Annual Report 2015

Cummins District Financial Services Limited

ABN 25 094 393 692

Cummins District **Community Bank**® Branch

Contents

Chairman's report

For year ending 30 June 2015

I am pleased to present the Annual Report for the financial year ending June 2015, our 15th year of trading. The branch continues to be a major advantage to the community of Cummins.

Our Board has had another busy year. On your behalf I thank Scott Bascombe and Mandy Pedler for time on the Board. It is important that we have representation from different ages, sexes and districts on the Board to best represent the community. We welcome new Board members since last year's Annual General Meeting (AGM) Jill Wedd, Michael Minhard and Whitney Mickan. Board Directors do many hours of volunteer work to support the **Community Bank**® branch which is rewarding in terms of financial returns to the community and personal development. Bendigo provides a number of Director training courses during each year which are valuable to Directors in all aspects of life and business.

Since the establishment of the original Steering Committee which established the bank in 2000, to date there have been 30 people serve as Directors of Cummins District Financial Services Limited (CDFSL). We aim to continually renew and refresh our Board so I urge you to consider serving a three year-term if asked. The Board has been employing Kate Hancock (an ex staff member) as Company Secretary. This role is invaluable to the function of the Board. Kate has resigned this year but we have secured Simone Murnane in the same part-time position. Thanks to Kate and welcome Simone!

The Board has been focusing on what is traditionally known as grants and sponsorships. They are all two-way contracts between CDFS and the organisations who apply for assistance. We can help financially but in return need extra business opportunities through the members of the group. As part of our application process we are asking how the organisation can assist the branch in getting more business, a win / win situation. We call these partnerships where we both gain. The money returned to the district through these partnerships is a combined investment in our community. As we say over and over again, none of it is possible without the support of customers who do their banking with their **Community Bank**® branch!

One of these investments this year has enabled the "Life is a Circus" extravaganza to be held at the Ravendale Race Course. A joint investment from the Cummins District and Port Lincoln **Community Bank**® branches gave the committee enough funds to underwrite the function. The event was a huge success and raised over $24,000 to provide services for Mental Health throughout our region. This partnership yields much more than just a dollar value as it helps provide services which otherwise wouldn't be available and makes Eyre Peninsula a better place to live. It encapsulates the principle of the **Community Bank**® model.

We will celebrate our 15th birthday in December this year. In that time around $3 million has been returned to the benefit of Cummins and districts. Thanks again to the staff, Directors and customers who have made this fantastic result possible.

Peter Glover

Peter Glover
Chairman

Manager's report

For year ending 30 June 2015

The Cummins District **Community Bank**® Branch achieved further growth for the 2014/15 financial year, with an overall increase in footings of $4.491 million to $179.772 million as at 30 June 2015.

The table (right) provides a breakdown of the branch's performance as at 30 June 2015.

Product	2015 $mil	2014 $mil
BBL Deposits	$58.315	$63.764
BBL Loans	$61.836	$63.472
Rural Bank Deposits	$10.070	$10.852
Rural Bank Loans	$40.653	$28.645
Financial Planning	$8.065	$7.740
Superannuation	$0.215	$0.147
Leveraged Equities	$0.034	$0.014
Treasury Deposits	$0.000	$0.037
Community Sector Banking Deposits	$0.272	$0.302
Bendigo Managed Funds	$0.312	$0.308
Total	**$179.772**	**$175.281**

An increase in Rural Bank lending of $12.008 million significantly contributed to the overall increase in business.

The financial result is a compliment to the branch staff and our Business Banking team which consists of Chris Miller (Business Banking Manager for Cummins District, Port Lincoln and Tumby Bay District **Community Bank**® branches), Bernadette Redden (Business Banking Assistant), and Tiffany Franklin (Business Banking Officer) and of course to the customers of the Cummins District **Community Bank**® Branch, who continue to support the **Community Bank**® branch through their banking business.

During the year we welcomed back Amy Fuss from maternity leave and introduced Kate Pilgrim to the team as this year's School-Based Trainee. Kerry Head resigned after six years in numerous roles and Josie Turnbull (Assistant Branch Manager) recently made the decision not to return from maternity leave due to her increased family commitments. Both Josie and Kerry displayed great passion and knowledge in their positions and for the **Community Bank**® branch in general. The staff who served the Cummins District **Community Bank**® Branch over the past year consists of Ally Mooney (Customer Relationship Manager), Caro Meyers (Senior Customer Service Officer), Holly Pervan (Customer Service Officer), Vikki Phillips (Customer Service Officer), Zan Cafuta (Customer Service Officer), Amy Fuss (Customer Service Officer), Amanda Puckridge (Business Promotions Officer), Josie Turnbull (previous Assistant Branch Manager), Kerry Head (previous Customer Service Officer) and Shilo Perry-Byrne (previous School-Based Trainee). Thank you to all staff for their commitment throughout the year.

