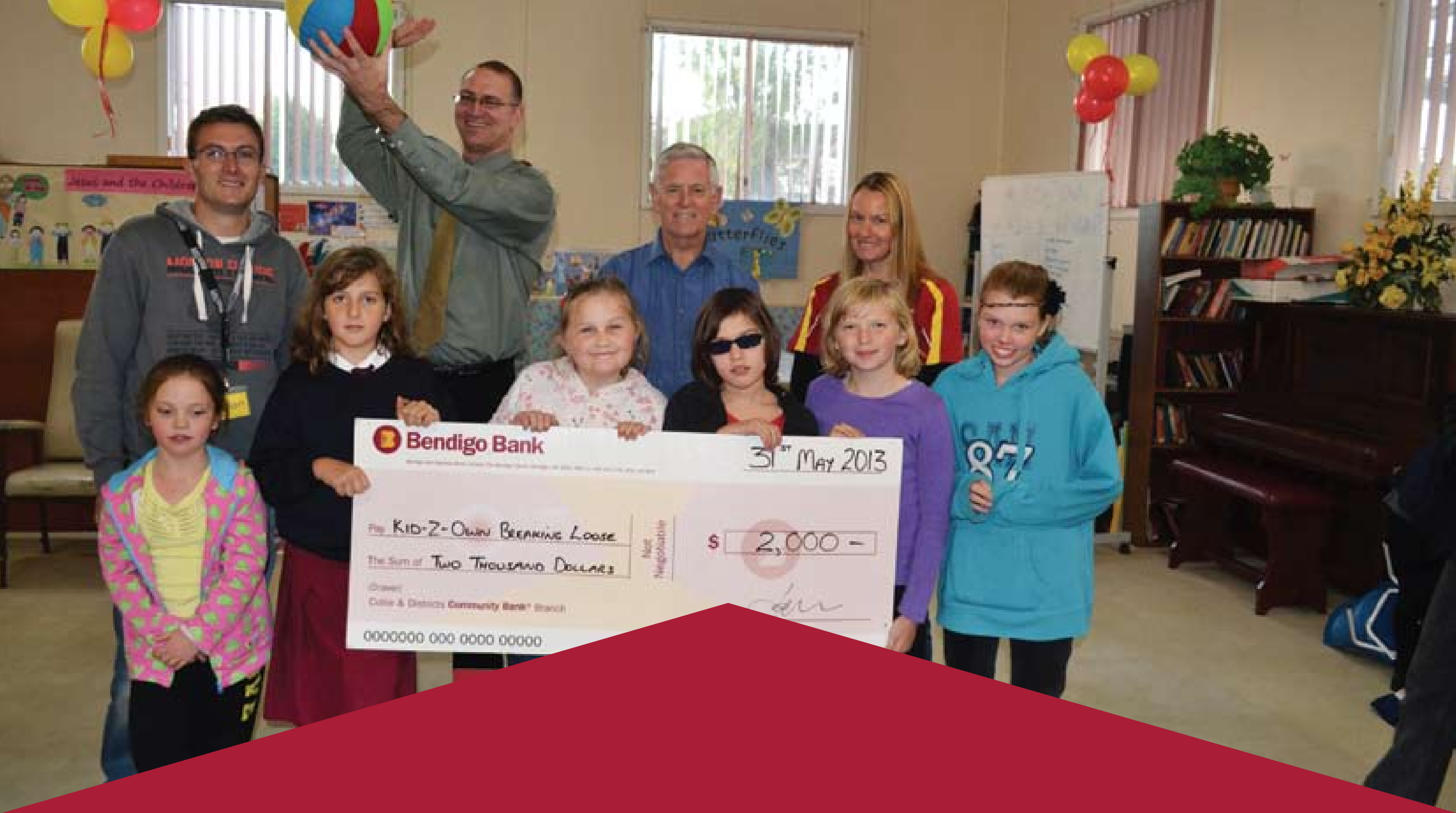

Annual Report 2014

Collie & Districts Community Financial Services Limited

ABN 76 096 536 355

Collie & Districts **Community Bank**® Branch

Contents

Chairman's report

For year ending 30 June 2014

I'm pleased to report on behalf of your Board of Directors that your **Community Bank**® company has once again performed exceptionally well and ended the year with a substantial profit, mirroring those of the previous few years. Whilst our profit this year, after tax, is shown in the financial reports as $70,881 it was in essence much more than this as the Board transferred $670,000 across to the Community Enterprise Foundation™ at the end of June 2014. This transfer in effect reduced the company's exposure to an income tax payment which would otherwise have been in the order of approximately an additional $201,000.

This saving, together with funds already held in the Community Enterprise Foundation™, allows the Board to allocate more funds into much needed community projects. At the end of June 2014 the Community Enterprise Foundation™ held an amount in the order of $1.3 million for this purpose. The company's total revenue for the year ($1.635 million) was slightly down on the previous year by the amount of $83,884 (4.88%) but in quite a tight 2013/14 financial market the Board considered this a relatively acceptable result.

