outcomes for all Australians.

As **Community Bank**® company shareholders you are part of a unique banking movement.

The model offers an alternative way to think about banking and the role banks play in modern society, and because of your support there really is no limit to what can be achieved for local people and the communities in which you live.

Thank you for your ongoing support of your local **Community Bank**® branch.

Robert Musgrove
Executive Community Engagement

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 Boorowa 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
Sue-Anne Corcoran Appointed 2 April 2001 Chairman	Bachelor of Pharmacy	Local Business Operator for 21 years
Michelle Fahey Appointed 29 November 2001 Company Secretary	Bachelor of Education in Special Education	School Principal
Christine Coble Appointed 7 November 2013 Treasurer		School Administration
Belinda Reid Appointed 7 November 2013 Publicity Officer	Bachelor of Laws & Bachelor of Management	Small Business Manager/Director
Graham Simmonds Appointed 25 September 2008 Director		Retired Stock & Station Agent
Tim McGrath Appointed 3 November 2011 Director		Local Councillor & Farmer
Neil Gorham Appointed 29 October 2002 Passed away 16 October 2014 Director		Retired Grazier and Local Councillor

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

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

Directors' report (continued)

Principal activities

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

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

Review of operations

The profit of the company for the financial year after provision for income tax was $227,464 (2014: $157,535), which is a 44% increase as compared with the previous year.

The net assets of the company have increased to $1,705,708 (2014: $1,536,340). The increase is largely due to an increase in cash and cash equivilents.

Dividends

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

	Year ended 30 June 2015	
	Cents Per Share	**$**
Dividends paid in the year (interim /or final) dividend:	0.15	58,096

Options

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

Significant changes in the state of affairs

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

Events subsequent to the end of the reporting period

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

Remuneration report

Remuneration policy

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

Remuneration benefits and payments

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

Directors' report (continued)

Indemnifying Officers or Auditor

The company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The company also has Officers Insurance for the benefit of Officers of the company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the company or in or arising out of the discharge of the Officer's duties.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an Auditor of the company.

Directors' meetings

The number of Directors' meetings held during the year was 10. Attendances by each Director during the year were as follows:

Director	Board Meetings #
Sue-Anne Corcoran	10 (10)
Michelle Fahey	7 (10)
Tim McGrath	5 (10)
Graham Simmonds - leave of absence granted Feb 2015	5 (10)
Neil Gorham - passed away 16 October 2014	0 (10)
Belinda Reid	9 (10)
Christine Coble	7 (10)

The first number is the meetings attended while in brackets is the number of meetings eligible to attend.

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

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

Michelle Fahey has been the Company Secretary of Boorowa Community Financial Services Limited since 2004.

Directors' report (continued)

Non audit service

The Board of Directors are satisfied that the provision of non audit services during the year is compatible with the general standard of independence for Auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed in Note 5 did not compromise the external Auditor's independence for the following reasons:

- all non audit services are reviewed and approved by the Audit Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the Auditor; and
- the nature of the services provided does not compromise the general principles relating to Auditor independence in accordance with APES 110 "Code of Ethics for Professional Accountants" set by the Accounting Professional and Ethical Standards Board.

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 10 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 Boorowa on 29 September 2015.

Sue-Anne Corcoran
Director

Auditor's independence declaration

Laterals GLP
Chartered Accountants

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

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

(i) the Auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Tim Allen

Laterals GLP
Chartered Accountants
35 Montague St, Goulburn NSW

Date: 28-9-15

Financial statements

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

	Note	2015 $	2014 $
Revenue	2	1,118,915	1,030,847
Employee benefits expense	3	(427,734)	(399,026)
Depreciation and amortisation expense	3	(29,199)	(30,462)
Bad and doubtful debts expense	3	(35)	(140)
Other expenses	3	(184,577)	(164,481)
Operating profit/(loss) before charitable donations and sponsorships		**477,370**	**436,738**
Charitable donations and sponsorships		(152,406)	(211,688)
Profit/(loss) before income tax		**324,965**	**225,050**
Tax expense / (benefit)	4	(97,500)	(67,515)
Profit/(loss) for the year		**227,464**	**157,535**
Other comprehensive income		-	-
Total comprehensive income for the year		**227,464**	**157,535**
Earnings per share (cents per share)			
- basic earnings per share	21	58.73	40.67

