Annual Report 2015

Dandenong Ranges Community Finance Limited

ABN 28 084 480 035

Upwey **Community Bank**® Branch
Belgrave **Community Bank**® Branch
Cockatoo/Gembrook **Community Bank**® Branch
Olinda-Mt Dandenong branch

Contents

Chairman's report

For year ending 30 June 2015

I again have pleasure in presenting this report.

Business achievements

Overall, the past year has again been challenging relative to business performance. This is primarily due to Bendigo and Adelaide Bank correcting the profit share split and the general economic situation impacting on our business opportunities. However, thanks to the outstanding commitment of your Board, management and staff, we are proud that we have maintained a growth trend albeit to a lesser degree than we have experienced previously.

It is particularly pleasing to report that our smaller branches at Olinda and Cockatoo are now operating more favorably. To this end, we thank the new Managers Kristy Sumner (Cockatoo) and Bruce McConnell (Olinda) and their staff for their excellent work. As previously indicated, we do not expect our Olinda branch to reach profit status until at least 2016. However, we continue to be confident of its long-term success. Nevertheless, we are about to embark on some significant initiatives to promote our new Manager and improve the physical profile of the branch. Similarly, we are in the process doing likewise at Cockatoo following the appointment of our new Manager Kristy.

We continue to enjoy good relationships with our partners who operate the Emerald and Marysville agencies and as always, remain willing to work with them on appropriate business development initiatives.

Our staff

We appreciate the great work of the committed and professional team of branch staff to whom we are most appreciative for their excellent service standards which is demonstrated by numerous messages of appreciation from customers and business performances that see new milestones being achieved.

We also extend our appreciation to management and staff for their cooperation and efforts working with the reduction of our relief staff contingent.

The past year has seen the departure of Paul Jarvis (CSO Olinda), Elise Turnedge (Manager, Cockatoo) Kristen Carroll (CRO Belgrave), Tracey Kennedy (CSO Cockatoo) and Robyn Butler (Senior CSO Belgrave). Robyn retired and was celebrating 10 years with Belgrave **Community Bank**® Branch. We thank those people for their contribution and in turn, we welcomed Julie Skipsey (Part time CSO Belgrave), Kylie Jansen (Part Time CSO Cockatoo), Susan Snyder (Senior CSO Belgrave) and Maria Simitsis (CRO Belgrave).

I must also again recognise the outstanding contribution of our Executive Officer Melisa Hepworth. As can be appreciated, the role of this position obviously increases commensurate with our growth and business development. To this end, Melisa manages her duties most professionally. Similarly, our Community Liaison Officer Suzan Prass continues to make a great contribution and provides exemplary and professional support to Melisa, management and the Board.

Our management team

Our management team led by Mike Fleming, maintain an impressive standard of Managerial leadership.

As mentioned above, we enjoy receiving numerous messages of appreciation from customers which at least in part, is testimony to the service culture generated by our management. Likewise, our impressive business performance under difficult circumstances over the past year is largely due to the efforts of our management team. To this end, we extend our sincere appreciation to Luan Hanlen, Charmaine Jeffrey, Bruce McConnell and Kristy Sumner for their ongoing excellent achievements at our Olinda-Mt Dandenong branch and Upwey, Belgrave and Cockatoo/Gembrook **Community Bank**® branches.

Our Board

I must record our appreciation to Naren Popat our Company Secretary capably supported by his partner Bimal Sekhon who both provide excellent and professional services as our Accountants and Company Secretary.

I am proud to again be able to record the outstanding contribution of our Board and each Director. We clearly benefit from an overall commitment to mutual respect and the team culture that has existed since the inception of the Board.

I also express my personal appreciation to our Deputy Chair Jean McLennan for her loyal and valuable support to me as Chair and in particular, her Counsel and willingness to represent the company in my absence. Jean resigned last December and will be significantly missed. Deb Weber was appointed Deputy Chair following Jean's resignation in December 2014.

We must also recognise our appreciation to Craig Dennis for his impressive leadership of our important Business Development Committee and his specialist expertise in the IT, social media and related marketing. The Business Development Committee always has a challenging and important agenda which drives our marketing and business development initiatives and Craig's leadership of this committee was greatly appreciated until he needed to take Leave of Absence since April this year.