Another factor influencing revenue streams was our partner's Bendigo Bank 'Restoring the Balance' exercise which saw adjustments to various income margins which was necessary to maintain our mutual sharing under our partnership agreement. Our banking 'Book' (deposit and lending amounts plus other business amounts) remained pleasingly high at the end of the year at $173.4 million which positioned the business at a very advantageous point for the commencement of the 2014/15 financial year.

On the expenses side of the financial accounts the Board has been most conservative and has monitored costs very closely, acknowledging that if not carefully considered this is an area where funds can quickly be depleted. In view of the fact that there are cost increases over which the Board has no control (utility charges and rates and taxes for example) it is pleasing to note that expenses required in operating our business increased by only $64,000 over the previous year and most of this was in wages and salary increases (award adjustments) for our hard working staff.

As announced at the 2013 Annual General Meeting, the Board declared a fully franked dividend payment of 25 cents for each share held by our shareholders; this was a doubling of the previous five years' dividends which sat at 12.5 cents per share. I'm sure that you, our shareholders, will agree that this was a vote of confidence by the Board in the healthy state of the company's financial position together with due recognition for all shareholders who placed faith in the establishment of the company over 13 years ago. It is noted that since the first dividend payment (of 4.5 cents per share) was made in 2005 shareholders have received in total $1.10 return for each one dollar share held and over $473,000 has been returned in shareholder dividends since 2005.

It will be noted from information elsewhere within this Annual Report that the Board membership changed slightly at the 2013 Annual General Meeting. Foundation Director Mr Joe Italiano and Director Mr Paul Sweeney both retired from the Board and no doubt moved on to focus their attention towards other areas of personal interest. Mention of their contributions to the company were made at the 2013 meeting but it would be remiss of me not to again make mention in this report. The work that Joe undertook in his years on the steering committee and as a Director and Chairman of the company for a period of time was untiring and a vote of thanks is recorded for this. Equally Paul made insightful contributions to the Board in his period of time as a Director and thanks are also extended to him for this.

The Annual General Meeting saw the election of two new Directors, Mrs Sarah Stanley and Ms Anna Farrell, and the re-election of two sitting Directors in Mr John Piavanini and Mrs Colleen DeAngelis whose terms on the Board had expired. It was pleasing to have both John and Colleen re-elected to the Board and to once again experience their valuable contributions to Board matters.

Chairman's report (continued)

In April 2014 the Board and staff conducted another Community Forum which was well attended by representatives from a wide cross section of community organisations from the Collie and Darkan areas. This 'brain storming' forum produced a number of excellent ideas for the Board to follow in its quest to continue its community capacity building endeavours. More will be heard about this as time progresses and the ideas develop from concept to reality.

In the year under review the Board has committed just over $1 million into community projects ranging through areas of arts and culture, sporting, education and community groups. This is a remarkable contribution of funds into our district which can only be continued in the future through the banking support of our customers and shareholders. Our **Community Bank**® branch has lived up to its Charter to the extent that since the time of the business returning profits over $3 million has been provisioned for the funding of worthy community projects. This is not a fact which can be said for any other financial institution within Collie and is one for which your Board of Directors is very proud.

The faith shown by our shareholders in establishing the company all those years ago and the hard work in the intervening years by the various Boards of Directors is now paying great dividends for our community and I congratulate each and every person for their dedication and contribution. We certainly look forward to the 2014/15 financial year with great expectations and anticipation of a continuation of growing our business and our profit for the betterment of our Collie community.

I must make mention of my fellow Board members and extend my sincerest thanks to them one and all and pay tribute to the manner in which they have so capably managed the affairs of the company over the past year, their participation in the numerous meetings of the Board and committees has taken a great deal of their time but they have all served willingly and most helpfully. The roles that each member has undertaken has made my task as Chairman just that much easier and I appreciate all that you have done throughout the year. I mention that during the year all Directors commenced a Board initiated 'Director Training and Development Programme' which will cover the whole range of our business operations. This training programme is on-going and will, I am sure, assist Directors in the important decision making processes faced month by month.

I will conclude my report by thanking absolutely our Manager Travis and his wonderful staff as without them all working in harmony the great achievements of our **Community Bank**® branch would simply not have occurred. I, and my fellow Directors, all believe that we have the best **Community Bank**® branch and the best staff to manage it anywhere in Western Australia. Our staff contributions have not only been towards the banking business at hand (for which your company has received excellent returns) but also towards community projects which have raised considerable funds for charitable organisations. Thank you one and all as you truly are an inspiring group to be amongst.

Ian Miffling
Chairman

Manager's report

For year ending 30 June 2014

I am pleased to report to the Board, shareholders and customers on a strong year's trading at the Collie & Districts **Community Bank**® Branch for the financial year ending 30 June 2014.

The branch achieved fantastic business growth over the last 12 months in excess of $18.3 million, with our total banking portfolio growing above $172 million as at 30 June. This was a wonderful achievement with growth exceeding budget for the first time in a couple of years.

Our local **Community Bank**® branch continues to remain focused on delivering a balanced outcome for our customers, our community and our shareholders which remains evident by the ever increasing level of community based grants and sponsorships over the last 12 months. The branch continues to strengthen its position in the community with sponsorships to a large variety of worthwhile community groups and organisations as mentioned in Chairman Ian Miffling's report.