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	1,119,037	876,683
Trade and other receivables	7	109,846	101,043
Total current assets		**1,228,883**	**977,726**
Non-current assets			
Property, plant and equipment	8	619,024	634,605
Deferred tax assets	12	20,087	16,324
Intangible assets	9	3,808	13,808
Total non-current assets		**642,920**	**664,737**
Total assets		**1,871,803**	**1,642,463**
Liabilities			
Current liabilities			
Trade and other payables	10	32,899	28,458
Current tax payable	12	47,324	-
Provisions	11	67,741	59,533
Total current liabilities		**147,963**	**87,991**
Non current liabilities			
Deferred tax liabilities	12	18,132	18,132
Total non current liabilities		**18,132**	**18,132**
Total liabilities		**166,095**	**106,123**
Net assets		**1,705,708**	**1,536,340**
Equity			
Issued capital	13	387,310	387,310
Reserves		59,498	59,498
Retained earnings / (accumulated losses)	14	1,258,900	1,089,532
Total equity		**1,705,708**	**1,536,340**

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 $	Revaluation reserve $	Total equity $
Balance at 1 July 2013		**387,310**	**990,092**	**59,498**	**1,436,900**
Profit /(loss) for the year		-	157,535	-	157,535
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		**-**	**-**	**-**	**-**
Transactions with owners, in their capacity as owners					
Shares issued during the year		-	-	-	-
Dividends paid or provided	22	-	(58,096)	-	(58,096)
Balance at 30 June 2014		**387,310**	**1,089,532**	**59,498**	**1,536,340**
Balance at 1 July 2014		**387,310**	**1,089,532**	**59,498**	**1,536,340**
Profit /(loss) for the year		-	227,464	-	227,464
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		**-**	**-**	**-**	**-**
Transactions with owners, in their capacity as owners					
Shares issued during the year		-	-	-	-
Dividends paid or provided	22	-	(58,096)	-	(58,096)
Balance at 30 June 2015		**387,310**	**1,258,900**	**59,498**	**1,705,708**

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		1,081,822	997,866
Payments to suppliers and employees		(752,291)	(767,012)
Interest received		31,343	30,539
Income tax paid		(56,805)	(86,919)
Net cash provided by/(used in) operating activities	**15b**	**304,069**	**174,474**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	10,000
Purchase of property, plant and equipment		(3,618)	(25,022)
Net cash flows from/(used in) investing activities		**(3,618)**	**(15,022)**
Cash flows from financing activities			
Dividends paid		(58,096)	(58,096)
Net cash provided by/(used in) financing activities		**(58,096)**	**(58,096)**
Net increase/(decrease) in cash held		**242,354**	**101,356**
Cash and cash equivalents at beginning of financial year		876,683	775,327
Cash and cash equivalents at end of financial year	**15a**	**1,119,037**	**876,683**

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 Boorowa Community Financial Services Limited.

Boorowa 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 28 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, were applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

Economic dependency

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**® branch at Boorowa.

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 / (income) for the year comprises current income tax expense / (income) and deferred tax expense / (income).

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

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

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

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

(c) Fair value of assets and liabilities

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

Fair value is the price the company would receive to sell an 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.

Property

The land upon which the branch is located was revalued during the 2006 financial year. This value has been assessed by the Directors every year since then to determine it has not decreased.The Directors determined that the value of the land has not decreased from the figure as shown in the 2006 financial year and as such no further adjustments have been made.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

The land and buildings held at Dry Street, Boorowa are measured at cost and therefore are carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of land and buildings 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 land and buildings is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from 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.

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 (including buildings and capitalised leased assets, but excluding freehold land), 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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Depreciation (continued)

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

Class of asset	Depreciation rate
Buildings	2.5%
Plant and equipment	10-40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(e) 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.

(f) 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.

(g) Employee benefits

Short-term employee benefits

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

Note 1. Summary of significant accounting policies (continued)

(g) Employee benefits (continued)

Short-term employee benefits (continued)

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

Other long-term employee benefits

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

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

(h) Intangible assets and franchise fees

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

(i) Cash and cash equivalents

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

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

(j) Revenue and other income

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

Interest, dividend and fee revenue is recognised when earned.

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

(k) Trade and other receivables

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

Note 1. Summary of significant accounting policies (continued)

(k) Trade and other receivables (continued)

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

(l) Trade and other payables

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

(m) 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.

(n) 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.

Note 1. Summary of significant accounting policies (continued)

(n) New accounting standards for application in future periods (continued)

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

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.

(o) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which is probable that the outflow of economic benefits will result and the outflow can be reliably measured.