The Board continues to operate efficient Audit and Human Resources Committees which meet quarterly. We thank those Directors who participated on all committees and the respective Chairs.

I highlight that one of our strengths as a Board is that we proudly enjoy the benefits of having Directors who are local "Community Champions" who are well placed to act as excellent advocates and in turn, represent the Board at community events; assist our Managers and staff with their business development endeavors and to manage maintenance issues etc. at our respective branches. With this in mind, we recognise the valuable work of all Directors and particularly, Tony Thompson, John Faull, Jean McLennan, Craig Dennis and Shane Miller.

Our community support initiatives

Your Board has contributed $314,673.86 in Grants and Sponsorships during 2014/15. This results in an impressive total commitment of $4.2 million (includes dividends and pre-commitments to major projects) since we commenced these initiatives. We are also proud to have been able to support numerous commendable community projects at their concept stage in the hope it will influence other efforts to secure grants etc.

The Olinda Reserve Community Facility project was officially opened in August last year and the Upwey Community and Sporting Hub (CRASH) continue to progress despites some challenging site issues. You will be aware that we have indicatively committed $250,000 to each of these projects.

In addition, the Emerald community project auspiced by the Eastern Dandenong Ranges Project Group has finally progressed to a stage whereby we have confirmed our support. Our Board extends its sincere appreciation to all members of the community who have participated in this Committee for their contribution which finally appears to have attained a successful outcome.

Your investment

It has been decided to allocate a dividend of 5 cents per share this year. This is the same as last year.

We remain confident that we will be able to consider increased dividends in future years commensurate with the continued growth of the new sites and associated increased profits.

Chairman's report (continued)

Bendigo Bank support

We continue to maintain an excellent relationship and enjoy valuable support from Bendigo Bank.

We particularly thank our Regional Manager Natalie Goold for her support and cooperation along with our Operations Manager – Meagan Johnstone along with numerous Operations, Business Banking, Marketing and support staff, who also provide valued assistance.

Business development

We maintain and where possible, strengthen our commitment to pro-actively and prominently market our business via local media and promotional opportunities such as local community events, sponsorships etc. which appear to be productive and are being extended.

Our successful 'Club Rewards Programme' continues to be an outstanding success for both our community partners and ourselves. To date, we have contributed $41,030 to participating Clubs/Groups from an additional $28.6 million of business gained from this Programme.

Governance

Our Audit Committee continues to assist the Board with our Governance and fiduciary responsibilities. All Policies and procedures are reviewed by this Committee, including our OH&S procedures and other risk management arrangements. Additionally, our Human Resources Committee provides valuable support in the area of its charter. Viz: staff structures; relevant support to management; resource planning and management and Industrial issues.

I thank you for the opportunity to present this report and commend it to you.

Peter Marke AFSM JP MAICD
Chairman

Senior Group Manager's report

For year ending 30 June 2015

The banking environment has been a tough one for several years now, not just in our community but nationally, and indeed globally.

This has been no different for the Dandenong Ranges Group of branches. The low interest rate environment provides an excellent opportunity for our customers to repay debt at rapid rate, this is fantastic for our customers however proves a challenge for our business to grow its lending book.

However the Dandenong Ranges Group continues to deliver a great service and competitive products at each of the four branches and two agencies. The staff are committed to assisting every customer meet their financial goals and this commitment will ensure the business performance is sound now and into the future.

During 2014/15 the Group achieved growth of $10 million in banking business, bringing the total funds under management to $335 million at 30 June 2015. Customer numbers across the group increased by 14% for the year, bringing the number of customers now managed by the group to more than 12,250, a fantastic achievement.

The Directors continue to focus on the need to grow the business and are working on a number of strategies to achieve this. Together with the committed and friendly service driven branch staff, they are committed to continue to work hard to grow the business for the betterment of the local communities through grants, sponsorships and donations.

As Group Manager I thank you for your support. If you're banking with one of our four **Community Bank**® branches or alternatively through Emerald or Marysville agency – thank you.

If you're not, then it may be time to ask yourself the question, 'Am I in a position to move my banking across to support my community?' Our branch staff would love the opportunity to talk with you about your banking needs.

