



Canterbury Community Bank® Branch
Ashburton Community Bank® Branch
Surrey Hills Community Bank® Branch
Balwyn Community Bank® Branch

Canterbury Surrey Hills
Community Finance Limited
Annual Report 2015

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LITTLE

ABOUT US

Our Community Bank® works because your banking is profitable for the Bank. But instead of taking those profits out of your community, your Community Bank® makes significant investments to help build our local community ...

Bendigo Bank introduced the **Community Bank®** network to empower local communities. It gave local communities the chance to take a direct equity interest in their local banking service provider, without giving up the advantages of scale so necessary to banking. It was conceived as a genuine partnership, based on a franchise model:

- Bendigo provides the balance sheet, the financial products, systems and training
- The local community provides the premises, equipment and staff

Our **Community Bank®** branches in Canterbury & Surrey Hills returned banking to these small retail strips, while our Community Bank branches in Ashburton and Balwyn took on the major banks and demonstrated how our local community can benefit when the profits are retained here.

Today we provide various community groups over \$200,000 per year to make our local community a better place to live, work and play. We are building a strong foundation for the future with a variety of youth leadership programs. We are also connecting with a variety of services and service providers to impact on those that need more help. This report provides details of some of these programs.

All of this is only achievable because our customers choose to bank with us.

WE REMAIN, AT HEART,
A LOCAL COMPANY WITH A
PRIMARY FOCUS ON SERVICE,
WHILE OUR PARTNERS AT
BENDIGO BANK CAN PROVIDE
ANY BANKING SOLUTION ANY
OF OUR CUSTOMERS NEED.

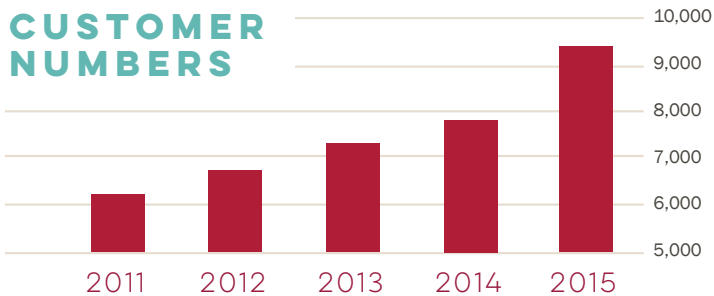
From Business Banking and Personal Banking to insurances and, of course, home loans. Your banking is what causes the Community Building to happen.

Our aim is to provide better banking service to our customers, provide reasonable returns to our local shareholders and to make material Community Investments. While we have achieved great results on these aims to date, and we will continue to work with our community to build on these results.



HIGHLIGHTS

CUSTOMER NUMBERS



LOCAL IMPACT

9,101

Customers

787

Shareholders

24

Staff

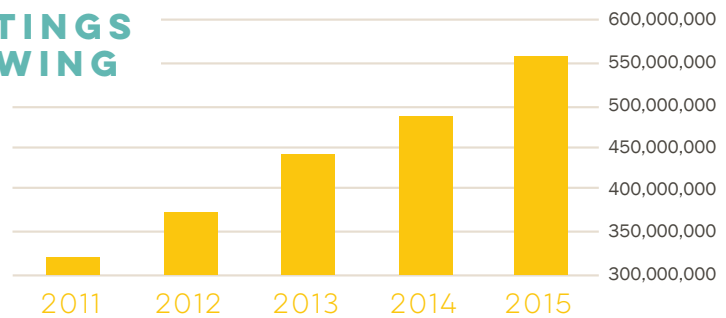
7

Directors

241

Community Groups

FOOTINGS GROWING



COMMUNITY INVESTMENT

241

Groups supported since 2003

95

Groups supported in 2015

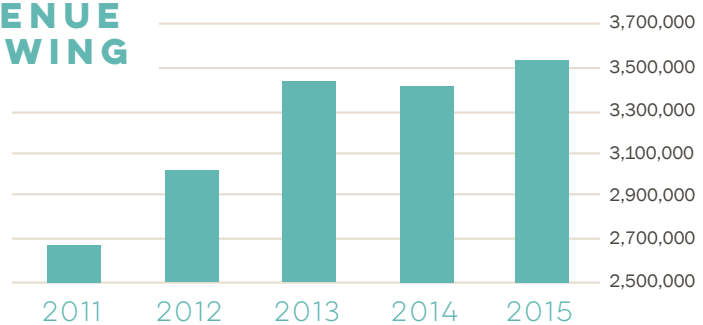
\$2,743,218

Total community investments since 2003

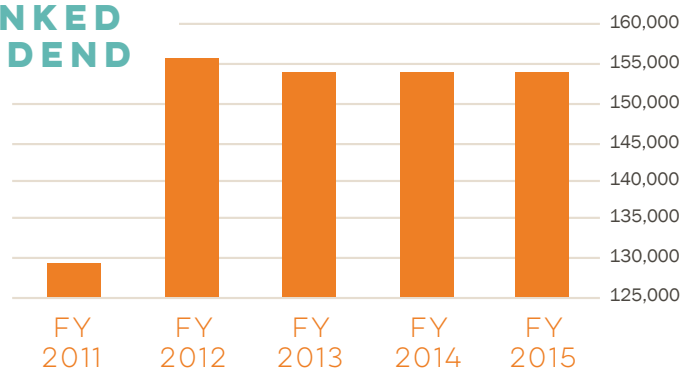
\$346,315

Total community investments in 2015

REVENUE GROWING



FULLY FRANKED DIVIDEND



OUR COMMUNITY IS ALL ABOUT US

WE HAVE A LOT TO CELEBRATE, A LOT TO APPRECIATE AND A LOT OF DIVERSITY. WE CAN BUILD SO MUCH MORE - WITH YOUR HELP.



CHAIRMAN'S REPORT

Building communities. While this has not always been seen as the role of commercial enterprises, we are starting to understand that companies that do not contribute positively to their community are finding it harder to justify their right to take profits from the community.

Our message this year to our customers, shareholders and community partners has been to remind them, and us, of why our **Community Bank®** model is unique. No other bank offering on the market has a similar impact on our local community and our local community is the sole driver of the size of that impact.

"Your Banking Builds Your Community" is far more than a simple theme for us. It describes why all our staff work in a **Community Bank®**, it gives an insight into the power of collaborative social enterprises and it underlines the effect we can have on others simply by making smarter choices.

Our community is an established suburban area that we all love, but it still needs nurturing and development. With limited resources available for community endeavours, generating funds from a standard commercial function such as banking and applying them to *community investments* provides all of us with an opportunity to nurture and develop our community.

Many organisations have benefited from banking with us. In the past year we have provided funds to a range of community groups which are detailed on page 21. If you feel there are other organisations which may benefit from a relationship with your **Community Bank®**, please let us know.

From a banking perspective, we have continued to consolidate the long term prospects of the Company with solid growth in an extremely difficult retail banking environment. We have developed enhanced

governance and risk management tools as a Board, and we have supported an extremely talented group of managers and staff to provide you with great banking products and old fashioned service.

OUR COMMUNITY INVESTMENTS ARE NOW IN EXCESS OF \$2.7 MILLION SINCE WE OPENED THE DOORS OF THE SURREY HILLS BRANCH IN 2003.

These are Community Investments that have been used by over 230 local groups and thousands of people to build a better community to live in, for all of us. The reach of our programs is extensive and your banking, all of the products and services you obtain from us, is the sole contributor to this success.

The planning for a Hawthorn Branch has continued, working with Bendigo Bank designing something that meets the needs of the Hawthorn Community. Bendigo Bank are revising their requirements with the different needs of the community, and our Board is seeking approval of some relatively new concepts in the provision of banking services.

The application of clear, strategic plans is often the most difficult thing in business to implement, and I have a great deal of confidence in the skills and experience our Board members bring to bear on these matters.



Last year we committed to a number of areas of focus and our report card can be found on page 10. I am particularly proud of our youth initiatives because the long term benefits they can potentially create for the youth involved, the company and the community. These are programs that have long term pay-offs and we believe have significant future potential.

The Boroondara Youth Foundation (BYF) has continued to grow in reach and effectiveness, continuing to provide \$1,000-\$1,500 grants for youth-led local youth-focused projects. Our Junior Observer Program has continued to provide senior high school students from both Camberwell High School and Canterbury Girls Secondary College with an insight into how a listed public company is managed. This program also includes a visit to Bendigo Bank head office in Bendigo to meet some of their executive team. We have expanded our scholarships to the Magic Moments Youth Summit this year with six students being funded to travel to Sydney and experience an incredible five days of personal and business focused development.

As we did last year, participants from these youth programs will be speaking at our Annual General Meeting this year and I encourage everyone to attend to hear for yourself about the impact these programs are having from the youth participants themselves.

Another development from these youth programs is the establishment of a Youth Advisory Committee as a sub-committee to the Board. This committee is made up of a mix from our youth programs and other youth who have an interest in the Community Bank concept of community development. The committee is chaired by Daizy Maan who along with being a Boroondara Youth Foundation member for the past 6 years is also a joint 2015 Boroondara Young Citizen of the year. The committee has been charged with assisting the Board with the best ways of engaging youth and how these

methods may be used to grow our connectedness with the community. Each of our branches provides one of our staff to participate in this committee, providing the staff with development and a greater understanding of how we can better relate to and build our community.

Our staff, managers, senior manager and Directors have all played an important role in the success of the Company this year. They are a dedicated and engaging group of people that have made the Company an important community-building tool in Boroondara and surrounds. Not only do they provide the old fashioned service mentioned above, they are continuing to become further involved in and work with community organisations. Some of our staff volunteered their time to assist with the youth programs. Some are involved in leadership positions in local trader associations. Many attend community organisations and help with community events. Our people are committed to the banking that builds your community.

Finally, I wish to thank CEO, Dick Menting and all of the Board members that have supported me during the year. We have a truly unique banking model that has and can continue to provide genuine outcomes for your community. As with all great causes, we need advocates and each of our stakeholders can take a leadership position in explaining the benefits of banking with us to your local community.



Juliann Byron
Chairman





AS OUR REACH WITHIN THE COMMUNITY GROWS, SO DOES THE IMPACT WE CAN HAVE. WE ARE AMBITIOUS AND WANT TO ACHIEVE MORE. WE NEED YOUR BANKING TO DO THIS.



CEO REPORT



Our banking service and the connection to our community are keys to our ongoing success, even during difficult times. We are also focused on an efficient business that maintains a community focus.

HALF A BILLION

Canterbury Surrey Hills Community Finance Limited reached an important milestone this year when it took its total footings over half a billion dollars.

Footings are the amount of banking business our customers have placed with Bendigo Bank, and we are now the biggest **Community Bank®** company as measured by footings in the country.

This milestone represents the culmination of an enormous amount of work in the early 2000's by a number of local residents and business people who saw the Bendigo Bank **Community Bank®** model and believed this was something that could work for the people of Canterbury and Surrey Hills.

Appropriately, the Board is not prepared to rest on this achievement and we are planning for the continued growth of the business. Growth in terms of footings and also of community impact are the key perspectives for the company. Planning for larger Community Investment Projects is also being considered. Ultimately, building our community should also assist us to build our company.