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

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

(p) 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.

(q) Comparative figures

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

(r) 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.

Note 1. Summary of significant accounting policies (continued)

(r) Critical accounting estimates and judgements (continued)

Income tax

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

Impairment

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

(s) 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.

Note 1. Summary of significant accounting policies (continued)

(s) Financial instruments (continued)

Impairment

A financial asset (or group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency on interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial asset is reduced directly if no impairment amount was previously recognised in the allowance account.

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

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.

Note 2. Revenue and other income

	2015 $	**2014 $**
Revenue		
- services commissions	1,085,805	1,000,259
	1,085,805	**1,000,259**
Other revenue		
- interest received	31,343	30,539
- other revenue	1,767	48
	33,110	**30,587**
Total revenue	**1,118,915**	**1,030,847**

Notes to the financial statements (continued)

	2015 $	2014 $
Note 3. Expenses		
Employee benefits expense		
- wages and salaries	391,344	363,793
- superannuation costs	36,390	32,912
- other costs	-	2,321
	427,734	**399,026**
Depreciation of non-current assets:		
- plant and equipment	8,471	7,419
- buildings	10,728	13,043
Amortisation of non-current assets:		
- intangible assets	10,000	10,000
	29,199	**30,462**
Bad debts	35	140
Other expenses		
- advertising and promotion	23,002	10,439
- insurance	21,942	15,359
- postage, printing and stationery	14,487	18,497
- IT equipment Lease	8,988	5,716
- IT running costs	10,538	10,041
- IT support costs	6,768	6,721
- electricity and gas	6,176	7,193
- repairs and maintenance	2,541	1,942
- rates	4,418	4,344
- telephone	7,429	6,905
- freight and cartage	28,805	30,516
- other	49,482	46,808
	184,577	**164,481**

Notes to the financial statements (continued)

	2015 $	2014 $

Note 4. Tax expense

	2015 $	2014 $
a. The components of tax expense/(income) comprise		
- current tax expense/(income)	101,264	69,155
- deferred tax expense/(income) relating to the origination and reversal of temporary differences	(3,774)	(1,640)
- recoupment of prior year tax losses	-	-
- adjustments for under/(over)-provision of current income tax of previous years	10	-
	97,500	**67,515**
b. The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit/(loss) before income tax at 30% (2014: 30%)	97,489	67,515
Add tax effect of:		
- Timing difference expenses	-	-
- Utilisation of previously unrecognised carried forward tax losses	-	-
- Prepayments deductible this year	11	-
Current income tax expense	**97,500**	**67,515**
Income tax attributable to the entity	**97,500**	**67,515**
The applicable weighted average effective tax rate is	-30.00%	-30.00%

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

Note 5. Auditors' remuneration

	2015 $	2014 $
Remuneration of the Auditor for:		
- Audit or review of the financial report	5,600	5,500
- Taxation services	1,000	1,000
- Share registry services	-	-
	6,600	**6,500**

Note 6. Cash and cash equivalents

	2015 $	2014 $
Cash at bank and on hand	1,119,037	876,683
	1,119,037	**876,683**

	2015 $	2014 $

Note 7. Trade and other receivables

Current

	2015 $	2014 $
Trade receivables	99,448	93,733
Other assets	10,398	7,310
	109,846	**101,043**

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.

	Gross amount	Past due and impaired	Past due but not impaired			Not past due
			< 30 days	31-60 days	> 60 days	
2015						
Trade receivables	99,448	-	-	-	-	99,448
Other receivables	10,398	-	-	-	-	10,398
Total	**109,846**	**-**	**-**	**-**	**-**	**109,846**
2014						
Trade receivables	93,733	-	-	-	-	93,733
Other receivables	7,310	-	-	-	-	7,310
Total	**101,043**	**-**	**-**	**-**	**-**	**101,043**

	2015 $	2014 $

Note 8. Property, plant and equipment

Land

	2015 $	2014 $
At valuation	135,980	135,980
At cost	384,118	384,118
	520,098	**520,098**

