



Annual Report 2015

Buninyong & District Financial
Services Limited

ABN 63 137 673 388

Buninyong & District **Community Bank**[®] Branch

Contents

Chairman's report	2
Manager's report	7
Bendigo and Adelaide Bank report	8
Directors' report	10
Auditor's independence declaration	14
Financial statements	15
Notes to the financial statements	19
Directors' declaration	43
Independent audit report	44

Chairman's report

For year ending 30 June 2015

Our vision and motivation

Your volunteer Directors and paid branch staff continue to live by the Vision we enunciated seven years ago; we seek to contribute to the growth and prosperity of our communities. To be sure, we are a “for profit” banking business; but where we differ is that the overwhelming majority of the profit generated by banking is distributed back into our communities via a compassion-driven ethic of community investment.

We are not waiting for “them” (other people, Governments) to fix things. We believe that communities can be transformed by the human values of the people within. We stand for helping those communities by providing the seed capital for a project or the small assistance needed to achieve improvement or change and to flourish.

Our Community Investment strategy targets three main interconnecting areas – Youth, Environment, and Society (YES). Here's why:

Youth: the young people of today are tomorrow's parents and community leaders. As responsible corporate and community citizens we should assist and guide them, and support them when contemporary lifestyle issues have an unhealthy influence on them or their families.

Environment: our home, our planet, is being rapidly degraded. It makes sense to look after our home, and it is our mutual duty to future generations to act to reduce our impact on nature.

Society: as Martin Luther King Jr has it, “We are caught in an inescapable network of mutuality. Whatever effects one directly, effects all indirectly”. With that in mind, we believe that our modest contributions to the development of “society” can have a cumulative effect for positive transformation.

Business environment

For the past couple of years we have commented on the challenging economic conditions prevailing, and this year has seen the continuation of these trends. In the record low interest rate environment, credit growth remains low and income from our loan book is modest, whilst strong competition for depositors' funds means relatively high rates for deposits. The result is a continuing squeeze on our net interest margin, and income. In combination with slowly increasing operating costs, including Bendigo Bank's “Restoring the Balance” program, pressure on operating profit is significant.

However, continuing strong community support and the dedicated work of our branch staff means that our business continues to grow. Customer visits to our branch and ATMs are on the rise, as are the number of individuals, businesses and organisations who have their accounts at our branch. Our branch staff and Directors continue to work hard to earn and retain our customers trust, and to enhance the community through our Community Investments as well as preserving enterprise value.

We are proud to have played our part in supporting Bendigo Bank during the Commonwealth Government's recent Financial Systems Inquiry. Outcomes from this enquiry are still being reviewed and implemented; however one positive outcome announced by APRA is the change made in July 2015 to the risk weights on mortgages. It really is good news for consumers in that the changes will level the playing field (better for our **Community Bank**[®] branch) and ensure customers have choice of a wider variety of providers.

Initiatives of Bendigo Bank continue to have strong positive impacts on the **Community Bank** network as a whole, and on your Buninyong & District **Community Bank**[®] Branch specifically. Rural Bank and Bendigo Wealth strongly support agricultural, retail and business banking needs, and Bendigo Bank's strong focus on customer connectedness and customer satisfaction continues. This is reflected in recent awards for ‘Business Bank of the Year’, and ‘Best Credit Card Customer Satisfaction Award’ by JD Power, whilst continued significant investment in electronic banking products will ensure Bendigo Bank's continued relevance to an increasingly “tech-savvy” market.

Chairman's report (continued)

Our business' performance

Our customers and communities continue to support us strongly, and, challenging economic conditions notwithstanding, your **Community Bank**[®] branches continuing to fulfil its vision to contribute to the growth and prosperity of our community through our compassion-driven ethic of community investment.

Although our trading results have been slightly diminished by our investment in the Community House at 407 Warrenheip Street which will yield significant future benefits to our community, your Board can report another profitable performance of your company at the end of financial year 2014/15, our fifth year of trading.

Measure	Unit	2015	2014	2013
Profit before community grants	\$	95,735	117,775	122,766
Donations, grants and sponsorships	\$	33,502	89,390	41,442
Profit before tax	\$	62,233	28,385	81,325
Net income	\$	39,364	17,598	51,218
Indicator				
Total equity	\$	545,637	547,783	585,532
Return on equity	%	7	3	9
Earnings per share	¢	5.7	2.5	7.4
Shareholder dividend	¢	4.0	6.0	8.0

Retiring Director – Thank you to John Emery

After eight years of work dedicated to bringing a successful **Community Bank**[®] branch to Buninyong, founding Chairman John Emery has announced his retirement. It was because of John's vision for what was possible that a Steering Committee was formed in 2008 explore with Bendigo Bank the idea of bringing a bank back to Buninyong after an absence of 30 years. As Chairman, John tirelessly oversaw the processes of engaging with the Buninyong community and gaining pledges of support, completing a formal Feasibility Study into the business, successfully launching the Investment Prospectus (in 2009 in the middle of the GFC turmoil), and bringing **Community Bank**[®] branch to actuality in August 2010. John has expressed his feelings of "... privilege for the opportunity to have lead a dedicated, harmonious and diverse team in bringing the **Community Bank**[®] branch to Buninyong," and feels that now that the Buninyong & District **Community Bank**[®] Branch is well established and delivering on our Vision of contributing to the growth and prosperity of our community, it is time for him to leave the challenges to a new group of Directors. The company, and our communities, owe a great debt of gratitude to John Emery.