This year saw Collie & Districts **Community Bank**® Branch win three major awards at the WA State Managers' Meeting in recognition of our efforts over the last 12 months. These awards were for lending activity, community engagement and 'Branch of the Year'. To win these awards was very humbling but satisfying given the amount of work that is done by our staff to continue to not only grow our book but participate in activities in and around Collie. I have a fantastic staff who simply throw themselves into all the community-based activities that they are involved in.

I wish to thank my staff for their significant contributions over the last 12 months: Narelle, Darcy, Sharon, Jody, Michelle, Kira and Kristy. I believe this is the first 12 months since I have been at Collie & Districts **Community Bank**® Branch that we have not had any staff turnover.

In the past I haven't thanked our business partners Bendigo Bank when I have been remiss to do so. Regional Manager Rachael Cronin continues to be a fantastic support to me, along with all the support staff from the Bendigo Bank network. I also would like to acknowledge the other Branch Managers in our South Coast region – we are a close and hardworking regional team.

As the staff of your **Community Bank**® branch, we believe that it is our responsibility to ensure that our community and customers understand that we are not merely "just another bank", and that we will continue to provide the quality, friendly and reliable service for which we are known.

Finally, I wish to thank our loyal customers and shareholders for their continued support, the Board of the Collie & Districts **Community Bank**® Branch their ongoing guidance and commitment, and the staff of your **Community Bank**® branch for the enthusiastic, hardworking and enjoyable environment they provide.

Travis Ellison
Branch Manager

Directors' report

For the financial year ended 30 June 2014

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

Directors

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

Ian Houghton Miffling
Chairman
Occupation: Retired
Qualifications, experience and expertise: Former Chief Executive Officer of the Shire of Collie, Justice of the Peace, Collie Shire Councillor, Board Secretary of The Coal Miners Welfare Board of WA. Member of Worsley Alumina Community Liason Committee. Secretary of the North Collie Hall Management Group.
Special responsibilities: Human Resources Committee, Sponsorship Committee & Marketing Committee
Interest in shares: 5,501

Glyn Yates
Director
Occupation: Business Owner / Manager
Qualifications, experience and expertise: Current Deputy Shire President, Past President of the Collie Chamber of Commerce, Past Chairperson Collie River Valley Marketing Group, Member of the Collie Senior High School Council.
Tertiary qualifications in Forestry. Lived in Collie for the past 25 years.
Special responsibilities: Human Resources and Community Development Committee
Interest in shares: 5,000

Neil Richard Martin
Secretary
Occupation: Farmer
Qualifications, experience and expertise: Associate Diploma in Valuation, Certificate in Real Estate Management. Has been involved in Real Estate for 34 years. Business proprietor and Rotarian for over 18 years. Past Collie Rotary Club president. He is currently a councillor with the Shire of Collie.
Special responsibilities: Chairman of Finance Committee. HR Committee and Scholarship Committee.
Interest in shares: 6,001

Kenneth William Smallwood
Treasurer
Occupation: Retired
Qualifications, experience and expertise: Ex-Chief Engineer UK Merchant Navy, emigrated to WA from Scotland in 1983. Worked in the Power Generation industry in WA, SE Asia and Singapore for over 24 years, in various positions in both operations and maintenance.
Special responsibilities: Finance Committee and HR Committee
Interest in shares: 21,600

Directors (continued)

John Alfred Piavanini
Director
Occupation: Company Director / Business Owner
Qualifications, experience and expertise: Business proprietor selling new and used earthmover parts as well as rental and farming properties. Collie Shire Councillor for 13 years, past Member of the Board of Collie Chamber of Commerce and Industry and a former Board Member of the Bunbury Wellington Economic Alliance.
Special responsibilities: Community Development Committee.
Interest in shares: 13,001

Jeffery Riley
Director
Occupation: Building Supervisor
Qualifications, experience and expertise: Jeff is a Building Supervisor for White Building Company and has been in the building industry for over 15 years. Been in the carpentry industry for 33 years. Lived in Collie for 50 years.
Special responsibilities: HR Committee, Scholarship Committee and Community Development Committee.
Interest in shares: Nil

Ian Johnstone Shannon
Director
Occupation: Self Employed
Qualifications, experience and expertise: Business proprietor of Collie Salvage and Hardware Store for the past 15 years. Spent 17 years as an open cut mine worker.
Special responsibilities: Marketing Committee & Human Resources
Interest in shares: 2,500

Colleen Maree DeAngelis
Deputy Chairperson
Occupation: Business Owner
Qualifications, experience and expertise: Business Owner of hairdressing Salon. Bookkeeper for two other small businesses. Life member and Treasurer for the Collie Netball Association and Treasurer for the Collie Basketball Association. Has lived in Collie for 25 years.
Special responsibilities: Chairperson of Marketing Committee. HR Committee, Finance Committee, Scholarship Committee.
Interest in shares: 100

