DIMBOOLA & DISTRICT FINANCIAL SERVICES LTD

Dimboola & District **Community Bank®** Branch

ABN 77 108 797 324

ANNUAL REPORT 2015

DMSC
Early Riser's Breakfast Club

Camp Awakenings Beaufort
Tristan and Chloe DMSC

CARING FOR OUR COMMUNITY

Dimboola Women's Hockey
Competition Melbourne 2015

Past and Present Chairmen John Clonan
Brian Hedt, Dawn Watson rep Kevin Watson
& Wayne Elliott celebrate 10 years of the
Community Bank® Model in Dimboola.

Chairman's Report

For year ending 30 June 2015.

It is my pleasure to present this the eleventh annual report of Dimboola & District Financial Services Ltd.

Our business has maintained strength for this financial year our overall book increasing by some $3 million to a little over $46 million. The Board has again been focused on our costs and also initiated a program to reduce our term loan which also reduces our interest expenses. Our term loan balance now sits at $243,000 down $17,000 for this financial year. Once again our trading account has remained in the black throughout the year. This is encouraging when you consider our approach to debt reduction and our need to focus on operating costs.

Directors

In the past year one of our long serving directors, Fiona Werner decided to call it a day and resigned from the Board. I take this opportunity to thank Fiona for her service to the Board and her community, sometimes a thankless task and generally one that goes unnoticed. Thank you Fiona.

We welcomed a new Director Peter Hughes, Peter not only joined the Board but also accepted the position of Company Secretary. The role of Company Secretary is one of the most important positions on the Board and Peter has stepped in and made an immediate impression.

Under the constitution three directors are required to retire in rotation, this year they are Raylene Britten, John Nichols and Joy Wundersitz. Raylene, John and Joy have offered themselves for re-election and have the full endorsement of the Board.

Business Development

This past year the board has turned its focus to our neighbouring towns of Warracknabeal, Jeparit, Rainbow and more recently Nhill. This is because the Board realises that growth within Dimboola is probably finite to a degree and we need to explore opportunities from other areas in order to strengthen our business. To this end we have initiated programs in these communities to broaden our business base and extend our influence into other areas. This development whilst still in its infancy is already showing signs of being a good method of expansion.

Regional Office and Branch Staff

Our Regional Manager, Leanne Martin has once again provided the Board and our staff with wonderful support and I take this opportunity to thank her for her help and guidance throughout the year.

Once again I must congratulate Wayne and the staff on another excellent year of service to our customers and our community as a whole. They maintain a high standard of service and it is always a pleasure when entering the branch.

Compliance, Bookkeeping and Accounting

AFS & Associates, Bendigo are the body responsible for auditing our accounts. Nicola White remains our Bookkeeper and has presented all reports and met all deadlines in a timely manner. John Moar is still the Chairman of the Finance Committee and Janine Sallmann has been responsible for ensuring that all our accounts etc, are delivered to Nicky in a timely fashion.

I am therefore able to report that all matters of compliance have been reported according to proper business practices in a timely and professional manner.

Community Involvement

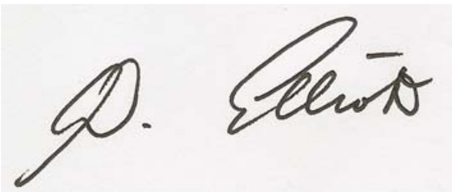
The Board has undertaken a number of community programs this year. The first was the breakfast program at Dimboola Memorial Secondary College. This has now spread to the Jeparit Primary School and also Rainbow P12 School. At this year's State Conference we were nominated for a community achievement award for this program. Unfortunately we didn't win, however just to receive a nomination was recognition enough with other Community Bank® branches taking and interest in the program.

The Board remains committed to being involved in the community and we have provided financial support to a number of local organisations, that figure is now in excess of $110,000.