	2015 $	2014 $
Note 8. Property, plant and equipment (continued)		
Buildings		
At cost	157,611	153,993
Less accumulated depreciation	(92,627)	(81,899)
	64,984	**72,094**
Plant and equipment		
At cost	121,062	121,062
Less accumulated depreciation	(87,120)	(78,649)
	33,942	**42,413**
Total written down amount	**619,024**	**634,605**
Movements in carrying amounts		
Land		
Balance at the beginning of the reporting period	520,098	520,098
Additions	-	-
Disposals	-	-
Depreciation expense	-	-
Balance at the end of the reporting period	**520,098**	**520,098**
Buildings		
Balance at the beginning of the reporting period	72,094	85,137
Additions	3,618	-
Disposals	-	-
Depreciation expense	(10,728)	(13,043)
Balance at the end of the reporting period	**64,984**	**72,094**
Plant and equipment		
Balance at the beginning of the reporting period	42,413	35,837
Additions	-	25,022
Disposals	-	(11,027)
Depreciation expense	(8,471)	(7,419)
Balance at the end of the reporting period	**33,942**	**42,413**

	2015 $	2014 $

Note 9. Intangible assets

	2015 $	2014 $
Franchise fee		
At cost	50,000	50,000
Less accumulated amortisation	(46,192)	(36,192)
	3,808	**13,808**
Total intangible assets	**3,808**	**13,808**
Movements in carrying amounts		
Franchise fee		
Balance at the beginning of the reporting period	13,808	23,808
Additions	-	-
Disposals	-	-
Amortisation expense	(10,000)	(10,000)
Balance at the end of the reporting period	**3,808**	**13,808**

Note 10. Trade and other payables

	2015 $	2014 $
Current		
Unsecured liabilities:		
Trade creditors	8,332	8,960
Other creditors and accruals	24,566	19,498
	32,899	**28,458**

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

Note 11. Provisions

	2015 $	2014 $
Employee benefits	**67,741**	**59,533**
Movement in employee benefits		
Opening balance	59,533	53,631
Additional provisions recognised	8,208	5,902
Amounts utilised during the year	-	-
Closing balance	**67,741**	**59,533**
Current		
Annual leave	22,756	21,744
Long-service leave	44,985	37,788
	67,741	**59,533**

	2015 $	2014 $
Note 11. Provisions (continued)		
Non-current		
Long-service leave	-	-
	-	**-**
Total provisions	**67,741**	**59,533**

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.

Note 12. Tax balances

	2015 $	2014 $
(a) Tax assets		
Current		
Income tax receivable	-	363
	-	**363**
Non-current		
Deferred tax asset	20,087	16,324
	20,087	**16,324**
(b) Tax liabilities		
Current		
Income tax payable	47,324	-
	47,324	**-**
Non-current		
Deferred tax liabilities comprises:	18,132	18,132
	18,132	**18,132**

	2015 $	2014 $
Note 13. Share capital		
387,3810 Ordinary shares fully paid	387,310	387,310
Bonus shares issued for no consideration		
Less: Equity raising costs	-	-
	387,310	**387,310**
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	387,310	387,310
Shares issued during the year	-	-
At the end of the reporting period	**387,310**	**387,310**

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

Capital management

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

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

(i) the Distribution Limit is the greater of:

- (a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the Relevant Rate of 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 14. Retained earnings / (accumulated losses)

	2015 $	2014 $
Balance at the beginning of the reporting period	1,089,532	990,093
Profit/(loss) after income tax	227,464	157,535
Dividends paid	(58,096)	(58,096)
Balance at the end of the reporting period	**1,258,900**	**1,089,532**

Note 15. Statement of cash flows

(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows

	2015 $	2014 $
As per the Statement of Financial Position	1,119,037	876,683
As per the Statement of CashFlow	**1,119,037**	**876,683**
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit / (loss) after income tax	227,464	157,535
Non cash flows in profit		
- Depreciation	19,199	20,462
- Amortisation	10,000	10,000
- Profit/(Loss) on sale of property, plant & equipment	-	1,027
Changes in assets and liabilities		
- (Increase) decrease in receivables	(5,715)	(2,301)
- (Increase) decrease in prepayments	(223)	260
- (Increase) decrease in deferred tax asset	(3,763)	(1,640)
- Increase (decrease) in payables	4,439	(1,879)
- Increase (decrease) in sundry provisions	8,208	8,774
- Increase (decrease) in provision for income tax	44,458	(17,764)
Net cash flows from/(used in) operating activities	**304,069**	**174,474**

Note 16. Related party transactions

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

	2015	2014
Sue-Anne Corcoran	5,000	5,000
Michelle Fahey (joint holding with spouse)	500	500
Neil Gorham	500	500
Graham Simmonds (joint holding with spouse)	1,000	1,000
Tim McGrath	500	500
Belinda Reid	100	100
Christine Coble (joint holding with spouse)	100	100

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.