ONGOING MARGIN CHALLENGES

Despite the growth in footings, we have continued to see tighter margin income as a result of product mix and the shift from variable rate loans to fixed rate loans, the ongoing impacts of Bendigo Bank's "Restore the Balance" program and a change in the margins on all banking products flowing through to our income share with Bendigo Bank.

WE HAVE SEEN SOME SUCCESS WITH OUR COST MANAGEMENT PROGRAM, AND WE HAVE BEEN ABLE TO INCREASE OUR COMMUNITY INVESTMENT PROGRAM THIS YEAR BY 21.6%.

This is critical as we have consistently seen that a strong Community Investment Program can and does translate into more banking business, which then allows us to increase the Community Investment Program.

Further afield, Bendigo Bank has completed its review of the whole **Community Bank®** network called Project Horizon. I have been involved in some of the working party groups that considered the issues for this review and our Board has provided feedback on the report findings to Bendigo Bank. We remain committed to the **Community Bank®** model and will continue to work with Bendigo Bank to get the best possible outcomes for the local community.

STAFF MATTERS

We have continued to develop genuine career paths for staff within the company due to the number of branches we operate and the scale this brings. Recruiting, developing and retaining staff is a key success factor for any small business and this is particularly the case for our business that competes with other banks based on our exceptional service. Our staff are being provided with a range of internal and external training to assist them to meet customers' needs, and our results are a reflection of that commitment.

HAWTHORN CAMPAIGN

The campaign to open a branch in Hawthorn is still progressing, but has taken time due to negotiations on the structure of the branch premises. We have already attracted a large amount of banking business from the area and we look forward to the campaign progressing well.

Dick Menting
CEO

SENIOR MANAGER REPORT



Success in banking used to be about minimising risk and increasing profits. Success for Canterbury Surrey Hills Community Finance Limited is about so much more than that, and I can speak on behalf of all the staff when I say this is a key source of pride for us and it should be for all our stakeholders.

With interest rates at their lowest point for generations, retail banking has become extremely competitive and challenging. In response, we have concentrated on being more connected to our customers beyond simple deposit products and home loans, and we have had considerable success. Each of our branches has engaged with our customers to better understand their needs and this has resulted in more insurance products and financial planning referrals being made.

DESPITE THE TIGHT MARKET, TOTAL FOOTINGS ARE NOW \$557.7 MILLION WHICH IS UP \$68.7 MILLION (OR 14%) FOR THE YEAR.

We experienced deposit growth of 16.9% (to \$298.5 million) and lending increased by 9.4% to \$233.5 million. These growth figures compare well with growth in the banking systems broadly, and within the Bendigo Bank network. Across the group, account numbers continued to grow with an additional 745 (6.2%) for the year to 12,807, while total customers increased by 1,549 (20.5%) to 9101.

Balwyn **Community Bank**[®] Branch worked really hard this year to gain the support of the local community. After 3½ years, footings have risen to \$132.6 million (39.6% increase), although this has been helped along by the work we are doing to establish a branch in Hawthorn. Manager Jade Heron and her team have been very active in reaching out to the many Balwyn community groups.

Canterbury **Community Bank**[®] Branch was affected by large withdrawals on their deposit book after significant growth in previous years. Notwithstanding this, Craig Pitt and his team have done a great job to recover some of these withdrawals, ending up with total business on the books of just over \$131.7 million (9.9% decrease). Critically, their community connections continue to increase in number and value.

Maggie Stamoulis and her team at Ashburton **Community Bank**[®] Branch have reached an important milestone this year and have also made a growing impact on the local community. The footings on this book have grown 12.4% to \$105.3 million and they are getting real traction with local traders and community groups.

Surrey Hills **Community Bank**[®] branch continues to show itself as one of the leaders of the entire **Community Bank**[®] network. This year saw fantastic deposit growth, with overall footings increasing \$33.7 million (21.8%) to \$188.1 million. Aaron Knott and his team have leveraged off the Community Forum and other community meetings to effectively tell our story and help to build the local community.

Each of the Branch Managers deserves my thanks for their commitment to the business and the guidance of their teams throughout the year. I am also grateful for the quality staff we have. They have engaged fully with the community activities we undertake and continued to deliver exceptional service to our customers, so they have helped to create a great place to work every day. Brad Peel and his team from Bendigo and Adelaide Bank Ltd have provided consistent support and our business benefits greatly from this. Bendigo Bank continues to be a partner the local community can be proud of.

The Board of Directors provide all of the staff, including myself, with encouragement, support and guidance. This professionally run organisation has focus and flexibility, and this is driven by the Board.

Even after all these contributions, it remains the shareholders and the customers that provide the biggest impact on this business. Without you, there is no Community Investment Program, but with the benefits of the Community Bank model, your banking is building your community.

Nick Coker
Senior Manager

TREASURER REPORT

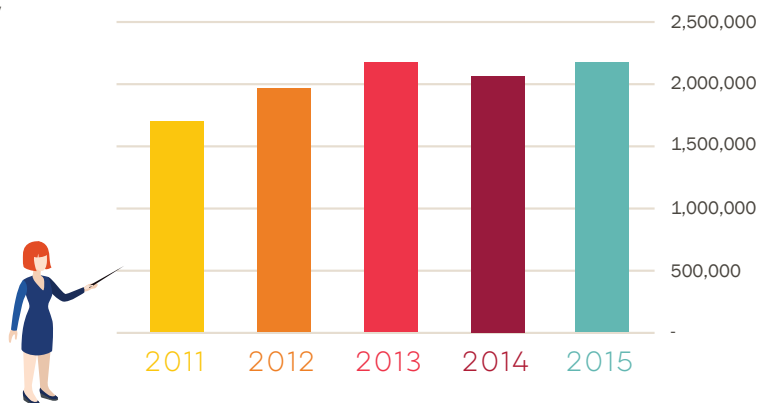
For year ending
30 June 2015

OPERATING RESULTS

With strong footings growth this year came a 3.7% increase in revenue and an improvement of 5.3% in our overall Community Returns (via Community Investment Program, Staff Salaries and Dividends). Overall pre-tax profits were constant as a result. The Board continues to monitor the potential future effects of Bendigo Bank's "Project Horizon" review, and the capacity to increase contributions to the local community.

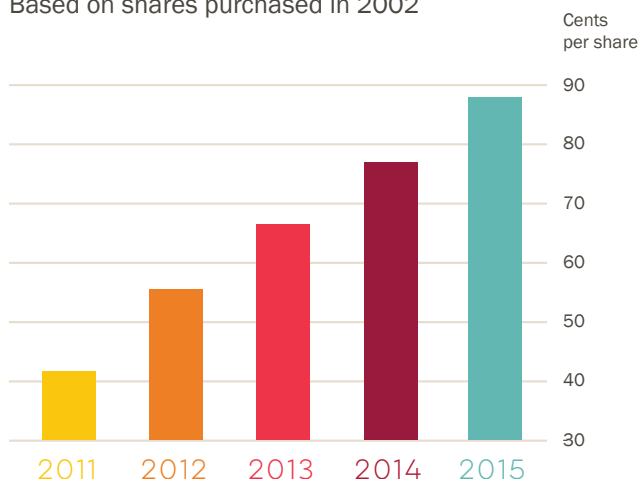
YOUR BANKING BUILDS YOUR COMMUNITY

Community investments, dividend and salaries



CUMULATIVE SHAREHOLDER RETURNS

Based on shares purchased in 2002



DIVIDENDS

The Company paid a dividend of 5 cents per share based on the performance of the 2014 financial year. The Directors have determined that a dividend of 5 cents per share will be paid for the 2015 year, which is expected to be paid in October 2015.

Notwithstanding the consistent dividend payments made by the company over an extended period of time, the shares in the Company have reduced in value. The Board has proposed, subject to shareholder approval, to enter into an on-market share buy-back program to reduce the equity base of the Company and improve the overall use of capital. Shareholders will be asked to consider this matter at the 2015 AGM.

Gordon McFarlane
Treasurer

REVIEW OF OPERATIONS

In the 2014 Annual Report, we identified the strategic issues we wanted to focus on. We have set out those issues below and rate how well we performed in delivering these initiatives.

BUSINESS GROWTH

What we wanted to do

There was a need to consolidate our business results in the face of a tight retail banking environment, changes to the revenue sharing arrangement with Bendigo Bank and reduced margins in the banking sector generally.

We identified a number of strategies to help us continue on the path to growth:

- Increasing transparency and connectivity through a new website;
- Pursuing the Hawthorn Branch
- Enhancing our contact with the groups involved in the Community Investment Program

What happened

Our new website was launched in April this year after a great deal of work from our CEO, the marketing committee and our consultants Chromatix. The new site has more stories about our Community Investments and better access to contact details for the branches.

The Hawthorn branch development is set out below.

We reviewed the community groups we have invested in over time and allocated specific staff internally to help manage the ongoing relationships with these groups. Directors and staff have begun the process of making those regular connections to ensure the members of these groups are aware of and understand that their banking builds their community.

Community Result – strong ●●●●
Overall Result – positive ●●●

YOUTH PROGRAMS

What we wanted to do

The Board wanted to extend the established programs we commenced in 2013. Specifically, we wanted:

- Increase the reach of our small targeted mentoring programs and develop closer relationships with the local schools.
- Establish a Youth Initiative Program for local youth to have a say in what types of projects with a youth focus can be funded by the Community Investment Program.
- Establish a Youth Committee that is made up of local youth to provide the Board with advice and guidance on how we can reach the local youth, both in terms of programs and in terms of their banking needs.

What happened

Our mentoring programs did expand this year. The number of students that were sent to Sydney this year to join the Magic Moments Youth Summit increased by 50%, allowing local students to hear from a wide variety of international speakers on a wide range of motivation and business topics.

We have strengthened our relationship with Camberwell High School and introduced our programs to students from Ashwood College and Canterbury Girls Secondary College.

We commenced a Youth Initiative program, but found the target group of students, who were transitioning into their most important time at school in year 12 did not have the time to spare from their studies. This was rolled into the Youth Committee responsibilities.

We have established a Youth Committee to advise the Board. One of its first tasks is to review and advise on a youth focused social media strategy. We have also included the youth representatives from each of our branches on this committee to ensure their advice can be rolled out to our operations efficiently.

Overall these programs have provided opportunities to local young people to become involved in an organisation with a clear social and community focus.

Community Result – excellent ●●●●●
Overall Result – excellent ●●●●●

DISABILITY RESPITE

What we wanted to do

We wanted to begin the process of determining whether we could facilitate a larger, long-term project to address the need for disability respite services, which was identified during our community consultations as a local need.

We intended to develop a strategy for our long term response.

What happened

We have commenced the process of building an off-balance sheet community asset via the Community Enterprise Foundation (Foundation), which will allow us to accumulate the necessary funding for a long term project. While this Foundation account has not been allocated to any specific project, this area is one under longer term consideration.

The Company recognises the need for a cohesive strategy which matches the amount of funding that is needed and available for any action in this community need. The Company has therefore determined it will continue to accumulate the Foundation account before any formal strategy is formulated, so that the funding parameter is better defined.