There have been many achievements throughout 2014/15 for the Dandenong Ranges Group, none of which would not have happened without the excellent branch staff. I would also like to thank the Managers Luan Hanlen, Charmaine Jeffery, Bruce McConnell and Kristy Sumner, the commitment of these Managers is unquestionable and they go over and above to ensure the customers and in turn the business are successful.

Two of our branches featured in our Region's annual awards: Belgrave **Community Bank**® Branch won the Financial Planning and Insurance Awards and Cockatoo/Gembrook **Community Bank**® Branch won the Rising Star Award. Well done to all staff from both of these branches.

Thank you to the volunteer Directors who give up their precious time to run the community company and represent shareholder interests, the ongoing financial support that this company provides to the local community provides a vehicle to ensure the long term prosperity of the Dandenong Ranges, this cannot be underestimated.

Mike Fleming
Senior Group Manager

Secretary's report

For year ending 30 June 2015

Financial results

The Group reported a net profit before tax, sponsorships and grants of $266,535 for the year ended 30 June 2015, compared to $477,026 in the previous year. The decrease of $210,491 in the net profit before tax, sponsorships and grants for the current year is due to a downturn in the general economic climate, Bendigo and Adelaide Bank correcting the profit share split and the low interest rate environment in which the bank operates. The Upwey and Belgrave **Community Bank**® branches have continued to show profits before tax, sponsorships and grants. The Cockatoo/Gembrook **Community Bank**® Branch and Olinda-Mt Dandenong branch have improved their results over the previous year and we expect these branches to be profitable in a few years.

The Group reported net loss after tax of $34,018 (2014: net profit of $217,878). This decrease is mainly due to a $250,000 grant for the Olinda Reserve Community Facility.

Financial position

The financial position of the Group continues to remain strong with total assets of $3.330 million and total liabilities of $249,489 resulting in a net equity position of $3.081 million at 30 June 2015.

The cash balances at 30 June 2015 amounted to $2.317 million.

Managers and staff

Our Senior Manager, Mike Fleming continued his role in overseeing and assisting Branch Managers and growing the business of the Group. We thank Mike Fleming and the Branch Managers; Luan Hanlen, Charmaine Jeffery, Bruce McConnell and Kristy Sumner and all the staff for their excellent performance at Upwey, Belgrave, Cockatoo/Gembrook **Community Bank**® branches and Olinda-Mt Dandenong branch.

Dividends

The Board recommended a fully franked dividend of 5 cents per share that was paid out during the year. A fully franked dividend of 5 cents per share is to be paid in December 2015.

Shareholder information

The administration of the share registry is being managed by Melisa Hepworth, our Executive Officer, who we thank for her outstanding contribution. All shareholders are advised that they must inform Melisa of a change of address to ensure that all correspondence and dividend payments are received by them. Also, all shareholders receiving their dividends by direct credit must please ensure that Melisa is informed of any changes to their banking details. Melisa can be contacted on 9754 6540 or 0400 110 385.

Naren Popat
B.Acc, CA, MTax

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 Dandenong Ranges Community Finance 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 Gordon Marke Director since Sep 1998 Chairman	Justice of the Peace Member of Australian Institute of Company Directors	Director of Fire & Recovery Planning Pty Ltd Former Board Member of Bendigo Adelaide Bank Strategic Advisory Board Former Board Member Country Fire Authority.
Karel Leslie Coxhill Director since Sep 1998 Director		
Anthony James Thompson Director since Sep 1998 Director		Chair - Lake Mountain Alpine Resort Chair - DEPI-Long Term Contracts Chair - Gallipoli Park Committee of Management Director - Regional Development Australia.
Craig John Dennis Director since Jul 2010 Director		Director of Left Hand Side Investments Pty Ltd
John Ronald Faull Director since Mar 2008 Director	Certificate 3 in Aged Care	Director of Coller Pty Ltd 50 Years experience in CFA as volunteer 10 Years experience in Aged Care and Manager of Management Company operating Rhodoglade Retirement.
Shane Andrew Miller Director since Oct 2012 Director	Intermediate Certificate	Director Energize Australia Pty Ltd (2005-2007) Director of Security Response Pty Ltd (1999-Present).
Deborah Jayne Weber Director since Jun 2014 Director	CA SMSF Specialist Accreditation Grad Dip of Chartered Acc. Bachelor of Economics	Member and Treasurer of Kalorama & Mt Dandenong Rural Fire Brigade.

