



Annual Report 2014

Cool Country Community
Enterprises Limited

ABN 14 147 009 158

Trentham & Districts **Community Bank**[®] Branch

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Chairman's report

For year ending 30 June 2014

On behalf of Cool Country Community Enterprises Limited (CCCEL), it gives me great pleasure to present our fourth Annual Report.

During financial year 2013/14 we continued the significant growth for our **Community Bank**[®] branch. The total business on the books increased from \$38 million to \$50.5 million. This is well above the expected level predicted in the prospectus and puts the CCCEL very close to being profitable.

We continue to have outstanding staff who have made a significant contribution to the growth of the branch. The team remains under the leadership of Mr. David Lawrence (Branch Manager). His personal effort continues to demonstrate the highest level of customer service and this is reflected in all of the other staff. We have seen a change in the staffing, with the Customer Relations Officer position being replaced by the new Customer Relations Manager Russell Hanson. This was necessary to increase the lending capacity within the branch to cope with customer demand for loans. I believe that the excellent customer service that our shareholders and customers receive is a major factor in the continuing growth.

The Board's Community Investment Program has seen \$55,000 returned to community groups within our district. It is very rewarding to be able to contribute to a wide variety of projects within the community.

The Boards remains focused on reaching profitability as soon as possible, so that our **Community Bank**[®] branch can maximise our returns to shareholders and community groups. During this reporting period Bendigo and Adelaide Bank maintained the program of 'Restoring the Balance'. This process returns the 50/50 revenue sharing arrangement between our company (CCCEL) and our franchise partner Bendigo and Adelaide Bank to its appropriate position. As I stated in the last Annual Report, this has reduced the revenue received by CCCEL on certain banking products, and it has extended the time necessary to become profitable.

The branch's growth in both lending and deposits continues (lending has been the major growth area), as do the efforts to grow other revenue producing products such as insurances and financial planning. The Trentham & Districts **Community Bank**[®] Branch continues to see an increase in products per customer, which I believe is a reflection of the customer experience in our branch. Our staff continue to provide customers with high quality banking services and advice.

There appears to be an on-going surge in people visiting Trentham and districts during the weekends and also many are choosing this region as a place to live and call home. This has meant that our staff remain busy dealing with a wide variety of banking requirements. There has also been a steady growth in the number of customers using the branch and the ATM facilities.

I thank all of our shareholders, customers, staff and Board members for their continuing support. I would also like to thank the Bendigo and Adelaide Bank state support staff for their on-going expertise and advice.

Board members, staff and many of our shareholders continue to discuss the point of difference of our **Community Bank**[®] branch with potential customers. Our point of difference continues to be involvement and financial support to our local community.

Yours sincerely,



Richard Nolan
Chairman

Manager's report

For year ending 30 June 2014

The financial year 2013/14 has been another exciting and very busy year for the Trentham & Districts **Community Bank**[®] Branch. We have been trading for close to three years. During this reporting period we have also increased our customer numbers from 770 to 950 and our number of active accounts from 1,308 to 1,641. These increases reflect the solid and ongoing support that the branch has received from our customers since we opened in 2011.

As mentioned in the Chairman's report our "Business on the Books" has grown significantly to \$50.5 million as at 30 June 2014. All the staff and I are very pleased to have been able to contribute to the growth of the funds being managed on behalf of our community members. We continue to offer quality banking products to assist our local people with their financial needs.

The branch continues to be very busy with new and existing customers. During the reporting period the branch recruited a new Customer Relations Manager, Russell Hanson, who has been a significant addition to the team, particularly in the lending aspect of our business. Now that we have two lenders our capacity to meet customer needs has increased. It remains my intent to provide the best service possible to our customers with the assistance of the suite of Bendigo and Adelaide Bank products. We continue to be a full service bank and have the ability to meet all of the banking requirements of our customers.

The Trentham & Districts **Community Bank**[®] Branch staff continue to work hard to provide excellent customer service and are actively involved in supporting the community through a variety of roles including participation in community events. Our staff continuously update their knowledge and skills across all of our banking product lines to ensure maximum benefits to our shareholders and customers.