Current Business Position and Summary

Our business position remains healthy with growth of approximately 7percent for the financial year. This is encouraging as we still had a significant number of investors paying down debt, and as a business we were doing the same. In this environment to achieve a 7percent increasing in our book was a good result. The challenge will be to achieve a similar result of perhaps even improve in the new financial year.

Both the Board and staff thank you for your continued support and invite you to attend our Annual General Meeting at 7.30pm Thursday 5 November at the Dimboola Bowling Club.



Wayne Elliott

Chairman

Branch Manager's Report.

Year Ending 30 June 2015.

Dimboola & District **Community Bank®** Branch

Powered by People.

Community Bank® branches are unique in their culture of re-investing profits back into their local districts. This can be in the form of sponsorships, grants or project support, and primarily targeted to not for profit groups and organisations. Dimboola is proud to be the benefactor to numerous recipients over the past 10 years, investing over $100,000 with assistance from our generous partner, Bendigo & Adelaide Bank Limited. An exciting initiative with our sponsorship partner, Dimboola Memorial Secondary College, has seen the introduction of a breakfast program and has been embraced by both students and teachers. Congratulations to Danielle Marnock at the College for her stellar work in making the project a reality.

The past 12 months have witnessed tumultuous conditions in the financial sector, but our branch has continued to increase account numbers and overall business figures. This is testament to our new and existing customers continuing their relationship with a local bank. We are overwhelmed, and very appreciative of the number of referrals and introductions from current advocates to our vast range of banking facilities. We pride ourselves on personal service, and the experienced team are dedicated to successful and mutual outcomes for their valued clients.

I also take this opportunity to express my gratitude to the branch staff and Board of Management, for their diligence and high level of professionalism in contributing to profitable sustainability of Dimboola & District **Community Bank®** Branch.

We invite all our valued customers, new and existing, to visit our branch and explore our full range of banking products. Ask any of the friendly staff to explain how your banking benefits your community, and become a proud supporter of a local business.

SUCCESSFUL CUSTOMERS, SUCCESSFUL BANK, SUCCESSFUL COMMUNITY.

Wayne Anderson

Branch Manager.

AFS

Partners in success

Chartered Accountants

Dimboola & District Financial Services Limited

Financial Statements

30 June 2015

Dimboola & District Financial Services Limited
ABN 77 108 797 324
Directors' Report

Your directors submit the financial statements of the company for the financial year ended 30 June 2015.

Directors

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

Wayne Maxwell Elliott
Chairman
Locomotive driver
Certificate 4 Training and Assessment. Company Director - Shat-r- Shield Australia Pty Ltd. Dimboola Golf Club Committee member 17 years and Life Member.
Special responsibilities: Marketing Committee & Finance Committee
Interest in shares: 3000

John Keith Nichols
Director
Seeking Employment
B Sc(Hons), M Pharmacy, Dip Ed, Cert IV Career Development, Grad Cert Career Development. Regatta Secretary & Vice President Dimboola Rowing Club, Boat Race Official & ex-officio. Umpires Commission Trainer, Waterwatch Coordinator, Saltwatch, Dimboola Weir Pool. Management Committee, planning and implementation - Nine Creeks Reserve/ Walking Tracks, past Secretary Dimboola Golf Club, past Treasurer Dimboola Apex Club. Previous employment: Tutor/ Demonstrator at Victorian College of Pharmacy Ltd, secondary teacher at Dimboola MSC, Horsham C, Stawell SC
Special responsibilities: Secretary
Interest in shares: 5,000

Joylene Coral Wundersitz
Director
Secretary
Diploma of Teaching, Primary School Teacher, Church involvement and Committees, Ecumenical Committee Secretary. Secretarial, finance management and sales for Wundys Workshop. Steward for the A&P Society.
Special responsibilities: Marketing Committee, Share Holder Coordinator
Interest in shares: 2,000