From our hugely successful inaugural Community Forum in August 2014, the **Community Bank**® branch identified five major community projects to invest its banking profits towards including the Cummins Airstrip Upgrade, Community Bus, Railway Triangle Upgrade, Walking / Health Trail, and Playground Upgrade at Yallunda Flat Show Showgrounds. In total, over $300,000 has been committed / invested towards various projects and events identified from the Forum, which we feel is a great success story.

The Cummins District **Community Bank**® Branch will continue focussing our efforts on growing our customer-base and business, which enables this high level of investment into our community.

Braden Gale
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2015

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Bendigo and Adelaide Bank report (continued)

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

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

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

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

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

In Bendigo and Adelaide Bank, your **Community Bank**® company has a committed and strong partner and over the last financial year our company has continued its solid performance. Our Bank continues to be rated at least "A-" by Standard & Poor's, Moody's and Fitch in recognition of its strong performance in the face of what continues to be a challenging economic environment.

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

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

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

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

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

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

Robert Musgrove
Executive Community Engagement

Directors’ report

For the financial year ended 30 June 2015

Your Directors present their report of the company for the financial year ended 30 June 2015.

Directors

The following persons were Directors of Cummins District Financial Services Limited during or since the end of the financial year up to the date of this report:

Name and position held	Qualifications	Experience and other Directorships
Peter Glover Appointed November 2005 Chairperson	Farmer	Company Secretary and Board Director of Australian Grain Growers Cooperative GAICD
Wendy Holman Appointed September 2000 Director	Retired Teacher AICD **Community Bank** Director's Development training Treasurer's Course - Bendigo and Adelaide Bank Limited Director's training Community Volunteer Farmer	Elected Member of District Council of Lower Eyre Peninsula. Secretary and Board Director of Eyre Peninsula Community Foundation. Chairman of Lower Eyre Health Board and Presiding Member of Lower Eyre Health Advisory Committee. Chairman and current member of Cummins District Enterprise Committee. Secretary of Cummins District Financial Services Limited 2000 - 2003.
John Wood Appointed November 2008 Director	School Teacher Bachelor of Education Diploma of Teaching SA Ambulance Service Volunteer	Community Events Committee Member. Music Hall Committee Member. Assistant Treasurer of Cummins District Financial Services Limited 2008 - 2011. Business Promotions Sub Committee for Cummins District Financial Services Limited 2008 - 2010. Audit Committee for Cummins District Financial Services Limited 2008 - 2011.
Heather Norton Appointed November 2010 Director	Business Manager	Company Secretary and Community Volunteer.
Scott Bascombe (resigned October 2014) Director	Owner/Manager, Sales and Mechanical Automotive Mechanic	Small business owner since 2003.

Directors' report (continued)

Directors (continued)

Name and position held	Qualifications	Experience and other Directorships
Mandy Pedler (resigned January 2015) Director	Bookkeeper Registered BAS Agent Home Duties Accountant	Admin/Finance Officer of Lower Eyre Peninsula Region 6 CFS. Treasurer for Cummins District Financial Services Limited.
Elizabeth Burns Appointed November 2012 Director	Journalist Farmer Home Duties	Elected Member of Clare and Gilbert Valley's Council.
Roger Laube Appointed November 2013 Director	Farmer Grain Quality Inspector EP Field Officer EP Grain Accumulation Manager EP Customer Relations Manager School Bus Driver	Chairman/Committee Member for the following: - School Council - Rural Youth Club - Sporting Clubs - Ag Bureau - Church Congregation & Parish.
George Pedler Appointed January 2014 Director	Farm Consultant Business Owner/ Manager Bachelor of Agriculture	Small business owner since January 2014. Corporate Ag reseller for 10 years (Agronomy). LEADA Committee Member. Various local sporting Committees.
Jill Wedd Appointed June 2014 Director	Administration Officer	Administration duties for running John Deere franchise for over 30 years.
Michael Minhard Appointed November 2014 Director	Farmer Certificate 3 in Agriculture	Joint Director/Manager of Wilderness Trading Farm Trust.
Whitney Mickan Appointed January 2015 Director	Accountant Bachelor of Commerce Certificate 3 in Business	Director and Manager of WM Bookkeeping. Director and Manager of Alwright Pastoral (cereal farming). Accounts Payable/Junior Accountant for five years. Treasurer of Ramblers Social Club, 2014 to current. Secretary of Yallunda Flat A & H Society, 2015 to current.