As I indicated last year, I continue to encourage customers and shareholders to engage our branch staff to discuss their financial requirements. The local branch staff are well supported by our Bendigo and Adelaide bank corporate staff. This assistance to both myself and my staff has been invaluable, and helps us provide the quality of advice and service that we strive for. They add depth and expertise to the banking products we provide to our customers.

We remain focused on growing our business to ensure we are a profitable branch so that we can return increased support to our diverse community. As shareholders, please be an active advocate for our local branch and give us the opportunity to compete for more business from existing and new customers.

Thank you for your support.



David Lawrence
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:

Richard Thomas Nolan

Chairman

Occupation: Australian Public Servant (APS)

Qualifications, experience and expertise: Richard joined the RAAF as an apprentice avionics technician and served for a total of 26 years. During this time he gained experience in a variety of roles including technical, logistics, recruiting and consulting. Richard completed an MBA in 2003 and holds qualifications in procurement and project management. In 2005 Richard became a Public Servant in the Defence Materiel Organisation, where he is currently employed as a Product Manager. He continues to serve in the RAAF as a Reservist and is currently a member of No. 21 Squadron Melbourne.

Special responsibilities: Human resources Committee

Interest in shares: 4,001

Corina Renee Sabo

Vice Chairman

Occupation: Family Day Care

Qualifications, experience and expertise: For the past twelve years Corina has held an administration role with a Kyneton accounting firm. She continues to be involved in her family's farming business at Little Hampton and also provides bookkeeping and family day child care services from her home. Corina is involved in many community groups and activities including the School Council of the Trentham District Primary School and the organising committee of The Great Trentham Spudfest 2013.

Interest in shares: 4,101

Charles Henry Sherlock

Secretary

Occupation: Theologian/Priest

Qualifications, experience and expertise: Charles holds a BA(Hons), ThL(Hons), MA, BD(Hons), ThD. He currently acts as an External Expert for the Tertiary Education Quality and Standards Agency, and is an Honorary Research Fellow, MCD University of Divinity. Charles is a long-time participant in local Anglican churches (now St George's Trentham) and senior member of the Anglican-Roman Catholic International Commission. He is also editor of the Hungerford & Associated Families Society Journal and Newsletter, editor of The Spirit (monthly magazine of the Anglican Diocese of Bendigo) and a Governor of the Australian Research Theology Foundation. Charles taught Theology for over 40 years at MCD University and Australian College of Theology, and was formerly Registrar of the MCD University of Divinity. He was formerly a Director of Broughton Publishing Pty Ltd., School Council President of Brunswick High School, Brunswick North Primary School and Princes Hill Primary School. He enjoys playing 5-string banjo.

Interest in shares: 20,000

Directors' report (continued)

Directors (continued)

Ian Ronald Williams

Director

Occupation:

Qualifications, experience and expertise: Ian spent 35 years in the broadcast television and telecommunications industry and is involved in a number of community activities including establishing and running the Community Newsletter and the Community website.

Interest in shares: 3,101

Peter Charles Thompson

Director

Occupation: Management Consultant

Qualifications, experience and expertise: Peter holds a Bachelor of Health Administration Degree and post graduate qualifications in Human Resource Management and Property Management. Peter is a Graduate of the Australian Institute of Company Directors, a Fellow of the Australian Institute of Management and was previously a director of the Castlemaine Art Gallery. Peter has diverse and extensive experience in health service management both in Australia and overseas. Peter commenced his career in his home town of Swan Hill and was previously Chief Executive of Mt Alexander Hospital, Castlemaine and Port Macquarie Hospital, NSW. Peter provides health management consulting services with a focus on rural, remote and indigenous health.

Special responsibilities: Property and Governance & Risk committee

Interest in shares: 2,000

Tamara Anne Patterson

Director

Occupation: Personal Assistant

Qualifications, experience and expertise: Tamara currently works as a Personal Assistant at the Hepburn Shire Council while currently completing a Bachelor of Business Management at Swinburn University. Tamara is also member of the committee of management for the Trentham Mechanics Institute and volunteers her time at the Trentham Visitor Information Centre.