Community Result – Long term results ●●●

Overall Result – good start ●●●



HAWTHORN CAMPAIGN

What we wanted to do

Our campaign to open a fifth branch in Hawthorn has been a focus throughout 2015.

What happened

The Company has been in consultation with Bendigo Bank about the size and design of a Hawthorn Branch. We recognise the changes the banking industry face, particularly the consumers use of bank branches, and we want to ensure that the new branch reflects the economic and service needs of the Hawthorn community.

These discussions have challenged Bendigo Bank to think differently about their retail service offering, and we are working with them to develop a suitable alternative to the traditional bank branch that will still be able to provide the services the local Hawthorn people and businesses need.

Community Result – slow ●

Overall Result - positive ●●●●



FUTURE FOCUS

BUSINESS STRENGTH

The ongoing review by Bendigo Bank called “Project Horizon” will have lasting impacts on the Community Banking sector. A number of our directors have volunteered a great deal of time to assist the **Community Bank**[®] Network with this review and ensure that our views and perspectives are taken into account during the review. The preliminary recommendations from this review have been published to the Network and Bendigo Bank is now seeking feedback.

The Board believes that, regardless of the outcome of Project Horizon, the current business environment requires businesses that are focused on their key strengths. Our key strengths include our genuine connection with the community that banks with us. We need to build on this strength and develop clear pathways for our customers banking business to be reflected in the community balance sheet we are growing.

- We will review the structure and style of our physical bank branches and determine if there are other community uses for the premises that are of value.
- We will continue to develop the contact program we have established with our key community groups to ensure we develop genuine partnerships and better outcomes.



TELLING OUR STORY

We recognise that while the story of our **Community Bank**[®] branches are fantastic, much of our local community has either not heard the story and how it can benefit them, or they have not understood how it works. This story includes the impact we have on a broad range of community groups, on our local youth, on our customers’ banking experience and on the working lives of our staff.

These are great stories, and we need to tell them more often and more effectively.

We will continue to develop our cohesive marketing program to get our community message out to all the local population. This will drive the acquisition of new business. It should also focus on the develop of **Community Bank**[®] champions – local community-minded people who can advocate on our behalf because their community group can benefit from the banking business they refer.

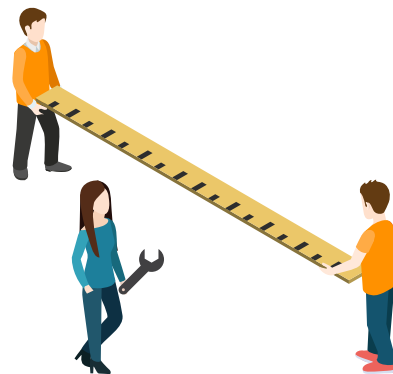


MAJOR PROJECT DEVELOPMENT

We have always been pleased with the effects of the Community Investment Program. For our shareholders, our staff and the community groups, this Program has made a substantial impact on our local community. We now want to explore whether there is a need for a larger project with a longer term impact on our community.

Over the coming months we will be considering the costs and opportunities of various larger projects and how they can benefit both the local community and the Company. We will look at how we can partner with governments at all levels to make a substantial Community Investment. We recognise that this may take years, but our Bank, like our community, is here to stay.

OUR BANK, LIKE OUR COMMUNITY, IS HERE TO STAY.



Camberwell Grammarians Theatre Club



DIRECTORS PROFILES

JULIANN RUTH BYRON

Chairman – Non Executive

BCom, Grad Dip CM, FCPA,
FAICD, ACIS, ACSA, CTA

Juliann has extensive experience in the accounting and finance fields. She has provided corporate secretarial, management and governance consulting services over many years, and is a non-executive Director on public and not for profit company boards.

Juliann is a member of the Finance Committee, Staff Committee and the Audit & Governance Committee. As Chairman, she also attends other committee meetings as required.



HANS DIEDERICK MENTING

Director and CEO – Executive

BCom, MBA, MAICD

Dick was the foundation Chairman of Canterbury Surrey Hills Community Finance Ltd and previously spent 35 years in banking, finance and administration. Dick retired as a Councillor for Boroondara City Council and continues to run a local small business. He is Chairman of the Inner East Region for Cricket Victoria.

Dick is the Chairman of the Staff Committee and a member of the Finance Committee, Community Investment & Marketing Committee, and the Events Committee. As the CEO, Dick also attends other committee meetings as required.



ROBERT EINAR STENSCHOLT

Deputy Chairman – Non Executive

BA, BD(Hons), M Int Law, Dip Phil

Bob has had an extensive career in public service, including roles as a teacher, diplomat, Assistant Director General for AusAID and over ten years as the state Member of Parliament for Burwood. Bob now holds an administrative position for a Victorian Government minister.

Bob is Chairman of the Community Investment & Marketing Committee, and a member of the Finance Committee and the Events Committee.



GORDON LENNOX MCFARLANE

Director and Treasurer – Non Executive

Cert Bus (Acc), BBus, CPA,
MBA, GAICD, JP in Victoria

Gordon has been an executive at Melbourne Water for many years where he has worked in financial, contract management and governance roles. Gordon commenced as the Treasurer of Canterbury Surrey Hills Community Finance Ltd after the 2012 AGM, having formerly been the chairman of the Audit & Governance Committee.

Gordon is the Chairman of the Finance Committee and also attends the Audit & Governance Committee meetings as a non-voting guest.



DAMIEN LEO HUDSON

Director – Non Executive

Damien has over 10 years experience in local real estate. More recently, Damien has established businesses providing management services to community organisations.

Damien is the Chairman of the Events Committee and is a member of the Community Investment & Marketing Committee.



LEIGH WARREN SMITH

Director – Non Executive

Leigh is a Director and shareholder in a number of Melbourne and country Victoria motor vehicle Dealerships, trading as Garry and Warren Smith Group, Goulburn Motor Group and the Big Garage and he is also a director of Australian Automotive Dealer Association Ltd. He has extensive experience in sales and marketing, management, human resources and contractual arrangements.

Leigh is a member of the Staff Committee, Community Investment & Marketing Committee and the Audit & Governance Committee.



GEOFFERY LESLIE ROWLES

Director and Company Secretary – Non Executive

BBus, PDM, MBA, GradDipACG, FCPA, FGIA, MAICD

Geoff is a chartered secretary with experience as a former public accountant and tax agent. Geoff has more recently been a Director and Secretary of public and private companies and is the responsible officer for a number of Mortgage Investment Funds.

Geoff is the Chairman of the Audit & Governance Committee and a member of the Finance Committee.



SENIOR MANAGER

NICHOLAS COKER

Senior Manager

Adv.Dip.FS(FP)

Nick has been the Senior Manager for Canterbury Surrey Hills Community Finance Ltd since 2009, providing overall banking operations management to all of the four branches. Nick is a career banker, having come to the **Community Bank®** network from one of the major banks. Nick drives the business plans for each branch in conjunction with each manager and leads the community engagement programs.

Nick attends all Board meetings and also attends committee meetings as required.



COMPETING FOR THE COMMUNITY BANK® CUP



The CASH Group **Community Bank®** branches have sponsored both the Camberwell Dragons and Hawthorn Magic basketball clubs for a number of years. So far, the clubs have shared \$57,725 in sponsorships.

When the ladies teams competed for the Bendigo **Community Bank®** Cup (sponsored by the CASH Group), Camberwell Dragons took home the Cup, with a final score of 94-54.

A REAL PARTNERSHIP



The Old Carey Grammarians Football Club game against St Bernards Football Club was 2nd against 3rd in the VAFA premier division. St Bernards took the points, but Old Carey's day was not a total loss. Nick Coker, our senior manager, presented a sponsorship cheque from the **Community Bank®** at the lunch before the game.

Michael Cooke (right) happily accepted the cheque on the club's behalf of the club. He thanked the bank for its ongoing support, acknowledging the real partnership between the club and the bank. He also asked club supporters to think of Community banking® for their financial needs.

BALWYN BRANCH REPORT



BRANCH MANAGER: JADE HERON

STAFF: Madeline Smith
Amit Kumar
Dot Tamburrini
Beverley Bjornesjo

Our team at Balwyn has seen extraordinary growth and activity. Part of this has been generated by the whole Canterbury Surrey Hills Community Finance Ltd team with the work undertaken for the future Hawthorn branch, while some has been generated by the fantastic community connections we have established in Balwyn. Our local efforts have seen approximately \$8 million in deposits and \$4 million in loans added to our book.

Importantly, we have broken well past the \$100 million footings milestone after just three and a half years of operation. In that time, we have provided over \$456,000 in Community Investments and established effective working relationships with local clubs and schools. Balwyn Primary Schools kids are learning about school banking, while players at Balwyn Junior Football Club can go through to the seniors with our support.

We want to help our local businesses this year become as integrated with our community as we all can be – this is what builds our local community strength. If you operate a local business, come in and see myself and the team to see why Bendigo Bank has been named Business Bank of the year for three years in a row.

Whether you need help with a home loan or you run a local community group, drop in and say hello to our wonderful staff at any time and ask them about our products and services, or connect with us on our Facebook page.

Jade Heron
Balwyn Manager



411 Whitehorse Road,
Balwyn, Vic 3103

Telephone: (03) 9836 8029
Facebook: Balwyn Community
Bank Branch

2015

Deposit Growth \$19.7m +42.1%

Lending Growth \$16.6m +37.1%

Other Business Growth

\$1.4m +56.0%

Total Growth \$37.6m +39.6%

2014

Deposit Growth \$8.8m

Lending Growth \$12.1m

Other Business Growth (\$8.0m)

Total Growth \$12.9m

TOTAL FOOTINGS

\$132.6M*



* The Footings for Balwyn include the business that has been obtained throughout the campaign to establish a Hawthorn Branch.

CANTERBURY BRANCH REPORT



BRANCH MANAGER: CRAIG PITT

STAFF: Casey Etherton
Hannah Varnam
Jacob Gordon
Adriana Horska

In previous years our book saw great growth in deposits as local organisations saved for their big projects. Many of these funds were spent locally this year, yet our overall performance has been positive and has focused on meeting the needs of the customers, with many restructuring their home loans and reducing debt.

We have made many small contributions that have provided big results:

- School banking and the provision of sports packs have helped many local schools.
- Our funds were used to help with new flooring for the puppy school at the Victorian Obedience Dog club
- Our sponsorship allowed a local church fete to include an animal farm and give city kids a close up look at farm animals
- Support for the new production of the Camberwell Grammarians Theatre Company was well received.

Our Company has access to a range of specialist advisors from Bendigo Bank that are available to come and speak to locals about their needs. This includes business banking specialists and financial advisors. If you need specialist advice, it can still be available locally from the branch that helps to build the community we live and work in.

Craig Pitt
Canterbury Manager



143 Maling Road
Canterbury 3126
Telephone: (03) 9836 9466
Facebook: Canterbury Community Bank Branch

2015

Deposit Growth (\$15.9m) -17.3%

Lending Growth \$0.4m +0.8%

Other Business Growth

\$1.2m +22.2%

Total Growth (\$14.4m) -9.9%

2014

Deposit Growth \$11.0m

Lending Growth \$6.4m

Other Business Growth \$2.1m

Total Growth \$19.6m

TOTAL FOOTINGS

\$131.7M*



Going casual for a good cause

Our Canterbury Community Bank® Branch was a sea of red on Friday 26 June, as the staff and the branch went casual to raise money for cystic fibrosis.