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

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

Directors' report (continued)

Principal activities

The principal activities of the company during the course of the financial year were in providing **Community Bank®** 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.

Review of operations

The profit of the company for the financial year after provision for income tax was $57,380 (2014 profit: $55,058), which is a 4% increase as compared with the previous year.

The net assets of the company have increased to $868,809 (2014: $855,010). The increase is largely due to improved operating performance of the company.

Dividends

Dividends paid or declared since the start of the financial year

	Year ended 30 June 2015	
	Cents per share	**$**
Dividends paid in the year relating to 2014 final dividend:	10	43,581

Options

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

Significant changes in the state of affairs

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

Events subsequent to the end of the reporting period

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

Remuneration report

Remuneration policy

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

Remuneration benefits and payments

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

Remuneration report (continued)

Remuneration benefits and payments (continued)

The Cummins District Financial Services Limited has accepted the Bendigo and Adelaide Bank Limited's **Community Bank**® Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be $Nil for the year ended 30 June 2015.

Indemnifying Officers or Auditor

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

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

Directors' meetings

The number of Directors' meetings held during the year was 12. Attendances by each Director during the year were as follows:

Director	Board Meetings #	Audit Committee Meetings #
Peter Glover	11 (12)	1 (1)
Wendy Holman	10 (12)	N/A
John Wood	12 (12)	N/A
Heather Norton	12 (12)	N/A
Scott Bascombe	4 (12)	N/A
Mandy Pedler	2 (6)	N/A
Elizabeth Burns	9 (12)	N/A
Roger Laube	10 (12)	N/A
George Pedler	10 (12)	N/A
Jill Wedd	10 (12)	N/A
Michael Minhard	8 (8)	N/A
Whitney Mickan	3 (6)	1 (1)

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

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Company Secretary

Simone Murnane commenced the role of Company Secretary of Cummins District Financial Services Limited on 27 April 2015.

Before having two children, Simone worked in the travel industry for 12 years with her last position as Assistant Manager at Flight Centre in Port Lincoln. Simone and her husband, Jade Murnane, both grew up in the community, and love that their children will have the same wonderful experience that they had. They can't imagine a better family based community to reside in.

Kate Hancock resigned as Company Secretary of Cummins District Financial Services Limited on 4 May 2015 after being in the role since 8 November 2010.

Mrs Hancock had previous secretarial experience and spent three years as a Customer Service Officer at the Cummins District **Community Bank**® Branch from 2005 to 2008 before going on maternity leave. Kate and her husband, Sam Hancock, both grew up in the community and currently reside on a farm at Yeelanna with their three children.

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 11 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Signed in accordance with a resolution of the Board of Directors at Cummins, South Australia on 17 September 2015.

Peter Glover
Director

Auditor's independence declaration

RSD
Chartered Accountants

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18 September 2015

The Directors
Cummins District Financial Services Limited
PO Box 20
CUMMINS, SA 5631

Dear Directors,

To the Directors of Cummins District Financial Services Limited

Auditor's Independence Declaration under section 307C of the Corporations Act 2001

I declare that to the best of my knowledge and belief, during the year ended 30 June 2015 there has been:

(i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) No contraventions of any applicable code of professional conduct in relation to the audit.

P. P. Delahunty
Partner
Richmond Sinnott & Delahunty

Financial statements

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

	Notes	2015 $	2014 $
Revenue	2	1,127,961	1,166,287
Employee benefits expense	3	(440,920)	(408,492)
Depreciation and amortisation expense	3	(48,082)	(53,254)
Finance costs	3	(13,259)	(16,293)
Bad and doubtful debts expense	3	-	(2,485)
Other expenses	3	(264,453)	(240,191)
Operating profit before charitable donations & sponsorships		**361,247**	**445,572**
Charitable donations and sponsorships		(273,861)	(357,357)
Profit before income tax		**87,386**	**88,215**
Tax expense	4	30,006	33,157
Profit for the year		**57,380**	**55,058**
Other comprehensive income		-	-
Total comprehensive income for the year		**57,380**	**55,058**
Profit attributable to members of the company		57,380	55,058
Total comprehensive income attributable to members of the company		**57,380**	**55,058**
Earnings per share (cents per share)			
- basic earnings per share	24	13.17	12.63