Special responsibilities: Community investments and Marketing Committee

Interest in shares: 1,000

Geoffrey Raymond Scott

Director (Appointed 19 March 2014)

Occupation: Retired

Qualifications, experience and expertise: 35 years in training, majority as flying instructor/ check pilot

Special responsibilities: Human resources

Interest in shares:

David Ian Baker

Director (Resigned 30 June 2014)

Occupation: Semi-Retired

Qualifications, experience and expertise: David has spent most of his working life in the banking and finance industry. After an initial grounding in accounting, David spent the next 20 years with major international banks in London, Sydney and Perth; culminating as a state manager in Victoria. From 1990 until recently, David was a principal in a multi-functional private advisory company, acting for international banks, financial institutions, public and private companies based in Australia and overseas. The company provided strategic advice and management relating to business and property matters. David is currently a senior consultant with corporate advisory company Dench McClean Carlson.

Special responsibilities: Property committee

Interest in shares: 5,101

Directors' report (continued)

Directors (continued)

Suzanne Elizabeth Bruton

Director (Resigned 25 November 2013)

Occupation: Farmer

Qualifications, experience and expertise: Sue is currently involved with numerous community groups including Trentham District Primary School Council, the Trentham Sportsground Committee of Management and the Community Groups Forum that liaises with Hepburn Shire Council. Sue is also the current President of the Trentham Mechanics Institute. Sue is involved in running the family farm with her husband, and also undertakes casual employment at Secret Heart College.

Special responsibilities: Community investments and Marketing Committee

Interest in shares: 15,001

Wendy Pauline White

Director (Resigned 25 November 2013)

Occupation: Commercial Manager

Qualifications, experience and expertise: Wendy is a qualified Accountant and holder of a Masters of Business Administration (MBA). During her corporate career, Wendy gained experience in a wide range of industries including international airports, manufacturing, agriculture, defence contracting and aged care. She currently works as a Commercial Manager for a Defence Services company in Brisbane.

Special responsibilities: Finance Committee

Interest in shares: 501

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 Charles Sherlock. Charles was appointed to the position of secretary on 30 January 2013. Charles has extensive experience in the fields of education and research.

Principal Activities

The principal activities of the company during the course of the financial year were in 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 loss of the company for the financial year after provision for income tax was:

Year ended 30 June 2014	Year ended 30 June 2013
\$	\$
(20,141)	(64,703)

Directors' report (continued)

Remuneration report

Directors' shareholdings

	Balance at start of the year	Changes during the year	Balance at end of the year
Richard Thomas Nolan	4,001	-	4,001
Corina Renee Sabo	4,101	-	4,101
Ian Ronald Williams	3,101	-	3,101
Peter Charles Thompson	2,000	-	2,000
Charles Henry Sherlock	20,000	-	20,000
Tamara Anne Patterson	1,000	-	1,000
Geoffrey Raymond Scott (Appointed 19 March 2014)	-	-	-
David Ian Baker (Resigned 30 June 2014)	5,101	-	5,101
Suzanne Elizabeth Bruton (Resigned 25 November 2013)	15,001	-	15,001
Wendy Pauline White (Resigned 25 November 2013)	501	-	501

Dividends

No dividends were declared or paid for the previous year and the directors recommend that no dividend be paid for the current year.

Significant changes in the state of affairs

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Indemnification and insurance of directors and officers

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

Directors' report (continued)

Indemnification and insurance of directors and officers (continued)

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

Directors' meetings

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

	Board Meetings Attended	
	Eligible	Attended
Richard Thomas Nolan	11	11
Corina Renee Sabo	11	10
Ian Ronald Williams	11	11
Peter Charles Thompson	11	9
Charles Henry Sherlock	11	10
Tamara Anne Patterson	11	10
Geoffrey Raymond Scott (Appointed 19 March 2014)	6	4
David Ian Baker (Resigned 30 June 2014)	11	10
Suzanne Elizabeth Bruton (Resigned 25 November 2013)	4	2
Wendy Pauline White (Resigned 25 November 2013)	4	3

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 and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

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

Directors' report (continued)

Non audit services (continued)

- all non-audit services have been reviewed by the 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 10.