Directors (continued)

Name and position held	Qualifications	Experience and other Directorships
John Spencer Waters Director since 11 Dec 2014 Director		Upwey Tecoma Cricket Club Upwey Tecoma Football & Netball Club Upwey Tecoma Junior Football Club

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

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

Principal activities

The principal activities of the company during the course of the financial year were in providing **Community Bank**® 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 loss of the company for the financial year after provision for income tax was $34,018. (2014 profit: $217,878), which is a 113% decrease as compared with the previous year.

The net assets of the company have decreased to $3,081,285 (2014: $3,226,405). The decrease is largely due to a grant for the Olinda Reserve Community Facility amounting to $250,000

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: final dividend:	5	111,102

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 date

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.

Administration fees, for the reimbursement of expenses, were paid during the year to Peter Marke amounting to $15,000 (2014: $15,000).

Coller Pty Ltd, of which John Faull is a Director, did not receive any payments for building maintenance during the year. (2014 : $675).

Security Response Pty Ltd, of which Shane Miller is a Director, received payments totalling $330 for maintenance on the company's alarm system (2014 : $789).

The Dandenong Ranges Community Finance 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 13. Attendances by each Director during the year were as follows:

Director	Board Meetings #	Audit Committee Meetings #
Peter Gordon Marke	13(13)	4(4)
Jean McLennan (Resigned)	7(7)	2(2)

Directors' report (continued)

Directors (continued)

Director	Board Meetings #	Audit Committee Meetings #
Karel Leslie Coxhill	12(13)	4(4)
Anthony James Thompson	7(13)	1(4)
Craig John Dennis	10(13)	N/A
John Ronald Faull	8(13)	N/A
Shane Andrew Miller	11(13)	N/A
Deborah Jayne Weber	13(13)	4(4)
John Spencer Waters	8(9)	2(2)

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

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Proceedings on behalf of company

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

Company Secretary

Naren Popat has been the Company Secretary of Dandenong Ranges Community Finance Limited since 2013. Naren Popat's qualifications and experience include a Bachelor of Commerce and Masters of Tax and over 25 years experience as a practising accountant.

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 Upwey, Victoria on 17 September 2015.

Peter Marke
Director

Auditor's independence declaration

Richmond Sinnott & Delahunty
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18th September 2015

The Directors
Dandenong Ranges Community Finance Limited
P.O Box 399
FERNTREE GULLY VIC 3156

Dear Directors,

To the Directors of Dandenong Ranges Community Finance 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.

Katie Teasdale
Partner
Richmond Sinnott & Delahunty

Financial statements

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

	Note	2015 $	2014 $
Revenue	2	2,825,254	2,959,460
Employee benefits expense	3	(1,680,962)	(1,561,393)
Depreciation and amortisation expense	3	(98,749)	(119,535)
Bad and doubtful debts expense	3	(1,307)	(4,984)
Other expenses	3	(777,701)	(796,522)
Operating profit before charitable donations and sponsorships		**266,535**	**477,026**
Charitable donations and sponsorships		(315,064)	(144,273)
Profit/(loss) before income tax expense		**(48,529)**	**332,753**
Tax expense	4	(14,511)	114,875
Profit/(loss) for the year		**(34,018)**	**217,878**
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		**(34,018)**	**217,878**
Total comprehensive income/(loss) attributable to members of the company		**(34,018)**	**217,878**
Earnings per share (cents per share)			
- basic earnings per share	22	(1.53)	9.81

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2015

	Note	2015 $	2014 $
Assets			
Current assets			
Cash and cash equivalents	6	2,317,841	2,460,597
Trade and other receivables	7	206,441	223,197
Current tax receivable	12	91,974	9,063
Total current assets		**2,616,256**	**2,692,857**
Non-current assets			
Property, plant and equipment	8	700,006	767,994
Intangible assets	9	-	27,766
Deferred tax asset	12	14,511	
Total non-current assets		**714,517**	**795,760**
Total assets		**3,330,773**	**3,488,617**
Liabilities			
Current liabilities			
Trade and other payables	10	87,152	88,452
Provisions	11	149,555	150,717
Total current liabilities		**236,707**	**239,169**
Non current liabilities			
Provisions	11	12,782	23,043
Total non current liabilities		**12,782**	**23,043**
Total liabilities		**249,489**	**262,212**
Net assets		**3,081,285**	**3,226,405**
Equity			
Issued capital	13	701,300	701,300
Retained earnings	14	2,379,985	2,525,105
Total equity		**3,081,285**	**3,226,405**