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2015

	Notes	2015 $	2014 $
Assets			
Current assets			
Cash and cash equivalents	6	161,587	133,199
Investments and other financial assets	7	135,342	132,515
Trade and other receivables	8	109,453	105,042
Income tax receivable	15	-	21,075
Other assets	11	8,050	7,982
Total current assets		**414,432**	**399,813**
Non-current assets			
Property, plant and equipment	9	744,930	776,320
Intangible assets	10	8,623	19,548
Total non-current assets		**753,553**	**795,868**
Total assets		**1,167,985**	**1,195,681**
Liabilities			
Current liabilities			
Trade and other payables	12	36,013	31,447
Income tax payable	15	2,791	-
Loans and borrowings	13	38,100	40,236
Provisions	14	30,612	27,819
Total current liabilities		**107,516**	**99,502**
Non current liabilities			
Loans and borrowings	13	191,660	241,169
Total non current liabilities		**191,660**	**241,169**
Total liabilities		**299,176**	**340,671**
Net assets		**868,809**	**855,010**
Equity			
Issued capital	16	435,809	435,809
Retained earnings	17	433,000	419,201
Total equity		**868,809**	**855,010**

The accompanying notes form part of these financial statements.

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

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2013		**435,809**	**407,724**	**843,533**
Profit for the year		-	55,058	55,058
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		**-**	**55,058**	**55,058**
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	25	-	(43,581)	(43,581)
Balance at 30 June 2014		**435,809**	**419,201**	**855,010**
Balance at 1 July 2014		**435,809**	**419,201**	**855,010**
Profit for the year		-	57,380	57,380
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		**-**	**57,380**	**57,380**
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	25	-	(43,581)	(43,581)
Balance at 30 June 2015		**435,809**	**433,000**	**868,809**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2015

	Note	2015 $	2014 $
Cash flows from operating activities			
Receipts from customers		1,223,723	1,275,188
Payments to suppliers and employees		(1,082,768)	(1,099,107)
Dividend revenue received		4,515	3,629
Interest paid		(13,259)	(16,293)
Interest received		6,137	10,589
Income tax paid		(6,140)	(51,989)
Net cash provided by operating activities	**18b**	**132,208**	**122,017**
Cash flows from investing activities			
Purchase of property, plant and equipment		(5,767)	(12,983)
Purchase of investments		(2,827)	(7,500)
Net cash flows used in investing activities		**(8,594)**	**(20,483)**
Cash flows from financing activities			
Repayment of borrowings		(51,645)	(48,610)
Dividends paid		(43,581)	(43,581)
Net cash ysed in financing activities		**(95,226)**	**(92,191)**
Net increase in cash held		**28,388**	**9,343**
Cash and cash equivalents at beginning of financial year		133,199	123,856
Cash and cash equivalents at end of financial year	**18a**	**161,587**	**133,199**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2015

These financial statements and notes represent those of Cummins District Financial Services Limited.

Cummins District Financial Services Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 23 September 2015.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

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

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

Economic dependency

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

The branches operate 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**® branches on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank**® branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

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

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

- Advice and assistance in relation to the design, layout and fit out of the **Community Bank**® branch;
- Training for the Branch Managers and other employees in banking, management systems and interface protocol;

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Economic dependency (continued)

- Methods and procedures for the sale of products and provision of services;
- Security and cash logistic controls;
- Calculation of company revenue and payment of many operating and administrative expenses;
- The formulation and implementation of advertising and promotional programs; and
- Sale techniques and proper customer relations.

(b) Income tax

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

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

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

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

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

(c) Fair value of assets and liabilities

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

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

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

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

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

Note 1. Summary of significant accounting policies (continued)

(d) Property, plant and equipment

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

Property

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

The carrying amount of land and buildings is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal.

Plant and equipment

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

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

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

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

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

Class of asset	Depreciation rate
Buildings (Prime cost method)	2.50%
Plant and equipment (Diminishing value method)	8.00 - 66.67%

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

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

Note 1. Summary of significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Depreciation (continued)

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

(e) Impairment of assets

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

(f) Goods and Services Tax (GST)

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

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

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

(g) Employee benefits

Short-term employee benefits

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

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

Note 1. Summary of significant accounting policies (continued)

(g) Employee benefits (continued)

Other long-term employee benefits

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

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

(h) Intangible assets and franchise fees

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

(i) Cash and cash equivalents

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

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

(j) Revenue and other income

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

Interest, dividend and fee revenue is recognised when earned.