ASHBURTON BRANCH REPORT



BRANCH MANAGER: MAGGIE STAMOULIS

STAFF: Kathy Koulouris
Tim Ross
Sonia McLeish
Ruby Groenmeyer

The Ashburton Branch achieved a major milestone this year, reaching over \$100 million in footings. This is a credit to the staff, both current and former, as well as all the people who had the vision to open the branch when all the major banks were in the High Street shopping strip. Embracing this competition with a sound Community-focused model has generated these results.

Our Company has an ongoing focus on local youth, and this has extended to many of the local schools in and around Ashburton. The Camberwell South Primary School fair received our support and we were able to assist two families with home loans, and this business helps us to build our community.

We have also been actively engaged with the Ashburton Traders Association to help make the place we work better for us all. Our merchant facilities are providing local businesses with the services they need and provide the local community with profits that are being directed to meaningful Community Investments – a win for everyone.

Our branches have the ability to provide competitive home loan and business lending solutions. We will be continuing to work with locals to harness their banking, insurance and all other financial needs to build the local community. So why not come in and get to know our staff – they can explain the products and services that can help you build your community.

Maggie Stamoulis
Ashburton Manager



241 High Street
Ashburton 3147

Telephone: (03) 9885 2666
Facebook: Ashburton Community Bank Branch

2015

Deposit Growth \$10.1m +22.5%

Lending Growth \$1.8m +3.9%

Other Business Growth
(\$0.2m) -8.7%

Total Growth \$11.6m +11.6%

2014

Deposit Growth (\$2.8m)

Lending Growth \$11.4m

Other Business Growth \$0.9m

Total Growth \$9.5m

TOTAL FOOTINGS

\$105.3M*



Just in time for 'Hoop Time'

Maggie, manager of our Ashburton Community Bank® Branch, was at Ashburton Primary School this week to hand over a sports pack, valued at over \$1,500. The pack contains sports tops, cricket gear, basketballs, volleyballs, footballs and soccer balls, all cobranded with bank and school logos.

The packs arrived just in time for the school's upcoming 'Hoop Time' sports program.

SURREY HILLS BRANCH REPORT



BRANCH MANAGER: AARON KNOTT

STAFF: Adam Osmani
Dean Cherry
Matthew Thiessen
Helen Sargeant
Anna Flessias
Ashley Wingfield

Our **Community Bank®** Branch has worked extremely hard this year to grow our book in a difficult retail banking environment. We have been assisting our customers who wanted to reduce their debt, and despite these numbers, we have written sufficient new loans to cover the departing customers.

Our footings growth has come on the back of the 2014 Surrey Hills Community Forum, which was attended by 37 local community groups to discuss how our Community Investment Program could be better targeted to the local community's needs. It was also a chance for us to explain that by encouraging their members to bank with us, we can increase our investment in community capital.

The Branch, together with the Surrey Hills Traders Association, installed a defibrillator in the local retail precinct. Further defibrillators were provided to local sporting pavilions. These devices are widely recognised as a crucial community asset and help to save lives around Australia.

For the coming year, we are focusing on the benefits of the low interest rate environment for home loan customers. For those customers that are members of a local community group or club, your new home loan can provide a significant benefit for you and your club. With many new members faces (from our other branches) now in Surrey Hills, drop in and see us to discuss how we can play a part in your banking needs and those of the community.

Aaron Knott
Surrey Hills Manager



107 Union Road
Surrey Hills 3127
Telephone: (03) 9890 7188
Facebook: Surrey Hills
Community Bank Branch

2015

Deposit Growth \$29.4m +45.0%

Lending Growth \$1.2m +1.5%

Other Business Growth

\$3.2m +32.0%

Total Growth \$33.7m +21.8%

2014

Deposit Growth \$1.8m

Lending Growth \$3.1m

Other Business Growth (\$3.1m)

Total Growth \$2.0m

TOTAL FOOTINGS

\$188.1M*



Look what's new in the neighbourhood

The Surrey Hills Neighbourhood Centre has a new look, reopening its doors in March 2015. Dean, the Customer Relationship Officer from our Surrey Hills Community Bank® Branch, presented Shima (the centre's manager) with a cheque for \$1000 – a reward for a neighbourhood centre member opening a home loan at our Surrey Hills branch. Shima will use the funds to purchase new equipment for 'Parent Led Playgroup' sessions.

COMMUNITY REPORT

For year ending
30 June 2015

Our Company was established in order to provide locals with a banking solution that could build on the community spirit and values. This became our Community Investment Program, but this is bigger than just handing out money. Your banking business helps us to build better community outcomes.

Our Community Investment Program has developed over time based a changing perspective of the how the **Community Bank®** model can assist our local communities. Originally, we sought to undertake sponsorships as a means of telling the local community we were here. Then, we focused on how those community groups could support our services.

More recently, we have turned our thinking to genuine community “investment”. We believe we should be seeking a return on the investments we make in the community. Our Community Investment Program is now aimed at achieving either (or both):

- Returns to the Company in the form of growing banking business. Additional banking business will grow the profits of the Company and allow us to increase the Community Investment Program even further.
- Returns to the community by building the foundations for better outcomes that could not be achieved without the financial or other support we can provide. Our ability to provide this support opens doors that our community might not otherwise be able to access.

COMMUNITY INVESTMENT - MORE THAN DOLLARS

The financial contributions we make are only part of our investment.

- Our customers, shareholders, staff and directors are community minded people – that is why they became involved in the Company in the first place. They contribute their time and efforts to many community group activities.
- The Company has engaged in ongoing consultation to determine how it can assist the community to achieve the outcomes it wants. Community meetings have been held to brainstorm, discuss and share methods and successes. This consultation continues on a regular basis across areas that we operate in.
- We have developed a range of programs focusing on local youth, providing opportunity and mentoring to help them develop their own successes. These programs aim to provide future leaders who can build on our current outcomes.

COMMUNITY GROUPS

Our Community Investment Program made contributions to community groups in 2015 that were broadly in proportion to the longer term investments we have made. In total, 241 different groups have received funding under the Community Investment Program since the company commenced in 2003.



14.3%

Community
Groups and
Events

53.3%

Sporting
Clubs

25%

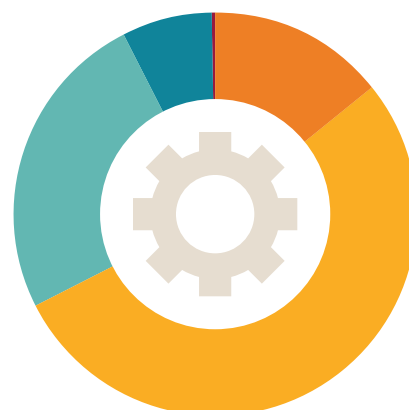
Community
Welfare

7.3%

Schools
and Early
Childhood

0.1%

Business
Partnering





20.3%

Community Groups and Events

64.3%

Sporting Clubs

7.4%

Community Welfare

8%

Schools and Early Childhood



Over time, sporting clubs receive approximately half of the funds we invest. This is a considered strategy, as the effect of sporting clubs in Australian society is highly valued.

Our Community Investment in sports is spread amongst a wide variety of sports, covering all ages, gender and ability. Critically, sports with a traditional gender bias are losing this bias, particularly as more girls participate in organised competitions and more competitions are established. A primary aim of our investments has been the promotion of access and involvement. We have invested in over 100 clubs predominantly run by volunteers.

To health professionals, the goals of sport, namely 'participation in physical activity' and 'community cohesion', are compatible with those of health promotion efforts. Nonetheless, the degree to which essentially voluntary run organizations with diverse structures, resources and facilities can be influenced to participate in a health promotion focus is of interest. Getting healthy lifestyles on the agenda in the social environment through sporting settings is an attractive goal for health promotion, given the setting's potential to reach elusive target groups such as junior, social and elite competitors, and to spectators, supporters and the wider community.

Dobbins SJ, Hayman JA and Livingston PM: Prevalence of health promotion policies in sports clubs in Victoria, Australia; Health Promotion International, Vol 21 No 2, Oxford University Press, 2006

SPORTING CLUBS INVESTMENT IN 2015



7.6%

Bowls

40.8%

Cricket

23.9%

Football

3.7%

Hockey

7.6%

Netball

5.9%

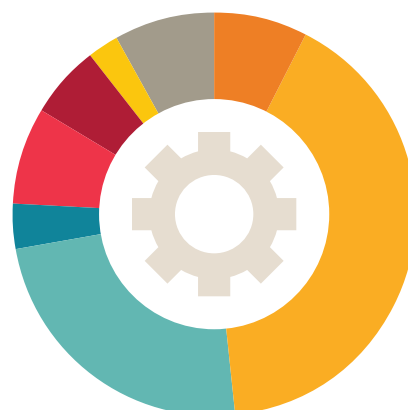
Soccer

2.4%

Tennis

8%

Other



COMMUNITY WELFARE SINCE 2003

Community welfare groups have received over \$680,000 through our Community Investment Program since 2003, dominated by disability support groups. This year we have supported a variety of groups such as Basscare and Camcare as well as Interchange Inner East and The Edge Community Fund Inc.

60.4%

Disability

39.6%

Other



SCHOOLS & EARLY LEARNING SINCE 2003

85.9%

Schools

14.1%

Early childhood



Schools and Early Childhood organisations provide a key function in our community and we have been busy in this area, particularly providing schools with sports packs that provide uniforms and other equipment to get our kids active and moving. We also have a number of School Banking programs that give primary school children a learning experience while they save for the future.



COMMUNITY GROUPS & EVENTS INVESTMENT 2015

Community Groups and Events are a part of our Community Investment Program that can often reach out to special interest groups. This year we heavily supported local traders associations as our local retail sector is a key part of the community fabric. In many cases, our staff are heavily involved in these traders associations, volunteering their time and expertise. We are also increasing our investment in youth groups.

6.4%

Lions/Probus

5.3%

Rotary

42.3%

Traders

17.4%

Youth Groups

28.6%

Other



CHILD'S PLAY



Playstation Inc. provides quality occasional child-care for babies and pre-school children. They operate in the gardens behind the Canterbury **Community Bank**[®] branch and provide care in two separate areas. Each area has its own dedicated room and playground, allowing for age appropriate toys, play and experiences. Their programs are carefully designed to promote independence and creativity and build self esteem and confidence, are planned and implemented by trained and experienced staff.

WORKING TOGETHER TO CREATE BEAUTIFUL THINGS

Surrey Hills **Community Bank**[®] staff member, Adam, visited Our Holy Redeemer Primary School, to talk about building a partnership that benefits us both. Adam met with business manager Trish Fisher and Principal Liz McIntyre.

While he was there, Adam also spent some time admiring a student painting that won a state award.



GOVERNANCE REPORT

For year ending
30 June 2015

Canterbury Surrey Hills Community Finance Limited (“the Company”) is listed on the National Stock Exchange (“NSX”). The ASX Corporate Governance Council’s – Principles of Good Corporate Governance and Best Practice Recommendations (“ASX Principles”) are not compulsory for NSX listed companies. However, this report addresses both the five corporate governance issues identified by the NSX¹ and the ASX Principles (2nd edition) in its report on its Governance Framework.