John William Moar
Director
Retired
Previous employment: Secondary school teacher, Assistant principal. Retired 2006. Tertiary qualifications: B.A., Trained Secondary Teaching Certificate, Graduate Diploma of Educational Administration. Community Involvement: Dimboola Bowling Club - Secretary; Dimboola Croquet Club - Treasurer; Combined Probus Club of Dimboola - Assistant Secretary, Dimboola Masonic Lodge.
Special responsibilities: Finance Committee, Policy and Procedures Committee
Interest in shares: 1,000

Raelene Ann Britten
Director
Self Employed
Sales/Retail / Admin. Community Centre Committee member. Past Business Association Secretary.
Special responsibilities: Business Development / Sponsorship Committee
Interest in shares: 500

Kate Millicent Rae
Director
Occupation: Dimboola IGA
Qualifications, experience and expertise: Involved in Dimboola Football and Netball club, and works within Dimboola community. Completing Bachelor of Education Early Childhood.
Special responsibilities: Nil
Interest in shares: Nil.

David Kenneth Ough
Director
Occupation: Manager Grainflow
Qualifications, experience and expertise: Managed own business, Committee member Grainflow cropping for communities, 10 years as government employee, member Apex Australia for 15 years.
Special responsibilities: Nil
Interest in shares: Nil

Directors *(continued)*

Peter Joseph Hughes
Director *(Appointed 27 January 2014)*
Occupation: Retired
Qualifications, experience and expertise: Retired Police Officer (32 years), Age 64 past President and Secretary, Dimboola Football Club & Life Member, Member of AWB Cropping for Community Committee, Current Treasurer Dimboola Rowing Club.
Special responsibilities: Company Secretary
Interest in shares: 500

Anthony Andrew Schneider
Director *(Resigned 17 July 2015)*
Local Government Manager
27 years of experience in local government. Graduate Diploma of Local Government Management. Hindmarsh Shire Councillor (Elected October 2012). Trustee, Wimmera Health Care Group Foundation (Appointed 2012). Chairman, Dimboola Uniting Church. Community Volunteer.
Special responsibilities: Nil
Interest in shares: 2,001

Annie Evelyn Bothe
Director *(Resigned 6 November 2014)*
Project Manager/Administration Officer
Administrator - Wimmeria Health Care Group Foundation - 2012 - current. Project manager - Volunteering Western Victoria - 2012 - current. Project Manager - Wimmera Development Association 2004 - 2008. Project Coordinator - Leadership Wimmera - 2008 - 2010. Travel Consultant - Jetset Horsham - 2011. Volunteer French Tutor at U3A Horsham - 2010 - 2014. Committee of Management Member - Wimmera Business Centre - 2010 - 2014.
Special responsibilities: Special Events
Interest in shares: 5,001

Fiona Elizabeth Werner
Director *(Resigned 6 November 2014)*
Community Development: HACC Social Support Program Coordinator & Governance Mentor Program Coordinator.
Advanced Diploma of Sustainability. Advanced Diploma of Business
Special responsibilities: Share Holder Coordinator and Secretary
Interest in shares: 3,000

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

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

Company Secretary

The company secretary is Peter Joseph Hughes, Peter has been the secretary since 27 January 2015. Peter took over from John Nicols who had previously been secretary since 18 December 2006. Peter Joseph Hughes is currently retired.

Peter was a member of the Victoria Police for thirty years and retired to join Toll Holdings in 2000 as Wimmera Logistics Manager until his retirement in 2010. Peter has had in excess of 10 years as Secretary to the Dimboola Football Club. Peter is currently retired.

Principal Activities

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

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

Operating results

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

Year ended 30 June 2015 $	Year ended 30 June 2014 $
(11,216)	4,042

Remuneration report

(a) Remuneration of Directors

All directors of the company are on a voluntary basis, therefore no remuneration guidelines have been prepared.

(b) Remuneration of Area and Branch Managers

The board is responsible for the determination of remuneration packages and policies applicable to the Branch Manager and all the staff.

The board's policy in respect of the branch manager is to maintain remuneration at parity within the **Community Bank®** network and local market rates for comparable roles.

There are no executives who are directly accountable and responsible for the strategic direction and operational management of the entity. entity. This is wholly a board role. There are therefore no specific executives.