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

(k) Trade and other receivables

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(l) Trade and other payables

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

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

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

(n) New accounting standards for application in future periods

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

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

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

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

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

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

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

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

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

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

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

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

Note 1. Summary of significant accounting policies (continued)

(o) Loans and borrowings

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

(p) Provisions

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

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

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

(q) Share capital

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

(r) Comparative figures

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

(s) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and intangible assets. The depreciation and amortisation charge will increase where useful lives are less than previously estimated lives.

Employee benefits provision

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

Income tax

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

Note 1. Summary of significant accounting policies (continued)

(s) Critical accounting estimates and judgements (continued)

Impairment

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

(t) Financial instruments

Initial recognition and measurement

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

Classification and subsequent measurement

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

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

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

(i) Loans and receivables

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

(ii) Financial liabilities

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

Impairment

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

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

Note 1. Summary of significant accounting policies (continued)

(t) Financial instruments (continued)

Impairment (continued)

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

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

Derecognition

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

	2015 $	2014 $

Note 2. Revenue and other income

	2015 $	2014 $
Revenue		
- services commissions	1,081,723	1,128,818
	1,081,723	**1,128,818**
Other revenue		
- interest received	7,867	10,588
- other revenue	38,371	26,881
	46,238	**37,469**
Total revenue	**1,127,961**	**1,166,287**

Note 3. Expenses

	2015 $	2014 $
Employee benefits expense		
- wages and salaries	399,907	370,651
- superannuation costs	36,024	32,922
- other costs	4,989	4,919
	440,920	**408,492**

Notes to the financial statements (continued)

	2015 $	2014 $
Note 3. Expenses (continued)		
Depreciation of non-current assets:		
- plant and equipment	37,157	42,329
Amortisation of non-current assets:		
- intangible assets	10,925	10,925
	48,082	**53,254**
Finance costs:		
- Interest paid	**13,259**	**16,293**
Bad debts	**-**	**2,485**
Other expenses		
- accounting / auditing / compliance fees	18,771	15,991
- advertising and promotion / marketing	19,888	8,704
- agent commission	24,795	22,203
- freight / cartage / delivery	24,781	26,290
- insurance	15,931	14,888
- printing and stationery	16,537	14,090
- telephone	8,865	9,134
- IT equipment lease / running costs / support costs	27,716	25,526
- cleaning	13,529	12,560
- electricity / gas	7,712	7,300
- ATM costs	12,557	7,247
- motor vehicle costs	6,461	5,525
- staff uniforms	5,328	1,497
- staff training	11,400	9,350
- other	50,182	59,886
	264,453	**240,191**

	2015 $	2014 $

Note 4. Tax expense

a. The components of tax expense comprise

- current tax expense	30,006	33,157
- deferred tax expense/(income) relating to the origination and reversal of temporary differences	-	-
- recoupment of prior year tax losses	-	-
- under/over provision in respect of prior years	-	-
	30,006	**33,157**

b. The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:

Prima facie tax on profit/(loss) before income tax at 30% (2014: 30%)	26,216	26,464
Add tax effect of:		
- Adjustments in respect of current income tax of previous year	-	-
- Utilisation of previously unrecognised carried forward tax losses	-	-
- Timing differences	3,790	6,693
Current income tax expense	**30,006**	**33,157**
Income tax attributable to the entity	**30,006**	**33,157**
The applicable weighted average effective tax rate is	34.34%	37.59%

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

Note 5. Auditors' remuneration

Remuneration of the Auditor for:

- Audit or review of the financial report	4,430	4,300
	4,430	**4,300**

Note 6. Cash and cash equivalents

Cash at bank and on hand	161,587	128,199
Short-term bank deposits	-	5,000
	161,587	**133,199**

The effective interest rate on short-term bank deposits was 2.00% with an average maturity of 30 days (2014: 2.00% of 30 days).

Note 7. Investments and other financial assets

	2015 $	2014 $
Long-term bank deposits	89,764	86,937
Listed shares at cost	34,578	34,578
Unlisted shares at cost	10,000	10,000
Tumby Bay **Community Bank**	1,000	1,000
	135,342	**132,515**

The effective interest rate on long-term bank deposits was 2.65% with an average maturity of 180 days (2014: 3.35% of 180 days).