Shared Value In Buninyong

In the 20 years since transforming from a Building Society to a Bank (1 July 1995), Bendigo Bank has steadily acquired a strong reputation for "Customer Connectedness" and a strong focus on shared value and communities. There are now (September, 2015) 311 **Community Bank**[®] branches operating around Australia. Each is owned by a local community enterprise and each is working in its own way to deliver reputable banking services to their communities, and to deliver shared value to those communities.

Indeed, Bendigo and Adelaide Bank is now recognised around the world as a "shared value" business, participating in the fifth Shared Value Leadership Summit in New York, USA this year. World-wide, there is a growing recognition that businesses can add value to their communities through solving social and environmental issues as part of their core business strategy.

Chairman's report (continued)

Bendigo Bank's service and value proposition bring market leading customer advocacy and customer satisfaction to every community.

BUSINESS BANK OF THE YEAR, 4 YEARS RUNNING *Awarded by Roy Morgan Research in 2011, 2012, 2013 & 2014*

Australian Credit Card with Highest Customer Satisfaction
JD POWER ASIA PACIFIC CUSTOMER SATISFACTION SURVEY 2015

MOST REPUTABLE BANK IN AUSTRALIA

Highest ranked Australian Financial Institution, and 7th most reputable of all top 60 Australian businesses in AMR & Reputation Institute 2015 global study. Closest "Big 4 bank was 31st.

MOST RECOMMENDED BANK
ROY MORGAN RESEARCH 2012, 2013, 2014

STAR RATING SUPERANNUATION
SmartStart Super® awarded CANSTAR 5 star rating for outstanding value 2013 & 2014

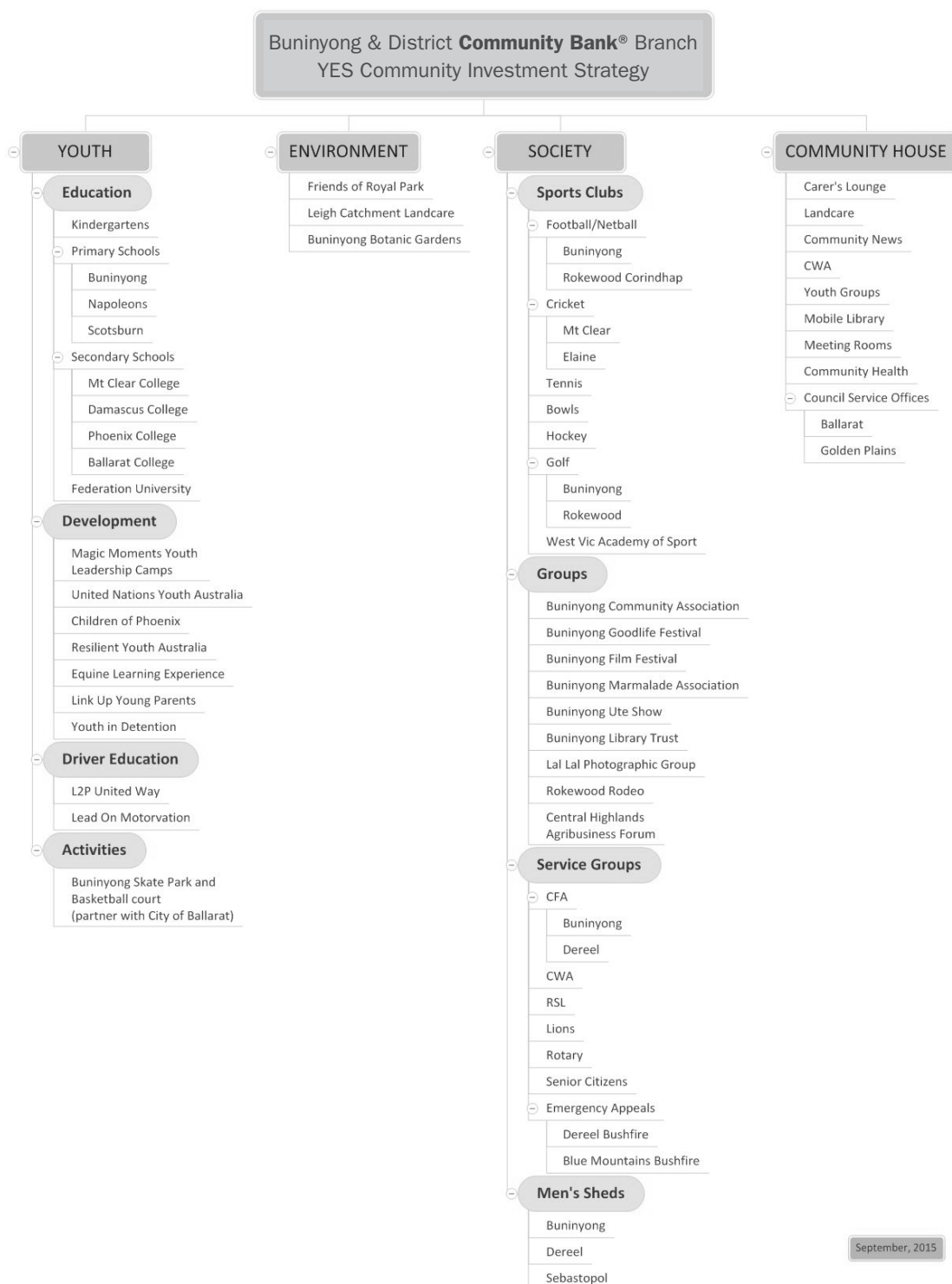
BRW 2015 TOP 50 INNOVATOR COMPANY
NEW MOBILE PAYMENTS SYSTEM *REDY*

2015 Victorian iAward in Financial Services recognizing cutting edge technology in our real-time banking advice App *miBanker*

Chairman's report (continued)

As a **Community Bank**[®] branch customer and/or **Community Bank**[®] company shareholder, you already know that banking with us is not only good for you; it is also good for your community. This is our 'Shared Value'.