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		**701,300**	**2,418,329**	**3,119,629**
Profit for the year		-	217,878	217,878
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		**-**	**217,878**	**217,878**
Transactions with owners, in their				
capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	23	-	(111,102)	(111,102)
Balance at 30 June 2014		**701,300**	**2,525,105**	**3,226,405**
Balance at 1 July 2014		**701,300**	**2,525,105**	**3,226,405**
Profit/(loss) for the year		-	(34,018)	(34,018)
Other comprehensive income for the year		-	-	-
Total comprehensive income/(loss) for the year		**-**	**(34,018)**	**(34,018)**
Transactions with owners, in their				
capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	23	-	(111,102)	(111,102)
Balance at 30 June 2015		**701,300**	**2,379,985**	**3,081,285**

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		2,492,576	2,592,041
Payments to suppliers and employees		(2,512,728)	(2,201,015)
Interest received		74,403	83,128
Income tax paid		(82,910)	(161,164)
Net cash provided by/(used in) operating activities	**15**	**(28,659)**	**312,990**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	11,084
Purchase of property, plant and equipment		(2,995)	(56,747)
Net cash flows from/(used in) investing activities		**(2,995)**	**(45,663)**
Cash flows from financing activities			
Dividends paid		(111,102)	(111,102)
Net cash provided by/(used in) financing activities		**(111,102)**	**(111,102)**
Net increase/(decrease) in cash held		**(142,756)**	**156,225**
Cash and cash equivalents at beginning of financial year		2,460,597	2,304,372
Cash and cash equivalents at end of financial year	**6**	**2,317,841**	**2,460,597**

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 Dandenong Ranges Community Finance Limited.

Dandenong Ranges Community Finance Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 17 September 2015.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

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

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

Economic dependency

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

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 deign, 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 for the year comprises current income tax expense and deferred tax expense.

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

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

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

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

(c) Fair value of assets and liabilities

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

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

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

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

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

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. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of asset	Depreciation rate
Buildings	2.5%
Leasehold Improvements	2.5-7%
Plant and Equipment	10-100%

Note 1. Summary of significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Depreciation (continued)

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.

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 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 obligations 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 trade 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.

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) Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

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

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

(o) New accounting standards for application in future periods

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

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

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

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

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

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

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

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

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

- identify the contract(s) with 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.

Note 1. Summary of significant accounting policies (continued)

(o) New accounting standards for application in future periods (continued)

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

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.

(p) Loans and borrowings

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

(q) Provisions

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

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

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

(r) 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.

(s) Comparative figures

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

(t) 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.

Note 1. Summary of significant accounting policies (continued)

(t) Critical accounting estimates and judgements (continued)

Income tax

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

Impairment

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

(u) 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 less 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.

Note 1. Summary of significant accounting policies (continued)

(u) Financial instruments (continued)

Impairment

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

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

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

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

Derecognition of financial instruments

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

Note 2. Revenue and other income

	2015 $	2014 $
Revenue		
- services commissions	2,749,881	2,873,684
	2,749,881	**2,873,684**
Other revenue		
- interest received	74,403	83,128
- other revenue	970	2,648
	75,373	**85,776**
Total revenue	**2,825,254**	**2,959,460**

	2015 $	2014 $
Note 3. Expenses		
Employee benefits expense		
- wages and salaries	1,437,647	1,280,862
- superannuation costs	133,620	196,004
- other costs	109,695	84,527
	1,680,962	**1,561,393**
Depreciation of non-current assets:		
- plant and equipment	57,088	69,752
- buildings	10,174	10,182
- leasehold improvements	3,721	3,506
Amortisation of non-current assets:		
- intangible assets	27,766	36,095
	98,749	**119,535**
Bad debts	1,307	4,984
Other expenses		
- insurance	42,505	41,679
- printing and stationery	34,515	37,942
- IT equipment Lease	31,826	31,949
- IT running costs	32,842	32,041
- IT support costs	32,655	29,335
- franchise renewal fees	-	-
- electricity and gas	29,995	22,934
- repairs and maintenance	17,541	26,683
- rates	16,632	16,777
- telephone	30,605	28,238
- marketing	59,789	25,344
- other	448,796	503,600
	777,701	**796,522**