Quoted market value at balance date of investments listed on a prescribed stock exchange was $58,713 (2014: $58,426). Listed shares are readily saleable with no fixed term. There would be no material capital gains tax payable if these were sold at balance date.

Note 8. Trade and other receivables

	2015 $	2014 $
Current		
Trade receivables	103,524	102,318
Other assets	5,929	2,724
	109,453	**105,042**

Credit risk

The main source of credit risk relates to a concentration of trade receivables owing by Bendigo and Adelaide Bank Limited, which is the source of the majority of the company's income.

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be high credit quality.

Note 8. Trade and other receivables (continued)

	Gross amount	Past due and impaired	Past due but not impaired			Not past due
			< 30 days	31-60 days	> 60 days	
2015						
Trade receivables	103,524	-	-	-	1,272	102,252
Other receivables	5,929	-	-	-	-	5,929
Total	**109,453**	**-**	**-**	**-**	**1,272**	**108,181**
2014						
Trade receivables	102,318	-	-	-	1,652	100,666
Other receivables	2,724	-	-	-	-	2,724
Total	**105,042**	**-**	**-**	**-**	**1,652**	**103,390**

Note 9. Property, plant and equipment

	2015 $	2014 $
Land		
At cost	10,000	10,000
Buildings		
At cost	731,279	731,279
Less accumulated depreciation	(79,067)	(62,114)
	652,212	**669,165**
Plant and equipment		
At cost	277,256	271,489
Less accumulated depreciation	(194,538)	(174,334)
	82,718	**97,155**
Total written down amount	**744,930**	**776,320**
Movements in carrying amounts		
Land		
Balance at the beginning of the reporting period	10,000	10,000
Additions	-	-
Disposals	-	-
Depreciation expense	-	-
Balance at the end of the reporting period	**10,000**	**10,000**

Notes to the financial statements (continued)

	2015 $	2014 $
Note 9. Property, plant and equipment (continued)		
Buildings		
Balance at the beginning of the reporting period	669,165	680,712
Additions	-	5,385
Disposals	-	-
Depreciation expense	(16,953)	(16,932)
Balance at the end of the reporting period	**652,212**	**669,165**
Plant and equipment		
Balance at the beginning of the reporting period	97,155	114,954
Additions	5,767	7,599
Disposals	-	-
Depreciation expense	(20,204)	(25,398)
Balance at the end of the reporting period	**82,718**	**97,155**

Note 10. Intangible assets

	2015 $	2014 $
Franchise fee		
At cost	50,000	50,000
Less accumulated amortisation	(45,833)	(35,833)
	4,167	**14,167**
Preliminary expenses		
At cost	15,627	15,627
Less accumulated amortisation	(11,399)	(10,619)
	4,228	**5,008**
Borrowing expenses		
At cost	722	722
Less accumulated amortisation	(494)	(349)
	228	**373**
Total Intangible assets	**8,623**	**19,548**

	2015 $	2014 $

Note 10. Intangible assets (continued)

Movements in carrying amounts

	2015 $	2014 $
Franchise fee		
Balance at the beginning of the reporting period	14,167	24,167
Additions	-	-
Disposals	-	-
Amortisation expense	(10,000)	(10,000)
Balance at the end of the reporting period	**4,167**	**14,167**
Preliminary expenses		
Balance at the beginning of the reporting period	5,008	5,790
Additions	-	-
Disposals	-	-
Amortisation expense	(780)	(782)
Balance at the end of the reporting period	**4,228**	**5,008**
Borrowing expenses		
Balance at the beginning of the reporting period	373	517
Additions	-	-
Disposals	-	-
Amortisation expense	(145)	(144)
Balance at the end of the reporting period	**228**	**373**

Note 11. Other assets

	2015 $	2014 $
Prepayments	8,050	7,982
	8,050	**7,982**

Note 12. Trade and other payables

	2015 $	2014 $
Current		
Unsecured liabilities:		
Trade payables	26,939	22,469
Other creditors and accruals	9,074	8,978
	36,013	**31,447**

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

Notes to the financial statements (continued)

	2015 $	2014 $

Note 13. Borrowings

Current		
Secured liabilities		
Bank Loan - secured	**38,100**	**40,236**
Non-current		
Secured liabilities		
Bank Loan - secured	**191,660**	**241,169**

Bank loans are repayable monthly with the final instalment due in December 2025. The loan is secured by a mortgage over the freehold land and building of the company, along with a Term Deposit. Interest rate on the borrowings is currently 4.86%.