'Shared Value' in Buninyong and District is represented in our \$230,000 (approximately) in community investments to more than 50 recipient organisations over five years. Fifty organisations who have received seed capital for their projects, or the small assistance they needed to change, improve and flourish. 'Shared Value' is also seen in our \$350,000 (approximately) investment in our Community House at 407 Warrenheip Street Buninyong, a house for the use of the whole community.



September, 2015

Chairman's report (continued)

What's next?

Our traditional support of schools, area organisations and sporting clubs will continue. As our compassion driven ethic of community investment continues to develop, we'll also be investing profits earned from our banking business in more Youth, Environment and Society oriented projects, such as:

- Purchase of a driver education vehicle for L2P in Buninyong
- Support for the Buninyong & District Community Association's Newsletter
- Sponsorship of Ballarat High School's LinkUp Young Parents program
- Funding of research into the efficacy of Equine Assisted Therapy for the treatment of behavioural issues in youth and young adults
- Support for the Carers community
- Development of future society leaders through support of young people at Magic Moments Youth Leadership and Business Summit
- Diverse collaboration with Federation University
- Youth Skate Park and Basketball Court in Buninyong.



The staff of Buninyong & District **Community Bank**[®] Branch, lead by valued Manager Randall Dreger, and Directors of Buninyong & District Financial Services Limited will continue to advocate strongly in our communities for the market leading products and services offered by Bendigo Bank and Rural Bank. And, we'll continue to invest in our communities through our YES Community Investment strategy and our Community House.

Through this advocacy and the delivery of great customer service, we will work to retain and build our customers' trust and to continue to grow the business, thereby contributing to the growth and prosperity of our communities.

Chairman
Stephen Falconer

Manager's report

For year ending 30 June 2015

Our fifth trading year is successfully concluded. We continue to grow and experience an increase in customer numbers and sales as we are guided by our vision to contribute to the growth and prosperity of our community.

It is wonderful to witness the benefits of the **Community Bank**[®] concept where everyone wins. At Buninyong & District **Community Bank**[®] Branch we work hard to improve our customers' banking experience and provide competitive rates and products. We deliver exceptional personalised service to ensure that our customers win. Furthermore, we turn our profits back into local projects and sponsorships to ensure that our community wins. Finally, with a steady healthy portfolio, we provide regular dividends so that our shareholders also win.

Many individuals still do not understand that this model is what makes us fundamentally different from other banks. Spreading this story is both our challenge and opportunity. Our current focus is to deepen our community relationships by working closely with our community groups and their members.

With this focus in mind, the branch structure has changed with the introduction of Greg Veal, our roving Business Development Manager. Within the branch you will see the familiar and friendly faces of Narelle, Jenny, Lea and Wendy who serve our customers with passion and integrity. I sincerely and publically thank all my staff who consistently do a fantastic job.

In the past financial year our total portfolio grew by over \$13 million. This was achieved by an increase in sales compared to the previous financial year in both lending and deposits. Growth in customer numbers was consistent and exceeded last year indicating that our story is successfully being spread as more and more people partner with us.

This coming year will be another exciting one as we aim to further increase our numbers, balances, profits and most importantly, community contributions.

Last year I thanked all our shareholders and customers for their continued support of Buninyong & District **Community Bank**[®] Branch. This year I invite you to come into the branch and have a conversation with us instead. We will still thank you, but we may be able to do much more than that.

Everyone wins.



Randall Dreger
Branch 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.

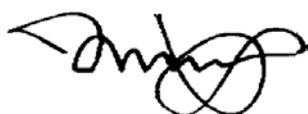
Recent APRA announcements regarding changes to risk weights on mortgages will positively impact our Bank – providing customers with a level playing field by giving them more choice from a wider variety of financial providers.

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 Buninyong & District 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
Stephen J. Falconer Chairman Board member since 2009		Retired global auto components business CEO. Responsibility for sales, marketing and business development (both within Australia and Internationally).
John K. Emery Director Board member since 2009		Retired Motor Trader with 50 years of retail and wholesale experience, including 30 years as owner/operator of a franchised dealership in Ballarat.
Ronald L. Delaland Director Board member since 2009		Director Delaland Holdings Owner/Local Trader - Buninyong Newsagency Buninyong Golf Club - President and Committee roles
Garry D. Trotter Director Board member since 2009	BAppSc BSc Psych (Hons) Grad Dip Occ' Psych	Partner - SED Advisory: Leadership & Culture Divisional Manager - UK Manufacturing Organisation School Council President (Buninyong) School Council Member
Amber J. Balazic Director Board member since 2012	BBus (Acc) Ass. Dip Bus (Acc) Reg. BAS Agent	Accountant (8yrs) Book Keeping Business (10yrs) Buninyong Goodlife Festival - Treasurer
Ian J. Corcoran Director Board member since 2012	Dip Bus (Acc) MAICD	Retired McDonalds Licensee Director - North Ballarat Sports Club Former member Rotary Club of Ballarat
Gerard F. Ballantyne Director Board member since 2012 Retired 26 August 2015	Ad Dip Bus	Director Ballarat Fine Art Gallery Director Ballarat Turf Club Director Ballarat Tourism Board
Neil J. Blanchard Director / Company Sec. Board member since 2013	BEng (Hons) Ad Dip Bus	Past Director of Buninyong & District Financial Services Business Relationship Manager for Ambulance Victoria Buninyong Fire Brigade - Past Captain and Officer roles