	2015 $	2014 $

Note 4. Tax expense

	2015 $	2014 $
a. The components of tax expense comprise		
- current tax expense		114,875
- deferred tax expense/(income) relating to the origination and reversal of temporary differences	(14,511)	-
- recoupment of prior year tax losses	-	-
- adjustments for under/(over) provision of current income tax of previous years	-	-
	(14,511)	**114,875**
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 30% (2014: 30%)	(14,559)	99,826
Add tax effect of:		
- Adjustments in respect of current income tax of previous year	-	-
- Utilisation of previously unrecognised carried forward tax losses	-	-
- Non-deductible expenses	48	15,049
Current income tax expense	**(14,511)**	**114,875**
Income tax attributable to the entity	**(14,511)**	**114,875**
The applicable weighted average effective tax rate is	29.90%	34.52%

Note 5. Auditors' remuneration

	2015 $	2014 $
Remuneration of the Auditor for:		
- Audit or review of the financial report	**4,430**	**4,300**

Note 6. Cash and cash equivalents

	2015 $	2014 $
Cash at bank and on hand	159,754	265,496
Short-term bank deposits	2,158,088	2,195,101
	2,317,841	**2,460,597**

The effective interest rate on short-term bank deposits was between 2.60% - 3.35% (2014: 3.25% - 3.5%); these deposits have an average maturity of 183 days.

Note 7. Trade and other receivables

	2015 $	2014 $
Current		
Trade receivables	206,441	223,197
	206,441	**223,197**

Note 7. Trade and other receivables (continued)

Credit risk

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

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

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

	Gross amount	Past due and impaired	Past due but not impaired			Not past due
			< 30 days	31-60 days	> 60 days	
2015						
Trade receivables	206,441	-	-	-	-	206,441
Tax Asset	91,974					91,974
Total	**298,415**	**-**	**-**	**-**	**-**	**298,415**
2014						
Trade receivables	223,197	-	-	-	-	223,197
Tax Asset	9,063					9,063
Total	**232,260**	**-**	**-**	**-**	**-**	**232,260**

Note 8. Property, plant and equipment

	2015 $	2014 $
Land		
At cost	136,909	136,909
Buildings		
At cost	406,960	406,960
Less accumulated depreciation	(92,662)	(82,492)
	314,298	**324,468**
Leasehold improvements		
At cost	61,776	61,780
Less accumulated depreciation	(34,488)	(30,767)
	27,288	**31,013**

	2015 $	2014 $
Note 8. Property, plant and equipment (continued)		
Plant and equipment		
At cost	1,079,426	1,076,431
Less accumulated depreciation	(857,915)	(800,827)
	221,511	**275,604**
Total written down amount	**700,006**	**767,994**
Movements in carrying amounts		
Land		
Balance at the beginning of the reporting period	136,909	136,909
Additions	-	-
Disposals	-	-
Depreciation expense	-	-
Balance at the end of the reporting period	**136,909**	**136,909**
Buildings		
Balance at the beginning of the reporting period	324,468	334,646
Additions	-	-
Disposals	-	-
Depreciation expense	(10,170)	(10,178)
Balance at the end of the reporting period	**314,298**	**324,468**
Leasehold improvements		
Balance at the beginning of the reporting period	31,013	24,937
Additions	-	9,586
Disposals	-	-
Depreciation expense	(3,721)	(3,510)
Balance at the end of the reporting period	**27,292**	**31,013**
Plant and equipment		
Balance at the beginning of the reporting period	275,600	309,278
Additions	2,995	47,161
Disposals	-	(11,083)
Depreciation expense	(57,088)	(69,756)
Balance at the end of the reporting period	**221,507**	**275,600**

	2015 $	2014 $

Note 9. Intangible assets

	2015 $	2014 $
Franchise fee		
At cost	180,471	319,562
Less accumulated amortisation	(180,471)	(291,796)
	-	**27,766**
Total Intangible assets	**-**	**27,766**
Movements in carrying amounts		
Franchise fee		
Balance at the beginning of the reporting period	27,766	63,861
Additions	-	-
Disposals	-	-
Amortisation expense	(27,766)	(36,095)
Balance at the end of the reporting period	**-**	**27,766**