Note 14. Provisions

Employee benefits	**30,612**	**27,819**
Movement in employee benefits		
Opening balance	27,819	24,874
Additional provisions recognised	2,793	2,945
Closing balance	**30,612**	**27,819**
Current		
Annual leave	18,194	17,244
Long-service leave	12,418	10,575
Total provisions	**30,612**	**27,819**

Provision for employee benefits

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

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

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

	2015 $	2014 $

Note 15. Tax balances

	2015 $	2014 $
(a) Tax assets		
Current		
Income tax receivable	-	21,075
	-	**21,075**
(b) Tax Liabilities		
Current		
Income tax payable	2,791	-
	2,791	**-**

Note 16. Share capital

	2015 $	2014 $
435,809 Ordinary shares fully paid	435,809	435,809
	435,809	**435,809**
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	435,809	435,809
Shares issued during the year	-	-
At the end of the reporting period	**435,809**	**435,809**

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

Capital management

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

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

(i) the Distribution Limit is the greater of:

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

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

Note 16. Share capital (continued)

Capital management (continued)

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

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

	2015 $	2014 $
Note 17. Retained earnings		
Balance at the beginning of the reporting period	419,201	407,724
Profit after income tax	57,380	55,058
Dividends paid	(43,581)	(43,581)
Balance at the end of the reporting period	**433,000**	**419,201**

Note 18. Statement of cash flows

(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows		
As per the Statement of Financial Position		
Cash and cash equivalents	161,587	133,199
As per the Statement of Cash Flow	**161,587**	**133,199**
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit / (loss) after income tax	57,380	55,058
Non cash flows in profit		
- Depreciation	37,157	42,329
- Amortisation	10,925	10,925
Changes in assets and liabilities		
- (Increase) decrease in receivables	(4,411)	23,690
- Increase (decrease) in payables	4,498	5,901
- Increase (decrease) in provisions	2,793	2,945
- Increase (decrease) in tax liabilities	23,866	(18,831)
Net cash flows from/(used in) operating activities	**132,208**	**122,017**

Note 19. Related party transactions

The company's main related parties are as follows:

(a) Key management personnel

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

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

	2015 $	2014 $
Short-term employee benefits	92,433	86,482
Post-employment benefits	8,646	7,889
Total key management personnel compensation	**101,079**	**94,371**

Short-term employee benefits

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

Post-employment benefits

These amounts are the current year's estimated cost of providing the company's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

(b) Other related parties

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

(c) Transactions with key management personnel and related parties

Other than detailed below, no key management personnel or related party has entered into any contracts with the company. No Director fees have been paid as the positions are held on a voluntary basis.

(d) Key management personnel shareholdings

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

	2015	2014
Peter Glover	1,800	1,800
Wendy Holman	1,001	1,001
John Wood	1,000	1,000
Heather Norton	-	-
Scott Bascombe	-	-

Note 19. Related party transactions (continued)

(d) Key management personnel shareholdings (continued)

	2015	2014
Mandy Pedler	-	-
Elizabeth Burns	-	-
Roger Laube	1,000	1,000
George Pedler	1,000	1,000
Jill Wedd	-	-
Michael Minhard	-	-
Whitney Mickan	-	-

There was no movement in key management personnel shareholdings during the year. Each share held has a paid up value of $1 and is fully paid.

(e) Other key management transactions

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

Note 20. Events after the reporting period

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

Note 21. Contingent liabilities and contingent assets

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

Note 22. Operating segments

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

Note 23. Company details

The registered office and principle place of business is: 18 Railway Terrace
Cummins SA 5631

	2015 $	2014 $

Note 24. Earnings per share

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

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

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

	2015 $	2014 $
Profit/(loss) after income tax expense	**57,380**	**55,058**
Weighted average number of ordinary shares for basic and diluted earnings per share	**435,809**	**435,809**

Note 25. Dividends paid or provided for on ordinary shares

(a) Dividends paid during the year

	2015 $	2014 $
Final fully franked ordinary dividend of 10 cents per share (2014:10) franked at the tax rate of 30% (2014: 30%).	**43,581**	**43,581**

Note 26. Financial risk management

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

		2015 $	2014 $
Financial assets			
Cash and cash equivalents	6	161,587	133,199
Investments and other financial assets	7	135,342	132,515
Trade and other receivables	8	109,453	105,042
Total financial assets		**406,382**	**370,756**
Financial liabilities			
Trade and other payables	12	36,013	31,447
Borrowings	13	229,760	281,405
Total financial liabilities		**265,773**	**312,852**

Note 26. Financial risk management (continued)

Financial risk management policies

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

Specific financial risk exposure and management

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

(a) Credit risk

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

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

Credit risk exposures

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

The company has no significant concentrations of credit risk with Bendigo and Adelaide Bank Limited. The company's exposure to credit risk is limited to Australia by geographic area.