The Company places great importance on its governance framework, adopting a proactive approach to ensure the structures, values and behaviours of the Company have the interests of its stakeholders as a focus.

POLICIES & PROCEDURES TO ENSURE COMPLIANCE WITH THE LAW

The Company has adopted the following governance strategies, policies and procedures to ensure it complies with the law, including the Corporations Act and the NSX Listing Rules:

Board Governance Framework

The Board has identified and documented the roles and obligations of the Directors in a Board Governance Framework. The Board Governance Framework promotes ethical, considered and independent judgment of the matters before the Board, set out as a Code of Conduct. It highlights the statutory obligations on Directors generally and also sets out the expectations that are placed on directors in terms of the time dedicated to the Company’s affairs.

Monthly Secretary Reports

The Company Secretary provides a report to the Board each month regarding the various compliance obligations and notes any outstanding matters. The Secretary manages all NSX and ASIC reporting requirements, and monitors compliance with the franchise agreement and Company constitution.

Compliance Calendar

The compliance requirements have been defined and listed in a Compliance Calendar which is reviewed by the Audit & Governance Committee annually. The individual items are reported by the Secretary each month to the Board.

Director Share Trading Policy

Directors are not permitted to trade in the Company’s shares except during two periods following the disclosure of the Company’s accounts, and provided that they are not in possession of “Inside Information”.

Privacy Policy

The updated requirements of the Australian Privacy Principles have been incorporated into a Privacy Policy that considers the privacy of shareholders, community groups and other stakeholders.

Audit & Governance Committee

This Board committee has a special role in ensuring the Company complies with its obligations. More details are set out below.

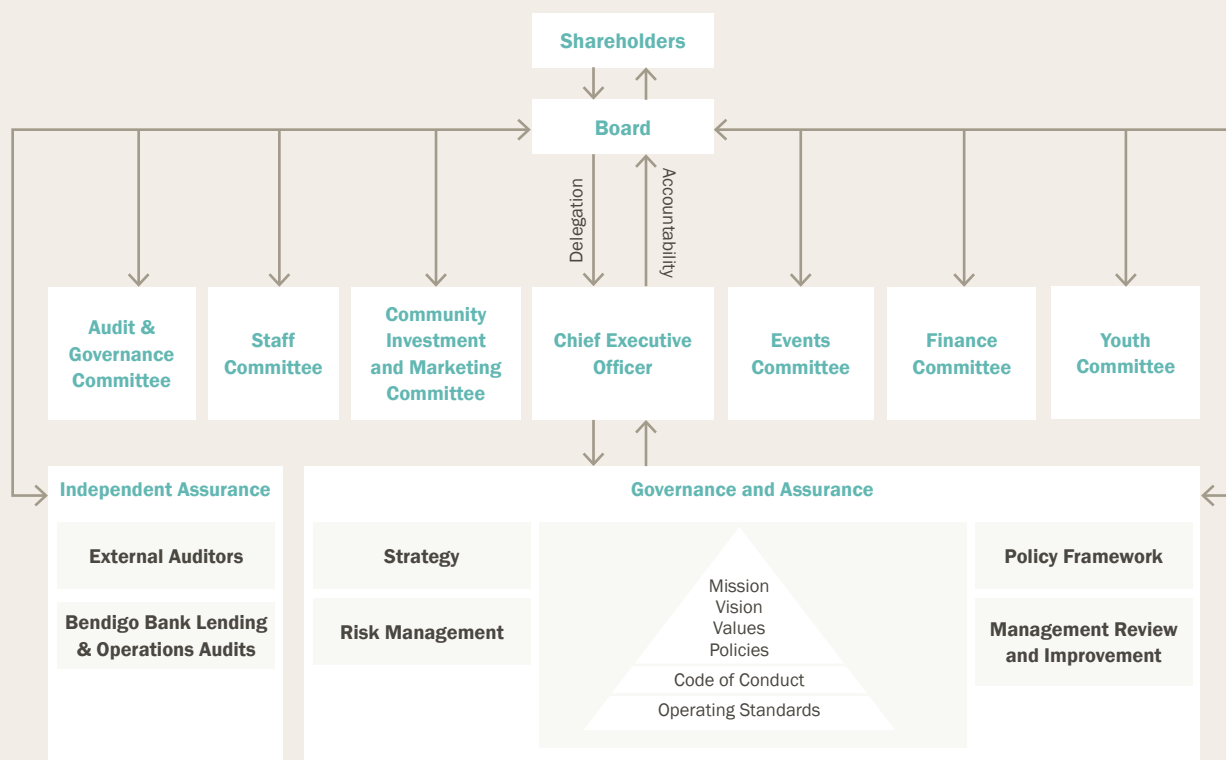


¹ NSX Practice Note 14: Corporate Governance disclosure in Annual Reports

POLICIES AND PROCEDURES TO ENSURE THE BOARD ACTS WITH DUE CARE AND DILIGENCE AND IN THE INTERESTS OF SHAREHOLDERS

Company Structure

Our company does not have an extensive executive structure. This is because of the scale of the Company and the desire of the Board to be directly connected to the local community.



Details of each Board Committee is provided below.

The executive consists of our CEO and our Senior Manager. Directors hold the positions of Company Treasurer and Company Secretary.

Due to the size and scale of the Company, Directors are heavily involved in many practical roles such as marketing and risk management that might otherwise be overseen by an executive in a larger company. Directors are not specifically remunerated for this (see details of this policy in the Remuneration Report on page 32). The Board does not have a Remuneration Committee as the Board remuneration has not changed for some years and the Board as a whole deals with the CEO and Senior Manager remuneration.

The Board Governance Framework established a list of responsibilities that were delegated to Committees or officers, and also ensured certain responsibilities remained the responsibility of the Board. This has been developed into a comprehensive Delegations Register, which identifies the specific officer with delegated authority from the Board and any limits

that apply to that delegated authority.

It is the Board's policy that a majority of its directors are independent. This is currently the case.

Board Performance Review

The Board Governance Framework identifies how the Board and other officers' performance is reviewed. The broad policy requires:

- The Audit and Governance Committee to prepare a review of the Board as a whole when called on by the Chairman. This may be an externally facilitated review if the Board considers this necessary;
- The Chairman and the chair of the Audit and Governance Committee to review the performance of the Committees annually;
- The Chairman to meet with each director annually to review each Director's personal performance.

The CEO has a documented performance plan that is approved by the Board around November each year for the following calendar year and this is monitored by the Chairman.

Role of the Chairman

The Chairman's role is defined in the Board Governance Framework and is responsible for a range of roles that deal with leadership of the Board and the Company generally. The principal role is to facilitate effective discussion and decision making at Board meetings of material relevant to the conduct of the Company. The Chairman must be an independent, non-executive director. The Board has determined the role of Chairman and CEO must not be held by the same person.

Role of the Managing Director and CEO

The CEO provides leadership to programs that broadly include implementation of strategy, business growth, asset management, communications and community relations.

Role of the Senior Manager

The Senior Manager is responsible for the banking operations. This role provides the Board with a direct link to Bendigo Bank and its systems and procedures.

Board Appointments

The Board has prepared a Skills Matrix to identify the various skills and experience of its current members and to assist it to identify the skills that

need to be recruited to the Board in the future. The Board does not have a standing Nominations Committee, but will appoint a Nominations Committee from time to time when considering the appointment of a new director. All new Directors must satisfy a comprehensive due diligence process that meets the requirements of the Company's and Bendigo Bank's risk management systems.

Directors are elected by shareholders for a maximum of three years with retirements on a rotating basis. The Chairman, as part of her annual discussion with Directors, will canvas each Directors' view of their future plans to remain on the Board. The Board Governance Framework considers the ongoing succession planning for the Board's composition.

An induction procedure is in place to ensure all new Directors are able to learn as much about the Company as possible in a short time frame and contribute to the Board's functions as soon as possible.

The Board does not have a formal diversity policy because of the scale of the Company and the small geographic area the Company serves. The Board does have an aspiration to have greater gender balance on the Board, but is mindful that service on the Board is not remunerated on commercial terms and the limitations this creates.

POLICIES AND PROCEDURE TO IDENTIFY AND DEAL WITH CONFLICTS OF INTEREST

The Company maintains a Conflicts of Interest Register to record each Director's ongoing material personal interests. The register is managed by the Secretary and is published on our internal web portal, and is tabled at a Board meeting every three months. Every Board and Committee meeting also has a scheduled item calling for participants to declare any actual or potential conflicts of interest with the scheduled agenda items.

This Register is supported by a written policy on how actual and potential conflicts of interest must be managed. Conflicted Directors are required to be absent from discussions on the conflicted issue. The policy also defines how a decision to obtain products or services from a Director must be taken, including ensuring the transactions is on arms length terms.



POLICIES AND PROCEDURE TO PROTECT THE INTERESTS OF SHAREHOLDERS

Communication Procedures

The Company aims to provide timely and relevant information to shareholders throughout the year. The Company releases a number of Newsletters in both electronic and written form which are sent directly to shareholders. It also writes directly to shareholders when the Board considers information is sufficiently important.

The Company applies a rigorous process regarding its continuous disclosure obligations. The Company takes advice from its Secretary at each meeting on the need to make disclosures to the market in order to comply with the Continuous Disclosure requirements of the Corporations Act. These disclosures are published on the NSX website at:

<http://www.nsx.com.au/summary/CSH>

The Company website includes an investor section with greater information resources. The Company recognises the importance of its Governance Framework and provide all stakeholders with access to this information on the website at:

<http://supportingourcommunity.com.au/investor-relations/>

Shareholders are able to access forms and assistance for the management of their shareholding from the Company share registry provider at:

http://www.rsdadvisors.com.au/our_services/community_bank_share_registry

Risk Management

The Company has developed its own formal Risk Management System ("RMS") and tools to identify and record the various risks to the Company and its business. The RMS is based on the international standard ISO 31000-2009 Risk Management and is monitored by the Audit & Governance Committee. The RMS produces a summary report on the status of all risks which is included in the Secretary's Report at each Board Meeting.

Bendigo & Adelaide Bank Limited ("Bendigo Bank"), as the franchisor to the Company, provides support for the development and implementation of the RMS. Bendigo Bank provides an internal audit system for the operational and lending risks to each branch and reports the results of these audit visits to the Senior Manager and the Board. The Audit & Governance Committee monitor these reports and review the implementation of any recommended changes and meet with the Senior Manager every six months to discuss any trends in the internal audit findings. The Committee has also interviewed Bendigo Audit staff from time to time to discuss the findings from these audits.

POLICIES AND PROCEDURE TO PROTECT THE INTERESTS OF OTHER STAKEHOLDERS

Staff Committee

The Staff Committee manages policy issues regarding the Company's employees including remuneration policies, communication with the employees, reward and incentive programs and development pathways. More information is set out below.

Political Donations

The terms of reference for the Community Investment and Marketing Committee prohibit that committee from considering donations, grants or sponsorship for political or religious purposes, except in limited circumstances (such as fetes or events for the purposes of tolerance and understanding). The Company has made no political donations during the 2015 financial year.