Sarah Jane Stanley
Director (Appointed 8 November 2013)
Occupation: Nil
Qualifications, experience and expertise: While not working full-time, in addition to serving the Board of Directors for Collie CFSL, I am also a Councillor for the Shire of Collie, Shire representative for Collie River Valley Marketing Inc., the Townscape Adivsory Committee, Secretary of the Collie Gallery Group, committee member of the Collie Visitor Centre and also part-time student. Most recent work experience involved internal communications and community relations for BHP Billiton Worsley Alumina and its lead contractor for the latest expansion. She has also been a bookkeeper for a non-for-profit organisation.
Special responsibilities: Marketing Committee, Coimmunity Development Committee
Interest in shares: Nil

Directors (continued)

Anne-Marie Kathryn Farrell
Director (Appointed 8 November 2013)
Occupation: Senior Purchasing Specialist
Qualifications, experience and expertise: Owner & Instructor at Alert Driving. Is a life member of Collie Netball Association and also Collie Ladies Dart Association. Has worked at BHP Billiton Worsley Alumina Pty Ltd for 23 years.
Special responsibilities: Marketing Committee and Scholarship Committee.
Interest in shares: 2,000

Paul Raymond Sweeney
Director (Retired 8 November 2013)
Occupation: Self Employed
Qualifications, experience and expertise: Business proprietor of Collie Electrical Services for the past 12 years.
Interest in shares: 1,500

Guisseppe (Joseph) John Italiano
Director (Retired 8 November 2013)
Occupation: Company Manager
Qualifications, experience and expertise: Currently the WA Regional Manager for Rural Press Limited. Has worked for Collie Mail and associated companies for over 40 years. Past Secretary of Collie Rotary Club and currently Club Secretary.
Interest in shares: 3,301

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

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

Company Secretary

The company secretary is Neil Richard Martin. Neil was appointed to the position of secretary on 26 November 2012.

Associate Diploma in Valuation, Certificate in Real Estate Management. Business proprietor and Rotarian for over 18 years. Past Collie Rotary Club president.

Principal Activities

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

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

Operating results

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

Year ended 30 June 2014 $	Year ended 30 June 2013 $
70,881	148,667

Remuneration report

Directors' remuneration

No director of the company receives remuneration for services as a company director or committee member.

There are no executives within the company whose remuneration is required to be disclosed.

Directors' shareholdings

	Balance at start of the year	Changes during the year	Balance at end of the year
Ian Houghton Miffling	5,501	-	5,501
Glyn Yates	5,000	-	5,000
Neil Richard Martin	6,001	-	6,001
Kenneth William Smallwood	21,600	-	21,600
John Alfred Piavanini	13,001	-	13,001
Jeffery Riley	-	-	-
Ian Johnstone Shannon	2,500	-	2,500
Colleen Maree DeAngelis	100	-	100
Sarah Jane Stanley (Appointed 8 November 2013)	-	-	-
Anne-Marie Kathryn Farrell (Appointed 8 November 2013)	2,000	-	2,000
Paul Raymond Sweeney (Retired 8 November 2013)	1,500	-	1,500
Guisseppe (Joseph) John Italiano (Retired 8 November 2013)	3,301	-	3,301

Dividends

	Year ended 30 June 2014	
	Cents	$
Dividends paid in the year:		
- Dividends paid in the year	25	107,565

Significant changes in the state of affairs

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Indemnification and insurance of directors and officers

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

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an auditor of the company or a related body corporate.

Directors' meetings

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

	Board Meetings Attended		Committee Meetings Attended									
			Marketing		Human Resources		Scholarship		Finance		Community Development	
	A	B	A	B	A	B	A	B	A	B	A	B
Ian Houghton Miffling	11	11	12	12	-	-	-	-	-	-	3	3
Glyn Yates	11	9	-	-	-	-	-	-	-	-	3	3
Neil Richard Martin	11	10	-	-	4	4	3	3	5	5	-	-
Kenneth William Smallwood	11	5	-	-	4	2	-	-	5	3	-	-
John Alfred Piavanini	11	10	-	-	-	-	-	-	-	-	3	3
Jeffery Riley	11	9	-	-	4	3	3	3	5	4	3	3
Ian Johnstone Shannon	11	9	12	12	-	-	-	-	-	-	-	-
Colleen Maree DeAngelis	11	10	12	12	4	4	3	3	5	5	-	-
Sarah Jane Stanley (Appointed 8 November 2013)	7	7	6	6	-	-	-	-	-	-	3	3
Anne-Marie Kathryn Farrell (Appointed 8 November 2013)	7	7	6	4	-	-	3	3	-	-	-	-
Paul Raymond Sweeney (Retired 8 November 2013)	4	1	-	-	-	-	-	-	-	-	-	-
Guisseppe (Joseph) John Italiano (Retired 8 November 2013)	4	3	-	-	-	-	-	-	-	-	-	-

A - Eligible to attend

B - Number attended

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

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

Non audit services

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

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

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

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 11.

Signed in accordance with a resolution of the board of directors at Collie, Western Australia on 11 September 2014.