None of the assets of the company are past due (2014: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

The company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Limited and therefore credit risk is considered minimal.

	2015 $	2014 $
Cash and cash equivalents:		
A rated	161,587	133,199

(b) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Note 26. Financial risk management (continued)

(b) Liquidity risk (continued)

The table below reflects an undiscounted contractual maturity analysis for financial liabilities. Bank overdrafts have been deducted in the analysis as management does not consider there is any material risk the Bank will terminate such facilities. The Bank does however maintain the right to terminate the facilities without notice and therefore the balances of overdrafts outstanding at year-end could become repayable within 12 months.

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

Financial liability and financial asset maturity analysis:

30 June 2015	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial liabilities due for payment					
Trade and other payables	12	36,013	36,013	-	-
Loans and borrowings	13	229,760	38,100	152,400	39,260
Total expected outflows		**265,773**	**74,113**	**152,400**	**39,260**
Financial assets - cash flows realisable					
Cash and cash equivalents	6	161,587	161,587	-	-
Investments and other financial assets	7	135,342	135,342		
Trade and other receivables	8	109,453	109,453	-	-
Total anticipated inflows		**406,382**	**406,382**	**-**	**-**
Net (outflow)/inflow on financial instruments		**140,609**	**332,269**	**(152,400)**	**(39,260)**

30 June 2014	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial liabilities due for payment					
Trade and other payables	12	31,447	31,447	-	-
Loans and borrowings	13	281,405	40,236	160,944	80,225
Total expected outflows		**312,852**	**71,683**	**160,944**	**80,225**

Note 26. Financial risk management (continued)

(b) Liquidity risk (continued)

30 June 2014	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets - cash flows realisable					
Cash and cash equivalents	6	133,199	133,199	-	-
Investments and other financial assets	7	132,515	132,515		
Trade and other receivables	8	105,042	105,042	-	-
Total anticipated inflows		**370,756**	**370,756**	**-**	**-**
Net (outflow)/inflow on financial instruments		**57,904**	**299,073**	**(160,944)**	**(80,225)**

(c) Market risk

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

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

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

Sensitivity analysis

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

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

	Profit $	Equity $
Year ended 30 June 2015		
+/- 1% in interest rates (interest income)	2,969	2,969
+/- 1% in interest rates (interest expense)	(2,298)	(2,298)
	672	**672**

Note 26. Financial risk management (continued)

(c) Market risk (continued)

Sensitivity analysis (continued)

	Profit $	Equity $
Year ended 30 June 2014		
+/- 1% in interest rates (interest income)	2,657	2,657
+/- 1% in interest rates (interest expense)	(2,814)	(2,814)
	(157)	**(157)**

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

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Directors' declaration

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

1 The financial statements and notes, as set out on pages 6 to 40 are in accordance with the Corporations Act 2001 and:

 (i) comply with Australian Accounting Standards which, as stated in accounting policy Note 1(a) to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

 (ii) give a true and fair view of the company's financial position as at 30 June 2015 and of the performance for the year ended on that date;

2 In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This resolution is made in accordance with a resolution of the Board of Directors.

Peter Glover

Peter Glover
Director

Signed at Cummins on 17 September 2015.

Richmond Sinnott & Delahunty
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUMMINS DISTRICT FINANCIAL SERVICES LIMITED

Report on the Financial Report

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

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

Richmond Sinnott Delahunty Pty Ltd
ABN 60 616 244 309
Liability limited by a scheme approved under Professional Standards Legislation

Partners: Kathie Teasdale, David Richmond, Philip Delahunty, Cara Hall, Brett Andrews

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Cummins District Financial Services Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

Auditor's Opinion

In our opinion:

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

 (i) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

 (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

P. P. DELAHUNTY
Partner

Dated at Bendigo, 18 September 2015

Cummins District **Community Bank®** Branch
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Franchisee: Cummins District Financial Services Limited
18 Railway Terrace, Cummins SA 5631
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