Signed in accordance with a resolution of the board of directors at Trentham, Victoria on 2 September 2014.



**Richard Thomas Nolan,
Chairman**

Auditor's independence declaration



Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Cool Country Community Enterprises Limited

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

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

A handwritten signature in black ink, appearing to read 'David Hutchings', is written over a light blue horizontal line.

David Hutchings
Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550

Dated: 2 September 2014

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

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Financial statements

Statement of Comprehensive Income for the year ended 30 June 2014

	Note	2014 \$	2013 \$
Revenue from ordinary activities	4	445,938	356,116
Employee benefits expense		(271,098)	(244,947)
Charitable donations, sponsorship, advertising and promotion		(32,682)	(20,366)
Occupancy and associated costs		(33,166)	(32,825)
Systems costs		(34,877)	(34,789)
Depreciation and amortisation expense	5	(33,590)	(36,410)
General administration expenses		(61,695)	(63,754)
Loss before income tax credit		(21,170)	(76,975)
Income tax credit	6	1,029	12,272
Loss after income tax credit		(20,141)	(64,703)
Total comprehensive income for the year		(20,141)	(64,703)
Earnings per share for loss attributable to the ordinary shareholders of the company:			
		¢	¢
Basic earnings per share	19	(2.55)	(8.19)

The accompanying notes form part of these financial statements.

Financial statements (continued)

Balance Sheet as at 30 June 2014

	Note	2014 \$	2013 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	341,330	332,882
Trade and other receivables	8	41,142	28,746
Total Current Assets		382,472	361,628
Non-Current Assets			
Property, plant and equipment	9	118,447	130,037
Intangible assets	10	50,848	72,848
Deferred tax assets	11	64,547	63,518
Total Non-Current Assets		233,842	266,403
Total Assets		616,314	628,031
LIABILITIES			
Current Liabilities			
Trade and other payables	12	20,069	16,864
Provisions	13	20,850	17,222
Total Current Liabilities		40,919	34,086
Non-Current Liabilities			
Provisions	13	2,662	1,071
Total Non-Current Liabilities		2,662	1,071
Total Liabilities		43,581	35,157
Net Assets		572,733	592,874
Equity			
Issued capital	14	768,649	768,649
Accumulated losses	15	(195,916)	(175,775)
Total Equity		572,733	592,874

The accompanying notes form part of these financial statements.

Financial statements (continued)

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

	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2012	768,649	(111,072)	657,577
Total comprehensive income for the year	-	(64,703)	(64,703)
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2013	768,649	(175,775)	592,874
Balance at 1 July 2013	768,649	(175,775)	592,874
Total comprehensive income for the year	-	(20,141)	(20,141)
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2014	768,649	(195,916)	572,733

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2014

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Receipts from customers		444,371	369,547
Payments to suppliers and employees		(446,240)	(414,343)
Interest received		10,317	8,625
Net cash provided by/(used in) operating activities	16	8,448	(36,171)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(1,339)
Net cash used in investing activities		-	(1,339)
Net increase/(decrease) in cash held		8,448	(37,510)
Cash and cash equivalents at the beginning of the financial year		332,882	370,392
Cash and cash equivalents at the end of the financial year	7(a)	341,330	332,882

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2014

Note 1. Summary of significant accounting policies

a) Basis of preparation

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

Compliance with IFRS

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

Critical accounting estimates

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

Historical cost convention

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

Comparative figures

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

Adoption of new and amended accounting standards

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Adoption of new and amended accounting standards (continued)

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

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

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

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

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

Economic dependency - Bendigo and Adelaide Bank Limited

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

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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

k) Financial instruments

Recognition and initial measurement

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

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

Derecognition

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

Classification and subsequent measurement

(i) Loans and receivables

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

(ii) Held-to-maturity investments

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

(iii) Available-for-sale financial assets

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

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

(iv) Financial liabilities

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

Impairment

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

l) Leases

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

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

m) Provisions

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

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

n) Contributed equity

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

o) Earnings per share

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

p) Goods and Services Tax

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

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

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

Notes to the financial statements (continued)