Ian Houghton Miffling,
Chairman

Auditor's independence declaration

AFS
Partners in success
Chartered Accountants

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Collie & Districts Community Financial Services Limited

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550

David Hutchings
Lead Auditor

Dated: 11 September 2014

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

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TAXATION • AUDIT • BUSINESS SERVICES • FINANCIAL PLANNING

Financial statements

Statement of Comprehensive Income
for the year ended 30 June 2014

	Note	2014 $	2013 $
Revenue from ordinary activities	4	1,635,447	1,719,331
Employee benefits expense		(600,563)	(546,211)
Charitable donations, sponsorship, advertising and promotion		(718,591)	(752,913)
Occupancy and associated costs		(25,515)	(20,816)
Systems costs		(23,506)	(24,152)
Depreciation and amortisation expense	5	(31,742)	(32,005)
Finance costs	5	-	-
General administration expenses		(136,017)	(130,773)
Profit before income tax expense		**99,513**	**212,461**
Income tax expense	6	(28,632)	(63,794)
Profit after income tax expense		**70,881**	**148,667**
Total comprehensive income for the year		**70,881**	**148,667**
Earnings per share for profit attributable to the ordinary shareholders of the company:		**¢**	**¢**
Basic earnings per share	21	16.47	34.55

The accompanying notes form part of these financial statements.

Balance Sheet
as at 30 June 2014

	Note	2014 $	2013 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	216,551	112,746
Trade and other receivables	8	143,053	141,633
Current tax asset		-	95,049
Total Current Assets		**359,604**	**349,428**
Non-Current Assets			
Property, plant and equipment	9	600,226	592,545
Intangible assets	10	22,500	32,500
Deferred tax assets	11	24,046	15,174
Total Non-Current Assets		**646,772**	**640,219**
Total Assets		**1,006,376**	**989,647**
LIABILITIES			
Current Liabilities			
Trade and other payables	12	8,279	8,911
Current tax liabilities	11	5,972	-
Borrowings	13	33,082	27,708
Provisions	14	56,405	28,193
Total Current Liabilities		**103,738**	**64,812**
Non-Current Liabilities			
Borrowings	13	6,360	-
Provisions	14	23,667	15,540
Total Non-Current Liabilities		**30,027**	**15,540**
Total Liabilities		**133,765**	**80,352**
Net Assets		**872,611**	**909,295**
Equity			
Issued capital	15	430,259	430,259
Retained earnings	16	442,352	479,036
Total Equity		**872,611**	**909,295**

The accompanying notes form part of these financial statements.

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

	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2012	**430,259**	**384,151**	**814,410**
Total comprehensive income for the year	**-**	**148,667**	**148,667**
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(53,782)	(53,782)
Balance at 30 June 2013	**430,259**	**479,036**	**909,295**
Balance at 1 July 2013	**430,259**	**479,036**	**909,295**
Total comprehensive income for the year	**-**	**70,881**	**70,881**
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(107,565)	(107,565)
Balance at 30 June 2014	**430,259**	**442,352**	**872,611**

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the year ended 30 June 2014

	Note	2014 $	2013 $
Cash flows from operating activities			
Receipts from customers		1,790,951	1,698,051
Payments to suppliers and employees		(1,648,435)	(1,538,231)
Interest received		21,280	21,279
Interest paid		-	(2,482)
Income taxes paid		63,517	(344,805)
Net cash provided by/(used in) operating activities	**17**	**227,313**	**(166,188)**
Cash flows from investing activities			
Payments for property, plant and equipment		(27,677)	(18,611)
Net cash used in investing activities		**(27,677)**	**(18,611)**
Cash flows from financing activities			
Repayment of borrowings		11,734	-
Dividends paid		(107,565)	(53,070)
Net cash used in financing activities		**(95,831)**	**(53,070)**
Net increase/(decrease) in cash held		**103,805**	**(237,869)**
Cash and cash equivalents at the beginning of the financial year		112,746	350,615
Cash and cash equivalents at the end of the financial year	**7(a)**	**216,551**	**112,746**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2014

Note 1. Summary of significant accounting policies

a) Basis of preparation

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

Compliance with IFRS

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

Critical accounting estimates

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

Historical cost convention

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

Comparative figures

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

Adoption of new and amended accounting standards

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

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

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Adoption of new and amended accounting standards (continued)

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

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

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

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

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

Economic dependency - Bendigo and Adelaide Bank Limited

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

The branch operates as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank" and the logo and system of operations of Bendigo and Adelaide Bank Limited. The company manages the **Community Bank**® branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank**® branch are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

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

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

b) Revenue

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

Revenue calculation

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

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

c) Income tax

Current tax

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

Deferred tax

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

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

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

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

Current and deferred tax for the period

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

d) Employee entitlements

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

e) Cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

f) Trade receivables and payables

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

g) Property, plant and equipment

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

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

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

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

h) Intangibles

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

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

i) Payment terms

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

j) Borrowings

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

Note 1. Summary of significant accounting policies (continued)

k) Financial instruments

Recognition and initial measurement

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

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

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Classification and subsequent measurement

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(ii) Held-to-maturity investments

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

(iii) Available-for-sale financial assets

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

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

(iv) Financial liabilities

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

Impairment

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

Note 1. Summary of significant accounting policies (continued)

l) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the company are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

m) Provisions

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

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

n) Contributed equity

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

o) Earnings per share

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

p) Goods and Services Tax

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

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

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

Note 2. Financial risk management

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

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

(i) Market risk

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

(ii) Price risk

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

(iii) Credit risk

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

(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

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

(vi) Capital management

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board of directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the balance sheet.