Note 17. Events after the reporting period

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

Note 18. Contingent liabilities and contingent assets

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

Note 19. Operating segments

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

Note 20. Company details

The registered office and principle place of business is: 32 Marsden Street, Boorowa NSW

Note 21. Earnings per share

	2015 $	2014 $

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

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

	2015 $	2014 $
Profit/(loss) after income tax expense	**227,464**	**157,535**
Weighted average number of ordinary shares for basic earnings per share	**387,310**	**387,310**

Note 22. Dividends paid or provided for on ordinary shares

Dividends paid or provided for during the year

	2015 $	2014 $
Interim fully franked ordinary dividend of 15 cents per share (2014: 15 cents) franked at the tax rate of 30% (2014: 30%).	**58,096**	**58,096**

Note 23. Financial risk management

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

	Note	2015 $	2014 $
Financial assets			
Cash and cash equivalents	6	1,119,037	876,683
Trade and other receivables	7	109,846	101,043
Total financial assets		**1,228,883**	**977,726**
Financial liabilities			
Trade and other payables	10	32,899	28,458
Total financial liabilities		**32,899**	**28,458**

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Note 23. Financial risk management (continued)

Specific financial risk exposure and management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and other price risk. There have been no substantial changes in the types of risks the company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

Credit risk exposures

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

The company has 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.

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	1,119,037	876,683

(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.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

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.

Note 23. Financial risk management (continued)

(b) Liquidity risk (continued)

Financial liability and financial asset maturity analysis:

30 June 2015	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial liabilities due for payment					
Trade and other payables	10	32,899	32,899	-	-
Total expected outflows		**32,899**	**32,899**	**-**	**-**
Financial assets - cash flows realisable					
Cash and cash equivalents	6	1,119,037	1,119,037	-	-
Trade and other receivables	7	109,846	109,846	-	-
Total anticipated inflows		**1,228,883**	**1,228,883**	**-**	**-**
Net (outflow)/inflow on financial instruments		**1,195,984**	**1,195,984**	**-**	**-**

30 June 2014	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial liabilities due for payment					
Trade and other payables	10	28,458	28,458	-	-
Total expected outflows		**28,458**	**28,458**	**-**	**-**
Financial assets - cash flows realisable					
Cash and cash equivalents	6	876,683	876,683	-	-
Trade and other receivables	7	101,043	101,043	-	-
Total anticipated inflows		**977,726**	**977,726**	**-**	**-**
Net (outflow)/inflow on financial instruments		**949,268**	**949,268**	**-**	**-**

Note 23. Financial risk management (continued)

(c) Market risk

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

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

Sensitivity analysis

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

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

	Profit $	**Equity $**
Year ended 30 June 2015		
+/- 1% in interest rates (interest income)	11,190	11,190
	11,190	**11,190**
Year ended 30 June 2014		
+/- 1% in interest rates (interest income)	8,767	8,767
	8,767	**8,767**

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.

Note 23. Financial risk management (continued)

(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.

	Note	2015		2014	
		Carrying amount $	Fair value $	Carrying amount $	Fair value $
Financial assets					
Cash and cash equivalents (i)		1,119,037	1,119,037	876,683	876,683
Trade and other receivables (i)		109,846	109,846	101,043	101,043
Investments		-	-	-	-
Total financial assets		**1,228,883**	**1,228,883**	**977,726**	**977,726**
Financial liabilities					
Trade and other payables (i)		32,899	32,899	28,458	28,458
Loans and borrowings		-	-	-	-
Total financial liabilities		**32,899**	**32,899**	**28,458**	**28,458**

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.

Directors' declaration

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

1. The financial statements and notes, as set out on pages 11 to 37 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.

Sue-Anne Corcoran
Director

Signed at Boorowa on 29 September 2015.

Independent audit report

Boorowa Community Financial Services Limited
ABN 76 093 519 094
Independent Audit Report

Report on the Financial Report

We have audited the accompanying financial report of Boorowa Community Financial Services Limited, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and 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.

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.

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 entity's preparation of the financial report that gives a true and fair view 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. 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 Boorowa Community Financial Services Ltd., would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Boorowa Community Financial Services Ltd. 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 *International Financial Reporting Standards* as disclosed in Note 1.

Tim Allen,
Laterals GLP Chartered Accountants
35 Montague Street, Goulburn
Date: 30-9-15

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