Directors' shareholdings

	Balance at start of the year	Changes during the year	Balance at end of the year
Wayne Maxwell Elliott	3,251	250	3,001
John Keith Nichols	5,001	-	5,001
Joylene Coral Wundersitz	2,001	-	2,001
John William Moar	1,001	-	1,001
Raelene Ann Britten	501	-	501
Kate Millicent Rae	-	2,000	2,000
David Kenneth Ough	-	-	-
Peter Joseph Hughes *(Appointed 27 January 2015)*	-	-	500
Anthony Andrew Schneider *(Resigned 17 July 2015)*	2,001	-	2,001
Anne Evelyn Bothe (*Resigned 6 November 2014*)	5,001	-	5,001
Fiona Elizabeth Werner (*Resigned 6 November 2014*)	3,001	-	3,001

Dividends

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

Significant changes in the state of affairs

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Indemnification and insurance of directors and officers

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

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

Directors' meetings

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

	Board Meetings Attended	
	Eligible	*Attended*
Wayne Maxwell Elliott	12	9
John Keith Nichols	12	8
Joylene Coral Wundersitz	12	9
John William Moar	12	11
Raelene Ann Britten	12	10
David Kenneth Ough	12	10
Kate Millicent Rae	12	7
Peter Joseph Hughes *(Appointed 27 January 2015)*	6	6
Anthony Andrew Schneider *(Resigned 17 July 2015)*	12	8
Anne Evelyn Bothe (*Resigned 6 November 2014*)	6	2
Fiona Elizabeth Werner (*Resigned 6 November 2014)*	6	2

Proceedings on behalf of the company

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

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

Non audit services

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

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

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

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

Signed in accordance with a resolution of the board of directors at Dimboola, Victoria on 11 September 2015.

Wayne Maxwell Elliott, Chairman

Partners in success

Chartered Accountants

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

As lead auditor for the audit of Dimboola & District Financial Services Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

i) no contraventions of the auditor independence requirements of 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.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550

David Hutchings
Lead Auditor

Dated: 11 September 2015

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

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TAXATION • AUDIT • BUSINESS SERVICES • FINANCIAL PLANNING

Dimboola & District Financial Services Limited
ABN 77 108 797 324
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2015

	Notes	2015 $	2014 $
Revenue from ordinary activities	4	395,149	378,443
Employee benefits expense		(247,605)	(240,432)
Charitable donations, sponsorship, advertising and promotion		(22,958)	(17,203)
Occupancy and associated costs		(22,853)	(21,431)
Systems costs		(17,749)	(17,599)
Depreciation and amortisation expense	5	(16,788)	(16,051)
Finance costs	5	(11,785)	(12,208)
General administration expenses		(56,088)	(53,511)
Profit/(loss) before income tax		**(677)**	**8**
Income tax (expense)/credit	6	(10,539)	4,034
Profit/(loss) after income tax		(11,216)	4,042
Total comprehensive income for the year		**(11,216)**	**4,042**
Earnings per share for profit/(loss) attributable to the ordinary shareholders of the company:		¢	¢
Basic earnings per share	21	(2.05)	0.74

Dimboola & District Financial Services Limited
ABN 77 108 797 324
Balance Sheet
as at 30 June 2015

	Notes	2015 $	2014 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	19,258	30,232
Trade and other receivables	8	35,901	35,434
Total Current Assets		55,159	65,666
Non-Current Assets			
Property, plant and equipment	9	28,384	29,291
Intangible assets	10	61,252	6,728
Deferred tax asset	11	201,237	211,776
Total Non-Current Assets		290,873	247,795
Total Assets		346,032	313,461
LIABILITIES			
Current Liabilities			
Trade and other payables	12	27,268	20,760
Provisions	14	53,501	44,538
Total Current Liabilities		80,769	65,298
Non-Current Liabilities			
Trade and other payables	12	47,095	-
Borrowings	13	243,000	260,000
Provisions	14	2,745	4,524
Total Non-Current Liabilities		292,840	264,524
Total Liabilities		373,609	329,822
Net Liabilities		(27,577)	(16,361)
Equity			
Issued capital	15	522,073	522,073
Accumulated losses	16	(549,650)	(538,434)
Total Equity		(27,577)	(16,361)