COMMITTEES OF THE BOARD

All committees have been established by the Board with written terms of reference. The director appointed to each committee are set out in the Directors Report on page 14, with additional members set out below.

Audit & Governance Committee

The Audit & Governance Committee has been established to review (and where appropriate, recommend changes to) the Company's processes, personnel and systems, and to assist, review and monitor the external Auditors performance.

The Committee has developed an annual workplan to ensure it considers a range of issues and to review at least one written policy each month. The Committee provides and seeks feedback from the external auditor regarding the conduct of the audit and the findings of the auditor, including any recommendation for changes. The Committee also examines the Internal Audit reports as described above.

The Board has appointed Daizy Maan as a community member of the Committee. The Board has considered the appropriateness of the Company Secretary and the Board Chairman being on this committee and took into account the scale of the Company and the qualifications and experience of these officers. The Treasurer is also invited to attend these meetings without being a formal member of the Committee.

Finance Committee

The Finance Committee has been established to review, monitor and report on finance strategy and direction, financial performance and reporting, financial risk, investments of the Company and shareholders' rights. It also provides the primary input into budget preparation for the Board to approve.

Community Investment & Marketing Committee

The Community Investment and Marketing Committee has been established to facilitate Community Investment. It considers how these investments will contribute to the growth of the Company, how they can position our branches as the primary choice of the

community for local banking and how we can promote these activities to the community.

The Board has appointed John Grace as a community member of the Committee. The Board has delegated the Committee with an authority to approve sponsorships and grants up to \$20,000. Applications for more than this amount must be considered by the Board of Directors.

Staff Committee

The Staff Committee has been established to create and share business success with employees and to facilitate communications throughout the Company. The Committee develops and monitors staffing policies that do not relate to the banking procedures, and oversees the staff remuneration processes. The banking procedures are determined and monitored by Bendigo Bank in accordance with the Franchise Agreement.

Events Committee

The Events Committee has been established to plan and coordinate events that are undertaken by the Company. The Company is serious about its role as a member of our local community, and participates in a range of community events, all of which needs substantial coordination.

The Board has also appointed Dianne Gillies as a community member of the Committee.

Youth Committee

The Board established the Youth Committee in 2014 and invited a range of local youth that have been exposed to the various programs run by the Company, such as the Junior Observer Program, Magic Moments program and the Boroondara Youth Foundation. This committee is chaired by Daizy Maan and provides advice and guidance to the Board on issues that affect local youth and on ways to increase the banking effectiveness to the youth market.

The committee also involves the designated youth officer from each of our four branches. Community members include Ashley Wah, Alex Seymour and Victor Lau.



FRIDAY THE 13TH - LUCKY FOR SOME



Friday the 13th may be unlucky for some, but not for those who attended the Whitehorse Pioneers Football Club season launch on Friday 13 March. They were lucky to hear from guest speaker, Nick Maxwell, former premiers captain of the Collingwood Football Club, speak about his experiences playing football.

The club was lucky to receive a sponsorship cheque for \$2200 from Surrey Hills **Community Bank**[®] manager Aaron Knott. It plans to buy new football jumpers and new netball uniforms.

Our senior manager, Nick Coker, was lucky to be named in the club's team of the decade. Nick played football for the club for 10 years. This was his first visit in over 10 years.

TEACHING A DOG NEW TRICKS



The Victorian Obedience Dog Club has been a supporter of our branches for many years, and we have supported the club through the Community Investment Program. Kim, Margaret and Keldrie the kelpie came to the Canterbury Branch to accept a sponsorship cheque, but it was really a chance for Keldrie to show off the new tricks she's learnt from trainer and mum, Kim.



DIRECTORS' REPORT

Your directors submit their report of the Company for the financial year ended 30 June 2015.

Directors

The names of the Company's directors in office during the financial year, including their skills, experience and responsibilities of the directors at the date of this report are set out on page 14.

Review and results of operations

The review of operations is set out on page 10.

Significant Changes in the state of affairs

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

Principal activities

The principal activities of the Company during the course of the financial period were in providing **Community Bank**[®] services under management rights to operate four franchised branches of Bendigo and Adelaide Bank Limited in Canterbury, Surrey Hills, Ashburton and Balwyn, Victoria.

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

Significant events after the balance date

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

Likely developments

The Company has completed a feasibility study into the establishment of a further branch in Hawthorn located in the area adjoining the Hawthorn train station. At the time of preparation of this report, the directors are unable to determine the timeframe for the opening of the new branch.

Dividends

A dividend of 5 cents per share was paid in the year ended 30 June 2015 (2014: 5 cents). The Directors have determined that a dividend of 5 cents per share will be paid for the 2015 year on 7 October 2015.

Share Options

The Company has granted no options on unissued shares at any time.

Indemnification and insurance of Directors and Officers

The Company is required under its constitution to indemnify each Officer of the Company out of assets of the Company to the relevant extent against any liability incurred by that Officer 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 has Directors and 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 or a related body corporate.

Company Secretary

The Company Secretary is Geofery Rowles. Details of Mr Rowles' experience is set out on page 15.

Directors Interests

The directors hold the following interests in the Company as at the 30 June 2015:

	Number of Shares Held	
	Directly	Indirectly
Juliann Ruth Byron	2,200	7,600
Hans Diederick Menting	50,552	0
Robert Einar Stensholt	20,350	0
Gordon Lennox McFarlane	2,750	0
Damien Leo Hudson	14,582	0
Leigh Warren Smith	0	44,000
Geofery Leslie Rowles	0	7,860

Directors Meetings

During the financial year, the Directors conducted the following number of meetings for the Board as a whole and each committee (listed together with the attendance record of each director).

Attendances by each director during the year were as follows:

	Directors Meetings		Audit & Governance Committee		Finance Committee		Community Investment & Marketing Committee		Youth Committee		Staff Committee		Events Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Juliann Ruth Byron	11	11	10	8	11	10	8	8	2	2	7	7	11	9
Hans Diederick Menting	11	10		7	11	6	8	7			7	7		7
Robert Einar Stensholt	11	10			11	3	8	7					11	3
Gordon Lennox McFarlane	11	8		8	11	9						1		
Damien Leo Hudson	11	10					8	3					11	11
Leigh Warren Smith	11	8	10	7			8	3			7	7		
Geofery Leslie Rowles	11	11	10	10	11	9			2	2		2		

Non-audit services

The amount paid or payable to the Auditor (Richmond Sinnott & Delahunty) for non-audit services provided during the year ended 30 June 2015 was \$10,200 (2014: \$10,200).

The Directors are satisfied that the provisions of non-audit services by the Auditor did not compromise the Auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Audit & Governance Committee to ensure they do not impact on the impartiality and objectivity of the Auditor; and
- none of the services undermine the general principles relating to Auditor independence as set out in Professional Statement F1, including reviewing or auditing the Auditor's own work, acting in a management or a decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

Remuneration Report

a) Policies

Director Remuneration: The Company's special position as a for-profit, community-based company places particular restrictions on how it should remunerate its directors. The Board has determined the following policy, which was approved by shareholders at the 2011 AGM.

Directors will be remunerated by taking into account two issues. Firstly, the Company recognises the personal liability risk that each director of a listed public company bears and has determined a fee for this risk is appropriate. The current fee for this risk is \$7,000 per annum. Each director is paid this fee, plus superannuation required under the Superannuation Guarantee legislation.

Secondly, certain roles will have a further fee attaching to them as some compensation for the additional work and resources provided by those serving in these positions. The positions and their additional fee are:

Position	Additional fee
Chairman	\$14,000
Treasurer	\$3,000
Chair of CIMCO	\$3,000
Secretary	\$3,000

CEO Remuneration: The CEO is engaged to undertake a range of executive duties and has been contracted on a three year appointment. The remuneration of the CEO is determined by the Board. For the current three year appointment, which commenced in November 2012, the remuneration is exclusively a base salary without any bonus component. Notwithstanding this, the CEO is subject to annual performance reviews.

The Board intends to review this arrangement during the contract term and will consider changes to this arrangement in 2015.

The Company did not engage any remuneration consultants in reviewing its remuneration structure for the 2015 financial year. From 1 July 2011, public companies have additional reporting obligations if they receive a 'no' vote of 25% or higher at their previous Annual General Meeting (AGM). At the 2014 AGM, the Company recorded a 'no' vote of 3.37% (2013: 1.12%) on its remuneration report.

b) Directors' Remuneration

Director remuneration for the year ended 30 June 2015 is set out in the table below. For the purpose of Section 300A(1)(c), the amount of each prescribed detail is nil unless set out in the table:

	Short Term Employee Benefits		Post Employment Benefits
	Cash Salary	Bonuses	Superannuation
Juliann Ruth Byron	\$21,000	\$0	\$1,995
Hans Diederick Menting	\$57,000	\$0	\$5,415
Robert Einar Stensholt	\$10,000	\$0	\$950
Gordon Lennox McFarlane	\$10,000	\$0	\$950
Damien Leo Hudson	\$7,000	\$0	\$665
Leigh Warren Smith	\$7,000	\$0	\$665
Geofery Leslie Rowles	\$10,000	\$0	\$950

End of Remuneration Report

Additional Information

In accordance with National Stock Exchange Listing Rule 6.9, the Company provides the following information as at 30 June 2015:

- (a) The principal activities of the Company are described above.
- (b) The Company does not have any subsidiary companies.
- (c) The interests of each director in the Company are set out above.
- (d) The Accounts presented with this report do not differ materially from any forecast previously issued by the Company.
- (e) There are no service contracts for directors that are proposed for election at the forthcoming AGM.
- (f) Dick Menting is employed on a service contract for the position of CEO. Details of this contract are described above in the Remuneration Report.
- (g) There are no arrangements under which a director has waived or agreed to waive any emoluments.
- (h) There are no arrangements under which a shareholder has waived or agreed to waive any dividends.

(i) Comparative Table of Financial Results

	2015	2014	2013	2012	2011
Profit & Loss	\$	\$	\$	\$	\$
Revenue from operating activities	3,540,644	3,413,402	3,414,032	3,087,658	2,698,576
Total Expenses	-3,142,280	-3,013,408	-3,124,886	-2,688,579	-2,247,222
Profit from ordinary activities before income tax expense	398,364	399,994	289,146	399,079	451,354
Income tax expense	102,097	122,556	88,311	126,073	142,236
Not profit/loss after tax	296,267	277,438	200,835	273,006	309,118
Net profit/loss attributable to shareholders	296,267	277,438	200,835	273,006	309,118
Balance Sheet					
Current assets	1,769,936	1,580,940	1,412,667	1,324,968	1,293,365
Non-current assets	606,758	713,970	672,185	727,503	417,321
Total assets	2,376,694	2,294,910	2,084,852	2,052,471	1,710,686
Current liabilities	264,324	324,572	228,182	251,935	262,454
Non-current liabilities	-	-	9,535	-	-
Total liabilities	264,324	324,572	237,717	251,935	262,454
Shareholders' funds	2,112,370	1,970,338	1,847,135	1,800,536	1,448,232
Earnings per share (in cents)	0.10	0.09	0.07	0.09	0.12
Dividends per share (in cents)	0.05	0.05	0.05	0.06	0.05
Net assets value per share (in cents)	0.82	0.63	0.60	0.58	0.56
Price earnings ratio	5.63	5.67	8.76	5.65	4.19

(j) The Treasurer's Report is contained at page 9.