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

The distribution limit is the greater of:

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

(b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the franchisee over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

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

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

Note 3. Critical accounting estimates and judgements

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

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

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

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

Taxation

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

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

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

Estimation of useful lives of assets

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

Impairment of assets

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

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

Note 3. Critical accounting estimates and judgements (continued)

Impairment of assets (continued)

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

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

	2014 $	2013 $

Note 4. Revenue from ordinary activities

	2014 $	2013 $
Operating activities:		
- services commissions	1,598,480	1,674,088
- other revenue	23,383	23,963
Total revenue from operating activities	**1,621,863**	**1,698,051**
Non-operating activities:		
- interest received	11,838	21,280
- profit on disposal of motor vehicle	1,746	-
Total revenue from non-operating activities	**13,584**	**21,280**
Total revenues from ordinary activities	**1,635,447**	**1,719,331**

Note 5. Expenses

	2014 $	2013 $
Depreciation of non-current assets:		
- plant and equipment	7,244	8,632
- land and buildings	7,188	9,189
- leasehold improvements	667	776
- motor vehicle	6,643	3,408
Amortisation of non-current assets:		
- franchise agreement	10,000	10,000
	31,742	**32,005**
Bad debts	**153**	**1,149**

	Note	2014 $	2013 $

Note 6. Income tax expense

	Note	2014 $	2013 $
The components of tax expense comprise:			
- Current tax		38,726	64,846
- Movement in deferred tax		(8,872)	(1,052)
- Under/(Over) provision of tax in the prior period		(1,222)	-
		28,632	**63,794**
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Operating profit		99,513	212,461
Prima facie tax on profit from ordinary activities at 30%		29,854	63,738
Add tax effect of:			
- non-deductible expenses		-	158
- timing difference expenses		8,872	-
- other deductible expenses		-	(102)
		38,726	**63,794**
Movement in deferred tax	11	(8,872)	-
Under/(Over) provision of income tax in the prior year		(1,222)	-
		28,632	**63,794**

Note 7. Cash and cash equivalents

	Note	2014 $	2013 $
Cash at bank and on hand		14,331	112,746
Term deposits		202,220	-
		216,551	**112,746**
Note 7.(a) Reconciliation to cash flow statement			
The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:			
Cash at bank and on hand		14,331	112,746
Term deposits		202,220	-
		216,551	**112,746**

Note 8. Trade and other receivables

	Note	2014 $	2013 $
Trade receivables		137,972	137,542
Prepayments		5,081	4,091
		143,053	**141,633**

	2014 $	2013 $

Note 9. Property, plant and equipment

	2014 $	2013 $
Plant and equipment		
At cost	228,509	218,325
Less accumulated depreciation	(207,133)	(199,889)
	21,376	**18,436**
Land & Buildings		
At cost	559,421	559,421
Less accumulated depreciation	(17,153)	(9,965)
	542,268	**549,456**
Leasehold improvements		
At cost	7,223	7,223
Less accumulated depreciation	(5,008)	(4,341)
	2,215	**2,882**
Motor vehicle		
At cost	35,348	36,355
Less accumulated depreciation	(981)	(14,584)
	34,367	**21,771**
Total written down amount	**600,226**	**592,545**
Movements in carrying amounts:		
Plant and equipment		
Carrying amount at beginning	18,436	8,457
Additions	10,184	18,611
Disposals	-	-
Less: depreciation expense	(7,244)	(8,632)
Carrying amount at end	**21,376**	**18,436**
Land and buildings		
Carrying amount at beginning	549,456	558,644
Additions	-	-
Disposals	-	-
Less: depreciation expense	(7,188)	(9,189)
Carrying amount at end	**542,268**	**549,456**

	2014 $	2013 $

Note 9. Property, plant and equipment (continued)

	2014 $	2013 $
Leasehold improvements		
Carrying amount at beginning	2,882	3,659
Additions	-	-
Disposals	-	-
Less: depreciation expense	(667)	(777)
Carrying amount at end	**2,215**	**2,882**
Motor vehicle		
Carrying amount at beginning	21,771	25,179
Additions	35,348	-
Disposals	(16,109)	-
Less: depreciation expense	(6,643)	(3,408)
Carrying amount at end	**34,367**	**21,771**
Total written down amount	**600,226**	**592,545**

Note 10. Intangible assets

	2014 $	2013 $
Franchise fee		
At cost	50,000	50,000
Less: accumulated amortisation	(27,500)	(17,500)
	22,500	**32,500**

Note 11. Tax

	2014 $	2013 $
Current:		
Income tax payable/(refundable)	**5,972**	**(95,049)**
Non-Current:		
Deferred tax assets		
- accruals	1,548	-
- employee provisions	24,022	15,174
- tax losses carried forward	-	-
	25,570	**15,174**

Notes to the financial statements (continued)