Note 2. Financial risk management

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

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

(i) Market risk

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

(ii) Price risk

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

(iii) Credit risk

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

(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

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

(vi) Capital management

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

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

The distribution limit is the greater of:

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

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

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

Notes to the financial statements (continued)

Note 3. Critical accounting estimates and judgements

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

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

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

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

Taxation

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

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

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

Estimation of useful lives of assets

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

Impairment of assets

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

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

Notes to the financial statements (continued)

Note 3. Critical accounting estimates and judgements (continued)

Impairment of assets (continued)

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

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

	2014 \$	2013 \$
Note 4. Revenue from ordinary activities		
Operating activities:		
- services commissions	435,621	347,100
Total revenue from operating activities	435,621	347,100
Non-operating activities:		
- interest received	10,317	9,016
Total revenue from non-operating activities	10,317	9,016
Total revenues from ordinary activities	445,938	356,116

Note 5. Expenses

Depreciation of non-current assets:

- plant and equipment	4,125	6,677
- leasehold improvements	7,465	7,733

Amortisation of non-current assets:

- franchise agreement	2,000	2,000
- establishment fee	20,000	20,000

	33,590	36,410
Bad debts	42	11

Notes to the financial statements (continued)

	Note	2014 \$	2013 \$
Note 6. Income tax expense/credit			
The components of tax expense comprise:			
- Future income tax benefit attributable to losses		(732)	(14,545)
- Movement in deferred tax		(297)	(3,227)
- Under/(Over) provision of tax in the prior period		-	5,500
		(1,029)	(12,272)
The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Operating loss		(21,170)	(76,975)
Prima facie tax on loss from ordinary activities at 30%		(6,351)	(23,093)
Add tax effect of:			
- non-deductible expenses		6,600	6,600
- timing difference expenses		297	3,227
- other deductible expenses		(1,278)	(1,279)
		(732)	(14,545)
Movement in deferred tax	11	(297)	(3,227)
Under/(Over) provision of income tax in the prior year		-	5,500
		(1,029)	(12,272)

Note 7. Cash and cash equivalents

Cash at bank and on hand	76,267	77,745
Term deposits	265,063	255,137
	341,330	332,882

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	76,267	77,745
Term deposits	265,063	255,137
	341,330	332,882

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 8. Trade and other receivables		
Trade receivables	35,954	27,017
Other receivables and accruals	921	958
Prepayments	4,267	771
	41,142	28,746

Note 9. Property, plant and equipment

Plant and equipment

At cost	35,348	35,348
Less accumulated depreciation	(23,431)	(19,574)
	11,917	15,774

Leasehold improvements

At cost	128,156	128,156
Less accumulated depreciation	(21,626)	(13,893)
	106,530	114,263

Total written down amount	118,447	130,037
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Movements in carrying amounts:

Plant and equipment

Carrying amount at beginning	15,774	21,112
Additions	-	1,339
Disposals	-	-
Less: depreciation expense	(4,125)	(6,677)
Carrying amount at end	11,649	15,774

Leasehold improvements

Carrying amount at beginning	114,263	121,996
Additions	-	-
Disposals	-	-
Less: depreciation expense	(7,465)	(7,733)
Carrying amount at end	106,798	114,263

Total written down amount	118,447	130,037
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Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 10. Intangible assets		
Franchise fee		
At cost	10,000	10,000
Less: accumulated amortisation	(5,667)	(3,667)
	4,333	6,333
Establishment fee		
At cost	100,000	100,000
Less: accumulated amortisation	(56,667)	(36,667)
	43,333	63,333
Agency Cost	3,182	3,182
Total written down amount	50,848	72,848

Note 11. Tax

Non-Current:

Deferred tax assets		
- accruals	735	735
- employee provisions	7,054	5,488
- tax losses carried forward	58,315	57,582
	66,104	63,805
Deferred tax liability		
- accruals	276	287
- deductible prepayments	1,281	-
	1,557	287
Net deferred tax asset	64,547	63,518
Movement in deferred tax charged to statement of comprehensive income	(1,029)	(12,272)