(k) The Corporate Governance Report is contained at page 25.

(l) The following table shows the ten largest shareholders:

Shareholder	No. of shares
Adrienne Leslie Murray	110,000
Richard Everritt Thorne	102,300
Thomas Leigh Pty Ltd <The Waring Family Superannuation Fund A/C>	76,940
Kevin Francis McCormack	55,000
Hans Diederick Menting	49,452
L & F Smith SMSF Pty Ltd <EB Investment Fund A/C>	44,000
Richard Middleton <Marpjz Super Fund A/C>	44,000
Wayne Austen & Erica Austen	41,800
KDB Pty Ltd	33,100
John Henry Anderson & Patricia Noreen Anderson	33,000

Auditor Independence Declaration

The Auditor Independence Declaration is set out on page 35.

Signed in accordance with a resolution of the Directors in Melbourne on 26 August 2015.

Juliann Ruth Byrnon
Chairman



**Richmond
Sinnott &
Delahunty**

Chartered Accountants

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Auditor's Independence Declaration under section 307C of the Corporations Act 2001 to the Directors of Canterbury Surrey Hills Community Finance Limited

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

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

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

Kathie Teasdale
Partner
Bendigo
Dated at Bendigo, 28 August 2015



**Richmond
Sinnott &
Delahunty**

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***INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CANTERBURY SURREY HILLS COMMUNITY
FINANCE LIMITED***

Report on the Financial Report

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

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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 Canterbury Surrey Hills Community Finance Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

Auditor's Opinion

In our opinion:

- (a) the financial report of Canterbury Surrey Hills Community Finance Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 3 to 4 of the director's report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s.300A of the *Corporations Act 2001*. Our responsibility is based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the remuneration report for Canterbury Surrey Hills Community Finance Limited for the year ended 30 June 2015 complies with s.300A of the *Corporations Act 2001*.

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants



Kathie Teasdale
Partner

Dated at Bendigo, 28th of August 2015



FINANCIAL STATEMENTS

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

	Note	2015 \$	2014 \$
Revenue	2	3,540,644	3,413,402
Employee benefits expense	3	(1,666,196)	(1,619,477)
Depreciation and amortisation expense	3	(121,924)	(127,094)
Bad and doubtful debts expense	3	(822)	(592)
Rental expense		(370,235)	(337,577)
Other expenses		(636,788)	(643,927)
Operating profit before charitable donations & sponsorships		744,679	684,735
Charitable donations and sponsorships		(346,315)	(284,741)
Profit before income tax expense		398,364	399,994
Tax expense	4	102,097	122,556
Profit for the year		296,267	277,438
Other comprehensive income - -		-	-
Total comprehensive income for the year		296,267	277,438
Total comprehensive income attributable to members of the company		296,267	277,438
Total comprehensive income attributable to members of the entity		296,267	277,438

Earnings per share (cents per share)

Diluted for profit for the year	23	9.60	8.99
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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	345,126	235,172
Trade and other receivables	7	553,597	645,768
Investments and other financial assets	8	850,000	700,000
Current Tax receivable	12	21,213	
Total Current Assets		1,769,936	1,580,940
Non-Current Assets			
Property, plant and equipment	9	444,939	501,461
Intangible assets	10	161,819	212,509
Total Non-Current Assets		606,758	713,970
Total Assets		2,376,694	2,294,910
Liabilities			
Current Liabilities			
Trade and other payables	11	156,923	177,473
Current tax liability	12	36,693	84,711
Provisions	13	70,708	62,388
Total Current Liabilities		264,324	324,572
Total Liabilities		264,324	324,572
Net Assets		2,112,370	1,970,338
Equity			
Issued capital	14	1,536,989	1,536,989
Retained earnings	15	575,381	433,349
Total Equity		2,112,370	1,970,338

The accompanying notes form part of these financial statements.

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

	Note	Issued Capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2013		1,536,989	310,146	1,847,135
Profit for the year		-	277,438	277,438
Other comprehensive income for the year		-		
Total comprehensive income for the year		-	277,438	277,438
Transactions with owners, in their capacity as owners				
Dividends paid or provided	24	-	(154,235)	(154,235)
Balance at 30 June 2014		1,536,989	433,349	1,970,338
Balance at 1 July 2014		1,536,989	433,349	1,970,338
Profit for the year		-	296,267	296,267
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	296,267	296,267
Transactions with owners, in their capacity as owners				
Dividends paid or provided	24	-	(154,235)	(154,235)
Balance at 30 June 2015		1,536,989	575,381	2,112,370

Statement of Cash Flows for the year ended 30 June 2015

	Note	2015 \$	2014 \$
Cash Flows From Operating Activities			
Receipts from customers		3,957,909	3,764,020
Payments to suppliers and employees		(3,388,173)	(3,224,049)
Interest received		30,492	26,476
Income tax paid		(171,328)	11,000
Net cash provided by operating activities	16	428,900	577,447
Cash flows from investing activities			
Purchase of property, plant & equipment		(1,811)	(44,204)
Payments for intangible assets		(12,900)	(125,886)
Purchase of investments and other financial assets		(150,000)	(200,000)
Net cash flows from investing activities		(164,711)	(370,090)
Cash flows from financing activities			
Dividends paid		(154,235)	(154,235)
Net cash provided by financing activities		(154,235)	(154,235)
Net increase/(decrease) in cash held		109,954	53,122
Cash and cash equivalents at start of year		235,172	182,050
Cash and cash equivalents at end of financial year	6	345,126	235,172

The accompanying notes form part of these financial statements.

NOTES

These financial statements and notes represent those of Canterbury Surrey Hills Community Finance Limited.

Canterbury Surrey Hills Community Finance 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 26 August 2015

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.

Franchise Relationship

The company has entered into franchise agreements with Bendigo and Adelaide Bank Limited for the **Community Bank®** branches at Canterbury, Ashburton, Surrey Hills and Balwyn. All transactions with customers conducted through the **Community Bank®** branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

(b) Income tax

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

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/

(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

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

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

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

(c) Fair value of assets and liabilities

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

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

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

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the

end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

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

(d) Property, plant and equipment

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

Plant and equipment

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

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

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

Depreciation

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

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

Class of asset	Depreciation rate
Leasehold improvements	2.5%
Plant and equipment	10-20%

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

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

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

(e) Leases

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

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

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

(f) Impairment of assets

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

(g) Goods and services tax (GST)

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

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

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

(h) Employee benefits

Short-term employee benefits

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

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

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 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.

(i) Intangible assets and franchise fees

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

(j) Cash and cash equivalents

"Cash and cash equivalents include

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

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

(k) Revenue and other income

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

Interest, dividend and fee revenue is recognised when earned.

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

(l) Trade and other receivables

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

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

(m) Trade and other payables

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

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

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

(o) New accounting standards for application in future periods

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

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

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

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

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

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

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

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

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

- identify the contract(s) with a customer;
- 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 instruments, it is impractical at this stage to provide a reasonable estimate of such impact.

(p) Provisions

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

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

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

(q) 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.

(r) Comparative figures

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

(s) 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 changes for its property, plant and equipment and intangible assets. The depreciation and amortisation charge will increase where useful lives are less than previously estimated lives.

Employee benefits provision

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

Income tax

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

Impairment

The company assesses impairment at the end of each reporting period by evaluating conditions and events

specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

(t) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to the profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discount estimated future cash payments or receipts over the expected life (or where this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in the profit or loss.

(i) Loans and receivables

Loans and receivables are non

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

(ii) Financial liabilities

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

Impairment

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

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

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

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.

2. Revenue and other income

	2015 \$	2014 \$
Revenue	3,510,152	3,388,137
- services commissions	3,510,152	3,388,137
Other revenue		
- interest received	30,492	25,265
	30,492	25,265
Total Revenue	3,540,644	3,413,402

3. Expenses

	2015 \$	2014 \$
Employee benefits expense		
- wages and salaries	1,380,791	1,302,196
- superannuation costs	134,872	129,484
- other costs	150,533	187,797
	1,666,196	1,619,477
Depreciation of non-current assets:		
- plant and equipment	58,333	58,489
Amortisation of non-current assets:		
- intangible assets	63,591	68,605
	121,924	127,094
Bad debts	822	592

4. Tax Expense

	2015 \$	2014 \$
a. The components of tax expense/(income) comprise		
– current tax expense/(income)	123,310	122,556
– deferred tax expense/(income) relating to the origination and reversal of temporary differences	(21,213)	-
– under/over provision in respect of prior years	-	-
	102,097	122,556
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 30% (2014: 30%)	119,509	119,999
Add tax effect of:		
– Adjustments in respect of current income tax of previous year	-	-
– Utilisation of previously unrecognised carried forward tax losses	-	-
– Non-deductible expenses	(17,412)	2,557
<i>Current income tax expense</i>	102,097	122,556
Income tax attributable to the entity	102,097	122,556
The applicable weighted average effective tax rate is	25.63%	30.64%

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

5. Auditors' remuneration

	2015 \$	2014 \$
Remuneration of the auditor for:		
- Audit or review of the financial report	7,630	4,300
- Share registry services	3,783	9,407
	11,413	13,707

6. Cash and cash equivalents

Cash at bank and on hand	345,126	235,172
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7. Trade and other receivables

Current		
Trade debtors	322,538	323,266
Other assets	231,059	322,502
	553,597	645,768

7. Trade and other receivables (continued)

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 \$	> 60 Days \$	
2015						
Trade receivables	322,538	-	-	-	-	322,538
Other receivables	231,059	-	-	-	-	231,059
Total	553,597	-	-	-	-	553,597
2014						
Trade receivables	323,266	-	-	-	-	323,266
Other receivables	322,502	-	-	-	-	322,502
Total	645,768	-	-	-	-	645,768

8. Investments and other financial assets

	2015 \$	2014 \$
Current		
Loans and receivables		
- Australian term deposits > 3 months	850,000	700,000

The effective interest rate on short-term bank deposits was 3.07% (2014: 3.2%); these deposits have an average maturity of 382 days.