Directors' report (continued)

Directors (continued)

Name and position held	Qualifications	Experience and other Directorships
Peter Mees Director Board member since July 2015	LL.B. (Hons) LL.M. (Melb), Accredited Specialist of Business Law	Commercial lawyer - 25 years experience Owner - Mees Partners Lawyers Director NGT Travel School Council Vice President (Buninyong)
Michael L. Scanlon Director Board member since July 2015	Masters of Commerce Dip Bus Man Licensed Estate Agent	Over 20 years experience in Business Management

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

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

Principal activities

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

During the year, the company finalised the purchase of a house at 407 Warrenheip Street Buninyong. The company intends to make the house available for use by the community as a Community House for youth and community groups to further their and the community's interests.

Review of operations

The profit/(loss) of the company for the financial year after provision for income tax was \$39,364 (2014 profit: \$17,598), which is a 123% increase as compared with the previous year.

The net assets of the company have decreased to \$545,637 (2014: \$547,783).

Dividends

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

	Year ended 30 June 2015	
	Cents Per Share	\$
Dividends paid for the year ended 30 June 2014	6	41,510
Dividends proposed for the year ended 30 June 2015	4	27,673

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.

Directors' report (continued)

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

The Board, at its meeting held on 30th September 2015, approved the renewal of the franchise agreement with Bendigo and Adelaide bank for an additional 5 year period effective from 7th October 2015.

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

Director Amber Balazic received \$5,760 (2014: \$6,240) in relation to her role as Company Bookkeeper for the year ended 30 June 2015.

No other 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.

The Buninyong & District Financial Services Limited has NOT accepted the Bendigo and Adelaide Bank Limited's **Community Bank**[®] Directors' Privileges package.

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

Director	Board meetings #	Audit Committee meetings #
Stephen J. Falconer	11 (11)	2 (2)
John K. Emery	9 (11)	N/A
Ronald L. Delaland	10 (11)	N/A

Directors' report (continued)

Directors' meetings (continued)

Director	Board meetings #	Audit Committee meetings #
Garry D. Trotter	7 (11)	N/A
Amber J. Balazic	10 (11)	2 (2)
Ian J. Corcoran	8 (11)	N/A
Gerard F. Ballantyne	7 (11)	N/A
Neil J. Blanchard	10 (11)	2 (2)

The first number is the meetings attended while in brackets is the number of meetings eligible to attend.
N/A - not a member of that committee.

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

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

Neil Blanchard has been a past Director of Buninyong & District Financial Services Limited, and was re-appointed to the Board in March 2013. Neil is currently a business relationship Manager for Ambulance Victoria, along with various Officer roles within the Buninyong fire brigade.

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 14 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 Buninyong on 30 September 2015.



Stephen J. Falconer
Chairman

Auditor's independence declaration

MOR Accountants
Formerly – Molloy, Orr and Ronan



Chartered Accountants

Ballarat
Cnr Dana & Dawson Streets
Ballarat Vic 3350
Telephone: (03) 5333 3202
Facsimile: (03) 5333 3381

Melbourne
By Appointment
Level 23 Herald Weekly Tower
40 City Road, Southgate Vic 3006
Telephone: (03) 9674 0416

Postal
406 Dana Street, Ballarat Vic 3350
Email: info@mor.net.au
www.mor.net.au

Buninyong & District Financial Services Limited

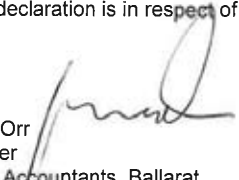
AUDITORS INDEPENDENCE DECLARATION

To the directors of Buninyong & District Financial Services Limited

As auditor for the audit of Buninyong & District Financial Services Limited for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Buninyong & District Financial Services Limited during the year.


G. L. Orr
Partner
MOR Accountants, Ballarat
Dated: 30/9/15

Liability limited by a scheme approved under Professional Standards Legislation

Partners D.J. Molloy CA | G.L. Orr CA | N.G. Ronan CA | P.R. Hansen CA | J.A. Edgar CA | P.A. White CA |



**Chartered
Accountants**

Financial statements

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

	Note	2015 \$	2014 \$
Revenue	2	734,985	711,962
Employee benefits expense	3	(352,502)	(335,987)
Depreciation and amortisation expense	3	(25,082)	(31,682)
Finance Costs		(662)	-
Administration & general costs	3	(108,609)	(97,073)
Bad and doubtful debts expense		(129)	(576)
Information technology costs	3	(36,621)	(39,159)
Occupancy - banking	3	(53,551)	(53,462)
Occupancy - community house	3	(23,465)	-
ATM expense	3	(38,629)	(36,248)
Operating profit/(loss) before charitable donations & sponsorships		95,735	117,775
Charitable donations and sponsorships	3	(33,502)	(89,390)
Profit/(loss) before income tax expense		62,233	28,385
Tax expense / (benefit)	4	22,869	10,787
Profit/(loss) for the year		39,364	17,598
Other comprehensive income		-	-
Total comprehensive income		39,364	17,598
Profit/(loss) attributable to:			
Members of the company		39,364	17,598
Total		39,364	17,598
Earnings per share (cents per share)			
- basic for profit / (loss) for the year	24	5.69	2.54
- diluted for profit / (loss) for the year	24	5.69	2.54

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Financial Position as at 30 June 2015