Note 10. Trade and other payables

	2015 $	2014 $
Current		
Unsecured liabilities:		
Trade creditors	10,398	7,541
Other creditors and accruals	76,754	80,911
	87,152	**88,452**

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

Note 11. Provisions

	2015 $	2014 $
Employee benefits	**162,337**	**173,760**
Movement in employee benefits		
Opening balance	173,760	135,675
Additional provisions recognised	121,693	119,371
Amounts utilised during the year	(133,116)	(81,286)
Closing balance	**162,337**	**173,760**
Current		
Annual leave	56,840	59,582
Long-service leave	92,715	91,135
	149,555	**150,717**

	2015 $	2014 $
Note 11. Provisions (continued)		
Non-current		
Long-service leave	12,782	23,043
	12,782	**23,043**
Total provisions	**162,337**	**173,760**

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.

Note 12. Tax balances

	2015 $	2014 $
(a) Tax Assets		
Current		
Income tax receivable	91,974	9,063
	91,974	**9,063**
Non-current		
Deferred tax asset comprises:		
- tax losses carried forward	14,511	-
- Provisions	-	-
	14,511	**-**
(b) Tax Liabilities		
Current		
Income tax payable	-	-
	-	**-**

	2015 $	2014 $
Note 13. Share capital		
701,300 Ordinary shares fully paid	701,300	701,300
Less: Equity raising costs	-	-
	701,300	**701,300**
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	701,300	701,300
Shares issued during the year	-	-
At the end of the reporting period	**701,300**	**701,300**

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

Capital management

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

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

(i) the Distribution Limit is the greater of:

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

(b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

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

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

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

	2015 $	2014 $

Note 14. Retained earnings

	2015 $	2014 $
Balance at the beginning of the reporting period	2,525,105	2,418,329
Profit/(loss) after income tax	(34,018)	217,878
Dividends	(111,102)	(111,102)
Balance at the end of the reporting period	**2,379,985**	**2,525,105**

Note 15. Statement of cash flows

Reconciliation of cash flow from operations with profit after income tax

	2015 $	2014 $
Profit / (loss) after income tax	(34,018)	217,878
Non cash flows in profit		
- Depreciation	70,983	83,444
- Amortisation	27,766	36,095
Changes in assets and liabilities		
- (Increase) decrease in FITB	(14,511)	
- (Increase) decrease in receivables	16,756	4,106
- Increase (decrease) in payables	(1,402)	(20,424)
- Increase (decrease) in provisions	(11,323)	38,184
- Increase (decrease) in current tax liability / refundable	(82,910)	(46,289)
Net cash flows from/(used in) operating activities	**(28,659)**	**312,994**

Note 16. Related party transactions

The company's main related parties are as follows:

(a) Key management personnel

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

(b) Other related parties

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

(c) Transactions with key management personnel and related parties

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.

Note 16. Related party transactions (continued)

(c) Transactions with key management personnel and related parties (continued)

During the year, the company purchased goods and services under normal terms and conditions, from related parties as follows:

Administration fees, for the reimbursement of expenses, were paid during the year to Peter Marke amounting to $15,000 (2014: $15,000).

Coller Pty Ltd, of which John Faull is a Director, did not received any payments for building maintenance during the year. (2014 : $675)

Security Response Pty Ltd, of which Shane Miller is a Director, received payments totalling $330 for maintenance on the company's alarm system (2014 : $789).

The Dandenong Ranges Community Finance 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.

(d) Key management personnel shareholdings

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

	2015	2014
Peter Gordon Marke	133,255	133,255
Karel Leslie Coxhill	51,435	51,435
Anthony James Thompson	32,500	32,500
Craig John Dennis	-	-
John Ronald Faull	-	-
Shane Andrew Miller	-	-
Deborah Jayne Weber	-	-
John Spencer Waters	-	-

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 17. 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 18. Contingent liabilities and contingent assets

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

Note 19. 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 Dandenong Ranges, Victoria. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2014: 100%).