9. Property, plant and equipment

	2014 \$	2014 \$
<i>Leasehold improvements</i>		
At cost	8,762	8,762
Less accumulated depreciation	(351)	(132)
	8,411	8,630

9. Property, plant and equipment (continued)

	2015 \$	2014 \$
<i>Plant and equipment</i>		
At cost	1,126,144	1,126,534
Less accumulated depreciation	(689,616)	(633,703)
	436,528	492,831
Total written down amount	444,939	501,461
Movements in carrying amounts		
<i>Leashold improvements</i>		
Balance at the beginning of the reporting period	8,630	-
Additions	-	8,762
Disposals	-	-
Depreciation expense	(219)	(132)
Balance at the end of the reporting period	8,411	8,630
<i>Plant and equipment</i>		
Balance at the beginning of the reporting period	492,831	516,957
Additions	1,811	35,442
Disposals	-	(1,211)
Depreciation expense	(58,114)	(58,357)
Balance at the end of the reporting period	436,528	492,831

10. Intangible assets

	2015 \$	2014 \$
<i>Franchise Fee</i>		
At cost	418,382	418,382
Less accumulated amortisation	(304,111)	(265,397)
	114,271	152,985
<i>Preliminary expenses</i>		
At cost	352,822	339,922
Less accumulated amortisation	(305,274)	(280,398)
	47,548	59,524
Total Intangible assets	161,819	212,509

10. Intangible assets *(continued)*

	2015 \$	2014 \$
Movements in carrying amounts		
<i>Franchise Fee</i>		
Balance at the beginning of the reporting period	152,985	62,651
Additions	-	125,886
Disposals	-	-
Amortisation expense	(38,714)	(35,552)
Balance at the end of the reporting period	114,271	152,985
<i>Preliminary expenses</i>		
Balance at the beginning of the reporting period	59,524	92,577
Additions	12,900	-
Disposals	-	-
Amortisation expense	(24,876)	(33,053)
Balance at the end of the reporting period	47,548	59,524

11. Trade and other payables

	2015 \$	2014 \$
Current		
Unsecured liabilities:		
Trade creditors	121,247	150,320
Other creditors and accruals	35,676	27,153
	156,923	177,473

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

12. Tax balances

	2014 \$	2013 \$
(a) Tax Assets		
NON-CURRENT		
Deferred tax asset comprises:		
- Provisions	21,213	-
	21,213	-
(b) Tax Liabilities		
CURRENT		
Income tax payable	36,693	84,711
	36,693	84,711

13. Provisions

	2015 \$	2014 \$
Employee benefits	70,708	62,388
Movement in employee benefits		
Opening balance	62,388	50,464
Additional provisions recognised	67,658	46,569
Amounts utilised during the year	(59,338)	(34,645)
Closing balance	70,708	62,388
Current		
Annual Leave	63,210	51,242
Long-service leave	7,498	11,146
	70,708	62,388

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.

14. Share capital

	2015 \$	2014 \$
1,092,062 Ordinary Shares fully paid to \$1 each	1,092,062	1,092,062
Return of capital of 10 cents per share	(196,571)	(196,571)
1,092,062 Bonus Shares issued for no consideration	-	-
406,748 Ordinary Shares fully paid to \$1 each	406,748	406,748
259,085 Bonus Shares issued for no consideration	-	-
234,750 Ordinary Shares fully paid to \$1 each	234,750	234,750
	1,536,989	1,536,989
Movements in ordinary shares		
Fully paid ordinary shares:		
At the beginning of the reporting period	3,084,707	3,084,707
Shares issued during the year	-	-
At the end of the reporting period	3,084,707	3,084,707

14. Share capital (continued)

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.

The company is considering a proposal to enable limited share buy-back.

15. Retained earnings

	2015 \$	2014 \$
Balance at the beginning of the reporting period	433,349	310,146
Profit after income tax	296,267	277,438
Dividends	(154,235)	(154,235)
Balance at the end of the reporting period	575,381	433,349

16. Statement of cash flows

	2015 \$	2014 \$
Reconciliation of profit after tax to net cash provided from operating activities		
Profit/(loss) after income tax	296,267	277,438
Non cash items		
- Depreciation	58,333	58,489
- Amortisation	63,590	68,605
- Net (profit)/loss on sale of plant and equipment	-	1,211
Changes in assets and liabilities		
- decrease in receivables	92,171	36,004
- (Increase) decrease in tax payable	(48,018)	133,556
- Increase (decrease) in deferred tax liability	(21,213)	11,924
- Increase (decrease) in provisions	8,320	(9,780)
- (decrease) increase in other payables	(20,550)	-
Net cash flows from/(used in) operating activities	428,900	577,447

17. Leases

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the Statement of Financial Position.

	2015 \$	2014 \$
Payable - minimum lease payments		
- no later than 12 months	369,105	361,699
- between 12 months and 5 years	553,060	890,730
	922,165	1,252,429

The property lease is a non-cancellable lease with a 5 year term, with rent payable monthly in advance and two with CPI increases and two with fixed

3.5% or 4% increases each year. Three of the leases have 2, 5-year options and the fourth 3, 5-year options

18. Related party transactions

The company's main related parties are as follows:

(a) Key management personnel

Any person(s) having authority or responsibility for planning, directing or controlling the activities of the entity,

directly or indirectly including any Director (whether executive or otherwise) of that company is considered key management personnel.

The totals of remuneration paid to Key Management Personnel of the company during the year are as follows:

	2015 \$	2014 \$
Short-term employee benefits	122,000	124,624
Post-employment benefits	11,590	11,289
Total Key Management Personnel compensation	133,590	135,913

Short-term employee benefits

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

Post-employment benefits

These amounts are the current year's estimated cost of providing the company's defined benefits scheme post-retirement,

superannuation contributions made during the year and post-employment life insurance benefits.

(b) Other related parties

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

(c) Transactions with key management personnel and related parties

Other than detailed below, no key management personnel or related party has entered into any material contracts with the company. Director fees are set out in the Remuneration Report.

Canterbury Surrey Hills Community Finance Limited has not accepted the Bendigo and Adelaide Bank Limited's **Community Bank**[®] Directors Privileges package and no benefits have been received.

(d) Key management personnel shareholdings

The number of ordinary shares in Canterbury Surrey Hills Community Finance Limited held by each key management personnel of the company during the financial year is as follows:

	2015 \$	2014 \$
Julian Ruth Byron	9,800	9,800
Damien Leo Hudson	14,582	14,082
Gordon Lennox McFarlane	2,750	2,750
Hans Diederick Menting	50,552	8,702
Geoff Rowles	7,860	7,860
Leigh Warren Smith	44,000	44,000
Robert Einar Stensholt	20,350	20,350

There were two movements in key management personnel shareholdings during the year. Shareholdings increased by 500 for Damien Leo Hudson and by 41,750 for Hans Diederick Menting. 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.

19. Events after the reporting period

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

20. Contingent liabilities and contingent assets

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

21. Operating segments

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

22. Company details**The registered office is:**

143 Maling Road,
Canterbury, Victoria 3126

The principle places of business are:

Canterbury Community Bank
143 Maling Road,
Canterbury, Victoria 3126

Ashburton Community Bank
241 High Street,
Ashburton, Victoria 3147

Surrey Hills Community Bank
107 Union Road,
Surrey Hills, Victoria 3127

Balwyn Community Bank
411 Whitehorse Road,
Balwyn, Victoria 3103

23. Earnings per share

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

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

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

Earnings per share

	2015 \$	2014 \$
Profit after income tax expense	296,267	277,438
Weighted average number of ordinary shares for basic and diluted earnings per share	3,084,707	3,084,707

24. Dividends paid or provided for on ordinary shares

	2015 \$	2014 \$
(a) Dividends paid during the year		
Final fully franked ordinary dividend of 5 cents per share (2014:5 cents) franked at the tax rate of 30% (2014: 30%).	154,235	154,235

25. Financial risk management

The company's financial instruments consist mainly of deposits with banks, short-term investments, account receivables and payables, bank overdraft and loans. The totals for

each category of financial instruments measured in accordance with AASB 139 Financial Instruments: Recognition and Measurement as detailed in the accounting policies are as follows:

	Note	2015 \$	2014 \$
Financial Assets			
Cash & cash equivalents	6	345,126	235,172
Trade and other receivables	7	553,597	645,768
Investments and other financial assets	8	850,000	700,000
Total Financial Assets		1,748,723	1,580,940
Financial Liabilities			
Trade and other payables	11	156,923	177,473
Total Financial Liabilities		156,923	177,473

Financial risk management policies

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

Specific financial risk exposure and management

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

(a) Credit risk

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

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

Credit risk exposures

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

The company'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	345,126	235,172
Investments and other financial assets	850,000	700,000
	1,195,126	935,172

(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.

Financial liability and financial asset maturity analysis:

	Note	Total \$	Within 1 Year \$	1 to 5 Years \$	Over 5 years \$
30 June 2015					
Financial Liabilities due					
Trade and other payables	11	156,923	156,923	-	-
Total expected outflows		156,923	156,923	-	-
Financial Assets - realisable					
Cash & cash equivalents	6	345,126	345,126	-	-
Trade and other receivables	7	553,597	553,597	-	-
Investments and other financial assets	8	850,000	850,000		
Total anticipated inflows		1,748,723	1,748,723	-	-
Net (Outflow)/Inflow on financial instruments		1,591,800	1,591,800	-	-
30 June 2014					
Financial Liabilities due					
Trade and other payables	11	177,473	177,473	-	-
Total expected outflows		177,473	177,473	-	-
Financial Assets - realisable					
Cash & cash equivalents	6	235,172	235,172	-	-
Trade and other receivables	7	645,768	645,768	-	-
Investments and other financial assets	8	700,000	700,000		
Total anticipated inflows		1,580,940	1,580,940	-	-
Net (Outflow)/Inflow on financial instruments		1,403,467	1,403,467	-	-

(c) Market risk

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

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

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

Sensitivity analysis

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

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

	Profit \$	Equity \$
Year ended 30 June 2015		
+/- 1% in interest rates (interest income)	305	305
	305	305
Year ended 30 June 2014		
+/- 1% in interest rates (interest income)	265	265
	265	265

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

(d) Price risk

The company is not exposed to any material price risk.

DIRECTOR'S DECLARATION

In accordance with a resolution of the Directors of Canterbury Surrey Hills Community Finance Limited, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 38 to 56 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.



Juliann Ruth Byrnon
Chairman

Signed at Melbourne on 26 August 2015

GLOSSARY

Throughout this report we refer to particular terms. Here's what we mean by ...

Footings means the total deposits, loans and other business held at a particular **Community Bank**[®] branch. This is a measure of the banking business our staff look after for customers.

Community Investment means a contribution made by our Company to a not-for-profit community-based organisation. This can be in the form of a sponsorship or a grant. Some are big while some are small, and may reflect the number of members from the community that have become customers. Details of our Community Investments can be found in our Community Report.

Community Investment Program means the strategy adopted by the Board for assessing and selecting Community Investments over the short, medium and longer term.

Community Bank[®] means a franchise of the Bendigo & Adelaide Bank Limited that is operated by a public company owned by people in the community the branch operates in.

Project Horizon means the review being undertaken by Bendigo Bank and the **Community Bank**[®] network to ensure the **Community Bank**[®] system remains successful.

Restoring the Balance means a program introduced by Bendigo Bank to adjust the revenue received by **Community Bank**[®] companies after the Franchise Agreement had commenced.

Incentive Program means an arrangement with sponsored community groups where the community group will receive a payment based on the type and number of products their members acquire at one of our branches.





www.supportingourcommunity.com.au

www.bendigobank.com.au



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Community Bank®
Branch**

Shop 2
143 Maling Road,
Canterbury VIC 3126
Tel: (03) 9836 9466

**Ashburton
Community Bank®
Branch**

241 High Street
Ashburton VIC 3147
Tel: (03) 9885 2666

**Surrey Hills
Community Bank®
Branch**

107 Union Road
Surrey Hills VIC 3127
Tel: (03) 9890 7188

**Balwyn Community
Bank® Branch**

411 Whitehorse Road
Balwyn VIC 3103
Tel: (03) 9836 8029

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Hills Community
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