	Note	2015 \$	2014 \$
Assets			
Current assets			
Cash and cash equivalents	6	186,090	432,178
Trade and other receivables	7	71,442	67,242
Current tax refundable	14	-	6,066
Other current assets	8	-	29,000
Total current assets		257,532	534,486
Non-current assets			
Property, plant and equipment	9	388,062	58,758
Deferred tax asset	14	6,631	7,957
Intangible assets	10	-	13,923
Total non-current assets		394,693	80,638
Total assets		652,225	615,124
Liabilities			
Current liabilities			
Trade and other payables	11	46,446	47,767
Current tax payable	14	3,390	-
Borrowings	12	4,451	-
Provisions	13	21,449	13,167
Total current liabilities		75,736	60,934
Non-current liabilities			
Borrowings	12	19,778	-
Provisions	13	11,074	6,407
Total current liabilities		30,852	6,407
Total liabilities		106,588	67,341
Net assets / (liabilities)		545,637	547,783
Equity			
Issued capital	15	679,441	679,441
Retained earnings / (accumulated losses)	16	(133,804)	(131,658)
Total equity		545,637	547,783

The accompanying notes form part of these financial statements.

Financial statements (continued)

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

	Note	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2013		679,441	(93,909)	585,532
Total comprehensive income for the year			17,598	17,598
Transactions with owners, in their capacity as owners				
Dividends paid or provided	25	-	-	-
Balance at 30 June 2014		679,441	(76,311)	603,130
Balance at 1 July 2014		679,441	(76,311)	603,130
Total comprehensive income for the year		-	39,364	39,364
Transactions with owners, in their capacity as owners				
Dividends paid or provided	25	-	(55,347)	(55,347)
Balance at 30 June 2015		679,441	(92,294)	587,147

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2015

	Note	2015 \$	2014 \$
Cash flows from operating activities			
Receipts from clients		801,081	760,260
Payments to suppliers and employees		(708,581)	(710,644)
Interest received		2,907	15,693
Interest paid		(663)	-
Income tax (paid) / refunded		(12,087)	(17,980)
Net cash flows from/(used in) operating activities	17b	82,657	47,329
Cash flows from investing activities			
Payments for investments		-	-
Purchase of property, plant & equipment		(311,464)	(29,000)
Net cash flows from/(used in) investing activities		(311,464)	(29,000)
Cash flows from financing activities			
Proceeds from borrowings		26,837	-
Repayment of borrowings		(2,608)	-
Dividends paid		(41,510)	(55,347)
Net cash flows from/(used in) financing activities		(17,281)	(55,347)
Net increase/(decrease) in cash held		(246,088)	(37,018)
Cash and cash equivalents at start of year		432,178	469,196
Cash and cash equivalents at end of year	17a	186,090	432,178

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2015

The financial statements and notes represent those of Buninyong & District Financial Services Limited.

Buninyong & District 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 30 September 2015.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

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

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

Economic dependency

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

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 is 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.

(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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(b) Income tax (continued)

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

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 measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

(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.

(d) Property, plant and equipment

Land and buildings

Freehold land and buildings are carried at their fair value (refer note 1 (c)), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

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 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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Plant and equipment

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

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

Class of asset	Depreciation rate
Leasehold Improvements	6.7%
Plant & equipment	10 - 33%

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

An assets' carrying amount is written down immediately to its recoverable amount if the assets' 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 each reporting period, the company assesses whether there is any indication that an asset may be impaired. 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 the relevant Standard.

(f) Goods and services tax

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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(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.

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.

The company's obligation 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 per 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 six 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 trade discounts and volume rebates allowed. Revenue comprises service commissions and other income received by the company.

Interest and fee revenue is recognised when earned.

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

(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.

Notes to the financial statements (continued)

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) New and revised accounting requirements applicable to the reporting period

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 commencing on or after 1 January 2017).

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.

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.

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.

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

"The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with customers;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied."

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

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

(m) Provisions

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(m) Provisions (continued)

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

(n) Share capital

Issued and paid up capital is recognised at the fair value of the consideration received by the company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(o) Comparative figures

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

(p) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company. Estimates and judgements are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and judgements that have a significant risk of causing material adjustments to the carrying values of assets and liabilities are as follows:

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation 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.

Income tax

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

(q) Critical accounting estimates and judgements

Employee benefits provision

Assumptions required for wage growth and CPI movements. The likelihood of employees reaching unconditional service is estimated. Treatment of leave under updated AASB 119 standard.

Impairment

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(q) Critical accounting estimates and judgements (continued)

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.

(i) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Financial liabilities

Non derivative financial liabilities are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

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

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(q) Critical accounting estimates and judgements (continued)

Impairment (continued)

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

Derecognition of financial instruments

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

	2015 \$	2014 \$
Note 2. Revenue and other income		
Revenue		
- services commissions	732,371	695,923
	732,371	695,923
Other revenue		
- interest received	2,614	16,039
- other revenue	-	-
	2,614	16,039
Total revenue	734,985	711,962

Note 3. Expenses

Employee benefits expense

- wages and salaries	301,322	279,426
- superannuation costs	28,029	26,926
- other costs	23,151	29,635
	352,502	335,987

Depreciation of non-current assets:

- leasehold improvements	1,517	4,253
- plant and equipment	9,642	5,429

Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 3. Expenses (continued)		
Amortisation of non-current assets:		
- intangible assets	13,923	22,000
	25,082	31,682
Administration and general costs:		
- Accounting fees	8,502	6,412
- Audit fees	4,202	4,100
- Advertising & marketing	21,578	9,511
- Bookkeeping fees	5,760	5,760
- Cash delivery	5,751	5,306
- Freight/cartage/delivery	9,186	10,034
- Insurance	17,640	15,607
- Printing / stationery	9,716	11,253
- Telephone	6,311	6,629
- Other	19,963	22,461
	108,609	97,073
Information technology costs:		
- IT Equipment lease	14,213	15,277
- IT Running costs	12,477	12,476
- IT Support costs	9,931	11,406
	36,621	39,159
Occupancy costs - banking:		
- Cleaning	5,748	6,337
- Electricity / gas	5,540	6,020
- R&M - Buildings	677	175
- R&M - Furniture & fittings	664	907
- Rent	34,827	33,911
- Rates	4,406	4,304
- Security monitoring	1,689	1,808
	53,551	53,462

Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 3. Expenses (continued)		
Occupancy costs - community house		
- Electricity / gas	276	-
- R&M - Buildings	11,580	-
- R&M - Furniture & fittings	9,669	-
- Rates	1,940	-
	23,465	-
ATM:		
- Cash delivery	6,749	6,554
- Leasing	12,696	12,696
- Consumables	-	93
- Maintenance	3,321	3,753
- Switching fees	1,406	1,355
- Discrepancies	2,416	106
- Offsite rent	12,041	11,691
	38,629	36,248
Charitable donations & sponsorships:		
- Community Enterprise Foundation™	-	50,000
- The Buninyong Good Life Festival	2,727	
- Mind over Motor	2,273	
- Buninyong & District Tennis Association	3,000	-
- United Way Ballarat	-	12,700
- Magic Moments Foundation	7,782	5,188
- Buninyong Men's Shed	2,500	5,000
- Other minor recipients	15,220	13,502
	33,502	89,390

Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 4. Tax expense		
a. The components of tax expense/(income) comprise		
- current tax expense/(income)	21,542	10,789
- deferred tax expense/(income) relating to the origination and reversal of temporary differences	1,327	10,176
- recoupment of prior year tax losses	-	(6,830)
- adjustments for under/(over)-provision of current income tax of previous years	-	(3,348)
	22,869	10,787
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%)	18,669	8,515
Add tax effect of:		
- Adjustments in respect of current income tax of previous year	-	(3,348)
- Non-deductible expenses	4,200	6,869
- Other deductible expenses	-	(1,249)
Current income tax expense	22,869	10,787
Income tax attributable to the entity	22,869	10,787
The applicable weighted average effective tax rate is	36.75%	38.00%

Note 5. Auditors' remuneration

Remuneration of the Auditor for:

- Audit or review of the financial report	4,175	4,100
- Taxation services	-	-
- Share registry services	-	-
	4,175	4,100

Note 6. Cash and cash equivalents

Cash at bank and on hand	136,132	121,644
Short-term bank deposits	49,958	310,534
	186,090	432,178

The effective interest rate on short-term bank deposits was 2.7% (2014: 3.3%); these deposits have an average maturity of 181 Days

Notes to the financial statements (continued)

	2015 \$	2014 \$
--	------------	------------

Note 7. Trade and other receivables

Current

Trade debtors	71,388	66,895
Interest receivable	54	347
	71,442	67,242

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	71,388	-	-	-	-	71,388
Other receivables	54	-	-	-	-	54
Total	71,442	-	-	-	-	71,442
2014						
Trade receivables	66,895	-	-	-	-	66,895
Other receivables	347	-	-	-	-	-
Total	67,242	-	-	-	-	66,895

	2015 \$	2014 \$
--	------------	------------

Note 8. Other current assets

Deposit on land and buildings	-	29,000
	-	29,000

Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 9. Property, plant and equipment		
Land and buildings		
At cost	304,563	-
Less accumulated depreciation	-	-
Total written down amount	304,563	-
Leasehold improvements		
At cost	22,742	22,742
Less accumulated depreciation	(7,433)	(5,916)
Total written down amount	15,309	16,826
Plant and equipment		
At cost	104,467	68,567
Less accumulated depreciation	(36,277)	(26,635)
Total written down amount	68,190	41,932
Total written down amount	388,062	58,758
Movements in carrying amounts		
Land and buildings		
Balance at the beginning of the reporting period	-	-
Additions	304,563	-
Disposals	-	-
Depreciation expense	-	-
Balance at the end of the reporting period	304,563	-
Leasehold improvements		
Balance at the beginning of the reporting period	16,826	21,079
Additions	-	-
Disposals	-	-
Depreciation expense	(1,517)	(4,253)
Balance at the end of the reporting period	15,309	16,826
Plant and equipment		
Balance at the beginning of the reporting period	41,932	47,361
Additions	35,900	-
Disposals	-	-
Depreciation expense	(9,642)	(5,429)
Balance at the end of the reporting period	68,190	41,932
	388,062	58,758

Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 10. Intangible assets		
Franchise fee		
At cost	110,000	110,000
Less accumulated amortisation	(110,000)	(96,077)
	-	13,923
Movements in carrying amounts		
Intangible assets		
Balance at the beginning of the reporting period	13,923	35,923
Additions	-	-
Disposals	-	-
Amortisation expense	(13,923)	(22,000)
Balance at the end of the reporting period	-	13,923

Note 11. Trade and other payables

Current

Unsecured liabilities:

Trade creditors	12,656	29,332
Other creditors and accruals	33,790	18,435
	46,446	47,767

Note 12. Borrowings

Current

Secured liabilities

Bank loan	4,451	-
	4,451	-

Non-current

Secured liabilities

Bank loan	19,778	-
	19,778	-

The company has an equipment loan which is subject to normal terms and conditions. The current interest rate is 5.2%. This loan has been created to fund the purchase of a motor vehicle and is secured by the vehicle.

Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 13. Provisions		
Employee benefits	32,523	19,574
Movement in employee benefits		
Opening balance	19,574	11,161
Additional provisions recognised	30,248	22,208
Amounts utilised during the year	(17,299)	(13,795)
Closing balance	32,523	19,574
Current		
Annual leave	21,449	13,167
Long service leave	-	-
	21,449	13,167
Non-Current		
Annual leave	-	-
Long service leave	11,074	6,407
	11,074	6,407
Total provisions	32,523	19,574

Provision for employee benefits

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

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

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

	2015 \$	2014 \$
Note 14. Tax balances		
(a) Tax assets		
Current		
Income tax receivable	-	6,066
	-	6,066

Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 14. Tax balances (continued)		
Non-current		
Deferred tax asset comprises:		
- Provisions	10,739	6,832
- Fixed Assets	(4,092)	1,125
- Other	(16)	
	6,631	7,957
(b) Tax liabilities		
Current		
Income tax payable	3,390	-
	3,390	-

Note 15. Share capital

691,670 Ordinary Shares fully paid of \$1 each	691,670	691,670
168 Ordinary Shares raised at zero value	-	-
Less: Equity raising costs	(12,229)	(12,229)
	679,441	679,441
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	691,670	691,670
Shares issued during the year	-	-
At the end of the reporting period	691,670	691,670

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

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

(i) the Distribution Limit is the greater of:

- (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

Notes to the financial statements (continued)

Note 15. Share capital (continued)

Capital management (continued)

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

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2015 can be seen in the Statement of Profit or Loss and Comprehensive Income.

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

	2015 \$	2014 \$
Note 16. Retained earnings / (accumulated losses)		
Balance at the beginning of the reporting period	(131,658)	(93,909)
Dividends provided for or paid	(41,510)	(55,347)
Profit/(loss) after income tax	39,364	17,598
Balance at the end of the reporting period	(133,804)	(131,658)

Note 17. 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

As per the statement of financial position	186,090	432,178
As per the statement of cash flow	186,090	432,178

(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities

Profit / (loss) after income tax	39,364	17,598
Non cash items		
- Depreciation	11,159	9,682
- Amortisation	13,923	22,000
Changes in assets and liabilities		
- (Increase) decrease in receivables	(4,200)	(5,206)
- (Increase) decrease in deferred tax asset	1,326	(1,127)
- (Increase) decrease in income tax provision	9,456	(6,066)
- Increase (decrease) in payables	(1,320)	2,035
- Increase (decrease) in provisions	12,949	8,413
Net cash flows from/(used in) operating activities	82,657	47,329

Notes to the financial statements (continued)

Note 18. Related party transactions

The company's main related parties are as follows:

(a) Key management personnel

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

(b) Other related parties

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

(c) Transactions with key management personnel and related parties

No key management personnel or related party has entered into any contracts with the company, except for Amber Balazic who received \$5,760 (2014: \$6,240) for bookkeeping services on normal terms and conditions. No Director fees have been paid as the positions are held on a voluntary basis.

Buninyong & District Financial Services Limited has not accepted the Bendigo and Adelaide Bank Limited's **Community Bank**[®] Directors Privileges package.

(d) Key management personnel shareholdings

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

	Increase / (Decrease)	2015	2014
Stephen J. Falconer	-	15,201	15,201
John K. Emery	-	1,101	1,101
Ronald L. Delaland	(10,000)	28,201	38,201
Garry D. Trotter	-	2,201	2,201
Amber J. Balazic	-	1,000	1,000
Ian J. Corcoran	-	5,000	5,000
Gerard F. Ballantyne	-	1,000	1,000
Neil J. Blanchard	-	2,701	2,701

Movement in key management personnel shareholdings during the year is noted above. Each share held has a paid up value of \$1 and is fully paid.

(e) Other key management transactions

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

Notes to the financial statements (continued)

Note 19. Commitments

(a) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as a liability is as follows:

	2015 \$	2014 \$
Land and buildings	-	261,000

(b) Non-cancellable operating leases

The company leases the principal place of business at 401B Warrenheip Street Buninyong under a non-cancellable operating lease expiring within one years with two further renewal options each of five years. The value of this lease is adjusted annually for CPI up to a maximum of 4%. On renewal, the value of the lease is renegotiated to market value.

Commitments for minimum lease payments in relation to non-cancellable operating lease are payable as follows:

	2015	2014
Within one year	35,688	34,827
Later than one year but not later than five years	142,752	5,804
Later than five years	10,409	-

Note 20. Events after the reporting period

The Board, at its meeting held on 30th September 2015, approved the renewal of the franchise agreement with Bendigo and Adelaide bank for an additional 5 year period effective from 7th October 2015.

Note 21. Contingent liabilities and assets

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

Note 22. 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 Buninyong, Victoria. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2014: 100%).

Note 23. Company details

The registered office is: 18 Doveton Street North
Ballarat, Victoria 3350

The principal place of business is: 401B Warrenheip Street
Buninyong, Victoria 3357

Notes to the financial statements (continued)

Note 24. Earnings per share

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

Diluted earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

	2015 \$	2014 \$
The following reflects the income and share data used in the basic and diluted earnings per share computations:		
Profit/(loss) after income tax expense	39,364	17,598
Weighted average number of ordinary shares for basic and diluted earnings per share	691,838	691,838

Note 25. Dividends paid or provided for on ordinary shares

Dividend Paid:

Final ordinary dividend of 6 cents per share (2013: 8 cents)	41,510	55,347
---	---------------	---------------

Dividend Proposed and not yet recognised as a liability:

Final ordinary dividend of 4 cents per share (2014: 6 cents)	27,673	41,510
---	---------------	---------------

Note 26. Financial risk management

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

		2015 \$	2014 \$
Financial assets			
Cash and cash equivalents	6	186,090	432,178
Trade and other receivables	7	71,442	67,242
Total financial assets		257,532	499,420
Financial liabilities			
Trade and other payables	11	46,446	47,767
Borrowings	12	24,229	-
Total financial liabilities		70,675	47,767

Notes to the financial statements (continued)

Note 26. Financial risk management (continued)

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

Specific financial risk exposure and management

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

(a) Credit risk

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

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

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

The company's exposure to credit risk is limited to Australia by geographic area. The majority of receivables are due from Bendigo and Adelaide Bank Limited.