Note 20. Company details

The registered office and principle place of business is: 30 Main Street,
Upwey VIC 3158

	2015 $	2014 $
Note 21. Leases		
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the Statement of Financial Position		
Payable - minimum lease payments		
- no later than 12 months	**58,218**	**55,481**
- between 12 months and 5 years	**250,532**	**241,751**

Note 22. 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	**(34,018)**	**217,878**
Weighted average number of ordinary shares for basic and diluted earnings per share	**2,222,039**	**2,222,039**

	2015 $	2014 $

Note 23. Dividends paid or provided for on ordinary shares

(a) Dividends paid during the year

	2015 $	2014 $
Final fully franked ordinary dividend of 5 cents per share (2014: 5 cents) franked at the tax rate of 30% (2014: 30%).	**111,102**	**111,102**

Note 24. Financial risk management

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

	Note	2015 $	2014 $
Financial assets			
Cash and cash equivalents	6	2,317,841	2,460,597
Trade and other receivables	7	206,441	223,197
Total financial assets		**2,524,282**	**2,683,794**
Financial liabilities			
Trade and other payables	10	87,152	88,452
Total financial liabilities		**87,152**	**88,452**

Financial risk management policies

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

Specific financial risk exposure and management

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

(a) Credit risk

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

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

Note 24. Financial risk management (continued)

(a) Credit risk (continued)

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	2,317,841	2,460,597

(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.

In addition the company has established an overdraft facility of NIL with Bendigo and Adelaide Bank Limited.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. 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.

Note 24. Financial risk management (continued)

(b) Liquidity risk (continued)

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	10	87,152	87,152	-	-
Total expected outflows		**87,152**	**87,152**	**-**	**-**
Financial assets - cash flows realisable					
Cash & cash equivalents	6	2,317,841	2,317,841	-	-
Trade and other receivables	7	206,441	206,441	-	-
Total anticipated inflows		**2,524,282**	**2,524,282**	**-**	**-**
Net inflow on financial instruments		**2,437,131**	**2,437,131**	**-**	**-**

30 June 2014	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial liabilities due for payment					
Trade and other payables	10	88,452	88,452	-	-
Total expected outflows		**88,452**	**88,452**	**-**	**-**
Financial assets - cash flows realisable					
Cash & cash equivalents	6	2,460,597	2,460,597	-	-
Trade and other receivables	7	223,197	223,197	-	-
Total anticipated inflows		**2,683,794**	**2,683,794**	**-**	**-**
Net inflow on financial instruments		**2,595,342**	**2,595,342**	**-**	**-**

Note 24. Financial risk management (continued)

(c) Market risk

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

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

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

(c) Market risk

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)	23,178	23,178
'+/- 1% in interest rates (interest expense)	-	
	23,178	**23,178**
Year ended 30 June 2014		
+/- 1% in interest rates (interest income)	24,606	24,606
'+/- 1% in interest rates (interest expense)	-	
	24,606	**24,606**

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.

Note 24. Financial risk management (continued)

(d) Price risk

The company is not exposed to any material price risk.

Fair values

- Fair value estimation

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

  Differences between fair values and the carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied to the market since their initial recognition by the company.

	Note	2015		2014	
		Carrying amount $	**Fair value $**	**Carrying amount $**	**Fair value $**
Financial assets					
Cash and cash equivalents (i)	6	2,317,841	2,317,841	2,460,597	2,460,597
Trade and other receivables (i)	7	206,441	206,441	223,197	223,197
Investments		-	-	-	-
Total financial assets		**2,524,282**	**2,524,282**	**2,683,794**	**2,683,794**
Financial Liabilities					
Trade and other payables (i)	10	87,152	87,152	88,452	88,452
Loans and borrowings		-	-	-	-
Total financial liabilities		**87,152**	**87,152**	**88,452**	**88,452**

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.

Directors' declaration

In accordance with a resolution of the Directors of Dandenong Ranges Community Finance Limited, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 12 to 39 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 Marke
Director

Signed at Upwey on 17 September 2015.

Independent audit report

Richmond
Sinnott &
Delahunty

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DANDENONG RANGES COMMUNITY FINANCE LIMITED

Report on the Financial Report

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

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 gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting 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 Dandenong Ranges Community Finance Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

Auditor's Opinion

In our opinion:

(a) the financial report of Dandenong Ranges Community Finance Limited is in accordance with the Corporations Act 2001, including:

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

 (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) 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

Kathie Teasdale
Partner

Dated at Bendigo, 18th September 2015

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