Note 12. Trade and other payables

Trade creditors	17,672	910
Other creditors and accruals	2,397	15,954
	20,069	16,864

Notes to the financial statements (continued)

	2014 \$	2013 \$
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Note 13. Provisions

Current:

Provision for annual leave	20,850	17,222
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Non-Current:

Provision for long service leave	2,662	1,071
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Note 14. Contributed equity

790,009 Ordinary shares fully paid (2013: 790,009)	790,009	790,009
Less: equity raising expenses	(21,360)	(21,360)
	768,649	768,649

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.

Notes to the financial statements (continued)

Note 14. Contributed equity (continued)

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”).
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the “base number test”). The base number is 258. As at the date of this report, the company had 288 shareholders.

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

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

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

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 15. Accumulated losses		
Balance at the beginning of the financial year	(175,775)	(111,072)
Net loss from ordinary activities after income tax	(20,141)	(64,703)
Balance at the end of the financial year	(195,916)	(175,775)

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 16. Statement of cash flows		
Reconciliation of loss from ordinary activities after tax to net cash provided by/(used in) operating activities		
Loss from ordinary activities after income tax	(20,141)	(64,703)
Non cash items:		
- depreciation	11,590	14,410
- amortisation	20,000	20,000
Changes in assets and liabilities:		
- increase in receivables	(12,396)	(8,420)
- increase in other assets	(1,029)	(12,272)
- increase in payables	3,205	1,918
- increase in provisions	5,219	10,896
Net cash flows provided by/(used in) operating activities	6,448	(38,171)

Note 17. Leases

Operating lease commitments

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

Payable - minimum lease payments:

- not later than 12 months	29,696	28,081
- between 12 months and 5 years	33,264	62,960
- greater than 5 years	-	-
	62,960	91,041

The branch premises lease is a non-cancellable lease with a five-year term. The lease expires on 19 August 2016 and has two 5 year renewal options remaining. Rent is payable monthly in advance and is set for the first five years of the lease and then increases by 4% per annum thereafter.

	2014 \$	2013 \$
Note 18. Auditor's remuneration		
Amounts received or due and receivable by the auditor of the company for:		
- audit and review services	3,850	3,600
- non audit services	1,850	1,796
	5,700	5,396

Notes to the financial statements (continued)

Note 19. Earnings per share

		2014 \$	2013 \$
(a)	Loss attributable to the ordinary equity holders of the company used in calculating earnings per share	(20,141)	(64,703)
		Number	Number
(b)	Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	790,009	790,009

Note 20. 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 21. 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 22. Segment reporting

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

Note 23. 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
37B High Street Trentham VIC 3458	37B High Street Trentham VIC 3458

Notes to the financial statements (continued)

Note 24. 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	72,484	77,745	260,030	267,032	-	-	-	-	-	-	3.1	2.62
Receivables	-	-	-	-	-	-	-	-	39,077	27,975	N/A	N/A
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	13,608	16,864	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.

Notes to the financial statements (continued)

Note 24. 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%	725	777
Decrease in interest rate by 1%	725	777
Change in equity		
Increase in interest rate by 1%	725	777
Decrease in interest rate by 1%	725	777

Directors' declaration

In accordance with a resolution of the directors of Cool Country Community Enterprises 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.



Richard Thomas Nolan,
Chairman

Signed on the 2nd of September 2014.

Independent audit report



Independent auditor's report to the members of Cool Country Community Enterprises Limited

Report on the financial report

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

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

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

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

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

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Independent audit report (continued)

Independence

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

Auditor's opinion on the financial report

In my opinion:

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

Report on the remuneration report

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

Auditor's opinion on the remuneration report

In my opinion, the remuneration report of Cool Country Community Enterprises Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.



David Hutchings
Andrew Frewin Stewart
61 Bull Street Bendigo Vic 3550

Dated: 2 September 2014



Trentham & Districts **Community Bank®** Branch
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