None of the assets of the company are past due (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	186,090	432,178

(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.

Notes to the financial statements (continued)

Note 26. Financial risk management (continued)

(b) Liquidity risk (continued)

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

Financial liability and financial asset maturity analysis:

30 June 2015	Note	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
Financial liabilities due for payment					
Trade and other payables	11	46,446	46,446	-	-
Loans and borrowings	12	24,229	4,451	19,778	-
Total expected outflows		70,675	50,897	19,778	-
Financial assets - realisable					
Cash & cash equivalents	6	186,090	186,090	-	-
Trade and other receivables	7	71,442	71,442	-	-
Total anticipated inflows		257,532	257,532	-	-
Net (outflow)/inflow on financial instruments		186,857	206,635	(19,778)	-

30 June 2014	Note	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
Financial liabilities due for payment					
Trade and other payables	11	47,767	47,767	-	-
Total expected outflows		47,767	47,767	-	-
Financial assets - realisable					
Cash & cash equivalents	6	432,178	432,178	-	-
Trade and other receivables	7	67,242	67,242	-	-
Total anticipated inflows		499,420	499,420	-	-
Net (outflow)/inflow on financial instruments		451,653	451,653	-	-

Notes to the financial statements (continued)

Note 26. 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.

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

Sensitivity analysis

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

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

	Profit \$	Equity \$
Year ended 30 June 2015		
+/- 1% in interest rates (interest income)	1,619	1,619
	1,619	1,619
Year ended 30 June 2014		
+/- 1% in interest rates (interest income)	4,322	4,322
	4,322	4,322

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Fair values

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

Differences between fair values and the carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied to the market since their initial recognition by the company. Most of these instruments, which are carried at amortised cost, are to be held until maturity and therefore the fair value figures calculated bear little relevance to the company.

Notes to the financial statements (continued)

Note 26. Financial risk management (continued)

(d) Price risk (continued)

Fair values (continued)

	Note	2015		2014	
		Carrying amount \$	Fair value \$	Carrying amount \$	Fair value \$
Financial assets					
Cash and cash equivalents (i)		186,090	186,090	432,178	432,178
Trade and other receivables (i)		71,442	71,442	67,242	67,242
Investments		-	-	-	-
Total financial assets		257,532	257,532	499,420	499,420
Financial liabilities					
Trade and other payables (i)		46,446	46,446	47,767	47,767
Loans and borrowings		24,229	24,229	-	-
Total financial liabilities		70,675	70,675	47,767	47,767

(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 Buninyong & District Financial Services Limited, the Directors of the company declare that:

- 1 the financial statements and notes of the company as set out on pages 15 to 42 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.



Stephen J. Falconer
Chairman

Signed at Buninyong on 30 September 2015.

Independent audit report

MOR Accountants
Formerly – Molloy, Orr and Ronan



Chartered Accountants

Ballarat
Cnr Dana & Dawson Streets
Ballarat Vic 3350
Telephone: (03) 5333 3202
Facsimile: (03) 5333 3381

Melbourne
By Appointment
Level 23 Herald Weekly Tower
40 City Road, Southgate Vic 3006
Telephone: (03) 9674 0416

Postal
406 Dana Street, Ballarat Vic 3350
Email: info@mor.net.au

www.mor.net.au

INDEPENDENT AUDITOR'S REPORT

To the directors of Buninyong & District Financial Services Limited

Report on the Financial Report

We have audited the accompanying financial report of Buninyong & District Financial Services Limited (the company), which comprises the statement of financial position as at 30 June 2015, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the period 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 Australia Accounting Standards, and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards* (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australia Auditing Standards. These Auditing Standards require that we 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 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*.

Liability limited by a scheme approved under Professional Standards Legislation

Partners D.J. Molloy CA | G.L. Orr CA | N.G. Ronan CA | P.R. Hansen CA | J.A. Edgar CA | P.A. White CA |



Chartered Accountants

Independent audit report (continued)

MOR Accountants
Formerly – Molloy, Orr and Ronan



Opinion

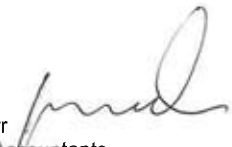
In our opinion,

(a) the financial report of Buninyong & District Financial Services Limited is in accordance with the *Corporations Act 2001*, including

(i) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the period 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


G L Orr
MOR Accountants
Partner
Date: 30/9/15

Buninyong & District **Community Bank**[®] Branch
401B Warrenheip Street, Buninyong VIC 3357
Phone: (03) 5341 8066 Fax: (03) 5341 2881

Franchisee:

Buninyong & District Financial Services Limited
501 Warrenheip Street, Buninyong VIC 3357
Phone: (03) 5341 3096
ABN: 63 137 673 388

www.bendigobank.com.au/buninyong
(BMPAR15155) (10/15)



bendigobank.com.au