	2014 $	2013 $
Note 11. Tax (continued)		
Deferred tax liability		
- accruals	-	-
- deductible prepayments	(1,524)	-
	(1,524)	**-**
Net deferred tax asset	**24,046**	**15,174**
Movement in deferred tax charged to statement of comprehensive income	**(8,872)**	**(1,052)**

Note 12. Trade and other payables

	2014 $	2013 $
Trade creditors	3,895	3,191
Other creditors and accruals	4,384	5,720
	8,279	**8,911**

Note 13. Borrowings

	2014 $	2013 $
Current:		
Business Loan - Building	1,461	-
Bank loans	31,621	27,708
	33,082	**27,708**
Non-Current:		
Bank loans	6,360	-
	6,360	**-**

Bank loans are repayable monthly with the final instalment due on 9 May 2017. Interest is recognised at an average rate of 5.85%. The loans are secured by a ixed and floating charge over the company's assets.

Note 14. Provisions

	2014 $	2013 $
Current:		
Provision for annual leave	38,729	28,193
Provision for long service leave	17,676	-
	56,405	**28,193**
Non-Current:		
Provision for long service leave	**23,667**	**15,540**

	2014 $	2013 $
Note 15. Contributed equity		
430,259 ordinary shares fully paid (2013: 430,259)	430,259	430,259
	430,259	**430,259**

Rights attached to shares

(a) Voting rights

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

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

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

(b) Dividends

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

(c) Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").

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

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

Note 15. Contributed equity (continued)

Prohibited shareholding interest (continued)

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

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

	2014 $	2013 $

Note 16. Retained earnings/accumulated losses

	2014 $	2013 $
Balance at the beginning of the financial year	479,036	383,439
Net profit from ordinary activities after income tax	70,881	148,667
Dividends paid or provided for	(107,565)	(53,070)
Balance at the end of the financial year	**442,352**	**479,036**

Note 17. Statement of cash flows

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

	2014 $	2013 $
Profit from ordinary activities after income tax	70,881	148,667
Non cash items:		
- depreciation	21,742	22,006
- amortisation	10,000	10,000
- profit on disposal of asset	(1,746)	-
Changes in assets and liabilities:		
- (increase)/decrease in receivables	11,241	(303)
- (increase)/decrease in other assets	(8,872)	456
- decrease in payables	(13,293)	(70,177)
- decrease in deferred tax asset	-	(1,052)
- increase in provisions	36,339	9,865
- decrease in financial liabilities	-	(5,690)
- increase/(decrease) in current tax liabilities	101,021	(279,960)
Net cash flows provided by/(used in) operating activities	**227,313**	**(166,188)**

	2014 $	2013 $

Note 18. Auditor's remuneration

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

	2014 $	2013 $
- audit and review services - AFS	1,400	-
- audit and review services - RSM Bird Cameron	4,500	8,000
- share registry services	2,122	2,262
- non audit services - AFS	1,945	-
- non audit services - RSM Bird Cameron	3,800	6,050
	13,767	**16,312**

Note 19. Director and related party disclosures

No director of the company receives remuneration for services as a company director or committee member.

There are no executives within the company whose remuneration is required to be disclosed.

Note 20. Dividends paid or provided

	2014 $	2013 $
a. Dividends paid during the year		
Current year dividend		
100% (2013: 100%) franked dividend - 25 cents (2013: 12.34 cents) per share	**107,565**	**53,070**
The tax rate at which dividends have been franked is 30% (2013: 30%).		
b. Franking account balance		
Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	477,418	143,763
- franking credits that will arise from payment of income tax payable as at the end of the financial year	5,971	356,399
- franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	-	-
Franking credits available for future financial reporting periods:	**483,389**	**500,162**
- franking debits that will arise from payment of dividends proposed or declared before the financial report was authorised for use but not recognised as a distribution to equity holders during the period	(46,099)	(22,744)
Net franking credits available	**437,290**	**477,418**

Notes to the financial statements (continued)

Note 21. Earnings per share

		2014 $	2013 $
(a)	Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	70,881	148,667
		Number	**Number**
(b)	Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	430,259	430,259

Note 22. Events occurring after the reporting date

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

Note 23. Contingent liabilities and contingent assets

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

Note 24. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank**® services in Collie, Western Australia pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 25. Registered office/Principal place of business

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

Registered Office	Principal Place of Business
70 Forrest Street Collie WA 6225	70 Forrest Street Collie WA 6225

Notes to the financial statements (continued)

Note 26. Financial instruments

Financial Instrument Composition and Maturity Analysis

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

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $	2014 %	2013 %
Financial assets												
Cash and cash equivalents	14,331	112,746	202,220	-	-	-	-	-	-	-	2.56	3.43
Receivables	-	-	-	-	-	-	-	-	137,972	150,203	N/A	N/A
Financial liabilities												
Interest bearing liabilities	39,442	27,708	-	-	-	-	-	-	-	-	0.00	0.00
Payables	-	-	-	-	-	-	-	-	3,895	15,852	N/A	N/A

Net Fair Values

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

Credit Risk

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

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

Interest Rate Risk

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

Sensitivity Analysis

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

Note 26. Financial instruments (continued)

Sensitivity Analysis (continued)

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

	2014 $	2013 $
Change in profit/(loss)		
Increase in interest rate by 1%	(251)	850
Decrease in interest rate by 1%	(251)	850
Change in equity		
Increase in interest rate by 1%	(251)	850
Decrease in interest rate by 1%	(251)	850

Directors' declaration

In accordance with a resolution of the directors of Collie & Districts Community Financial Services Limited, we state that:

In the opinion of the directors:

(a) the financial statements and notes of the company are in accordance with the Corporations Act 2001,including:

  (i) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and

  (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

(c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

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

Ian Houghton Miffling,
Chairman

Signed on the 11th of September 2014.

Independent audit report

Partners in success

Chartered Accountants

Independent auditor's report to the members of Collie & Districts Community Financial Services Limited

Report on the financial report

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

Directors' responsibility for the financial report

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

Auditor's responsibility

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. These auditing standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our 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, we consider internal controls relevant to the entity's preparation and presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independence

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

Auditor's opinion on the financial report

In our opinion:

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

Report on the remuneration report

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

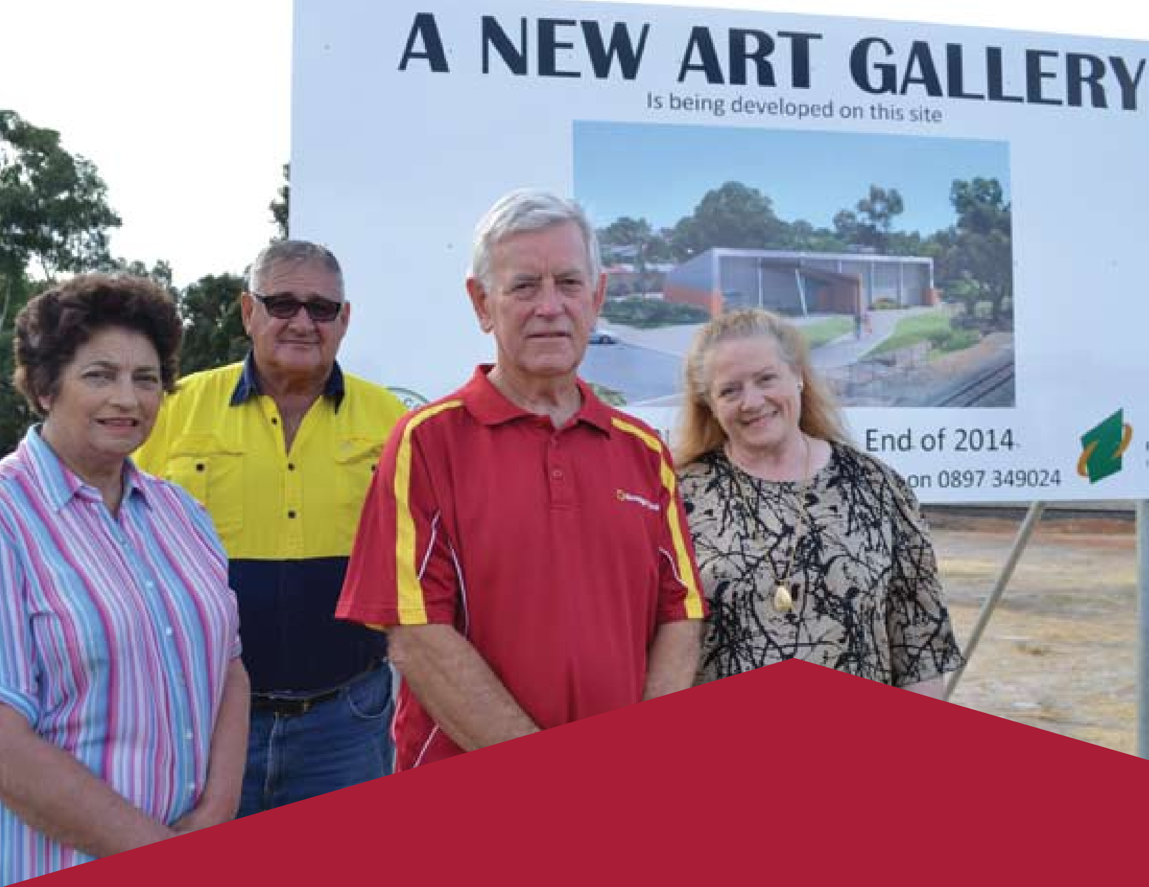
Auditor's opinion on the remuneration report

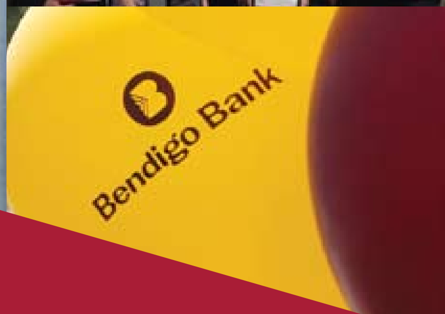
In our opinion, the remuneration report of Collie & Districts Community Financial Services Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550

David Hutchings
Lead Auditor

Dated: 11 September 2014





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