The accompanying notes form part of these financial statements

Dimboola & District Financial Services Limited
ABN 77 108 797 324
Statement of Changes in Equity
for the year ended 30 June 2015

	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2013	522,073	(542,476)	(20,403)
Total comprehensive income for the year	-	4,042	4,042
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2014	522,073	(538,434)	(16,361)
Balance at 1 July 2014	522,073	(538,434)	(16,361)
Total comprehensive income for the year	-	(11,216)	(11,216)
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2015	522,073	(549,650)	(27,577)

The accompanying notes form part of these financial statements

Dimboola & District Financial Services Limited
ABN 77 108 797 324
Statement of Cash Flows
for the year ended 30 June 2015

	Notes	2015 $	2014 $
Cash flows from operating activities			
Receipts from customers		433,814	416,169
Payments to suppliers and employees		(400,058)	(375,277)
Interest received		16	9
Interest paid		(11,785)	(12,208)
Net cash provided by operating activities	17	21,987	28,693
Cash flows from investing activities			
Payments for property, plant and equipment		(2,350)	(7,747)
Payments for intangible assets		(13,611)	(13,976)
Net cash provided by/(used in) investing activities		(15,961)	(21,723)
Cash flows from financing activities			
Repayment of borrowings		(17,000)	-
Net cash provided by/(used in) financing activities		(17,000)	-
Net increase/(decrease) in cash held		(10,974)	6,970
Cash and cash equivalents at the beginning of the financial year		30,232	23,262
Cash and cash equivalents at the end of the financial year	7(a)	19,258	30,232

The accompanying notes form part of these financial statements

Note 1. Summary of significant accounting policies

a) Basis of preparation

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

Compliance with IFRS

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

Critical accounting estimates

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

Historical cost convention

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

Comparative figures

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

Application of new and amended accounting standards

The following amendments to accounting standards and a new interpretation issued by the Australian Accounting Standards Board (AASB) became mandatorily effective for accounting periods beginning on or after 1 July 2014, and are therefore relevant for the current financial year.

- AASB 2012-3 Amendments to Australian Accounting Standards (AASB 132) – Offsetting Financial Assets and Financial Liabilities.
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets.
- AASB 2013-4 Amendments to Australian Accounting Standards (AASB 139) – Novation of Derivatives and Continuation of Hedge Accounting.
- AASB 2013-5 Amendments to Australian Accounting Standards (AASB 10) – Investment Entities.
- AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles).
- AASB 2014-1 Amendments to Australian Accounting Standards (Part B: Defined Benefit Plans: Employee Contributions Amendments to AASB 119).
- Interpretation 21 Levies.
- AASB 1031 Materiality, AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part B: Materiality), AASB 2014-1 Amendments to Australian Accounting Standards (Part C: Materiality).

None of the amendments to accounting standards or the new interpretation issued by the Australian Accounting Standards Board (AASB) that became mandatorily effective for accounting periods beginning on or after 1 July 2014, materially affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

Note 1. Summary of significant accounting policies *(continued)*

a) Basis of preparation *(continued)*

Application of new and amended accounting standards *(continued)*

The following accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) become effective in future accounting periods.

	Effective for annual reporting periods beginning on or after
• AASB 9 Financial Instruments, and the relevant amending standards.	1 January 2018
• AASB 15 Revenue from Contracts with Customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15.	1 January 2017
• AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations.	1 January 2016
• AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation.	1 January 2016
• AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants.	1 January 2016
• AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements.	1 January 2016
• AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.	1 January 2016
• AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle.	1 January 2016
• AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101.	1 January 2016
• AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality.	1 July 2015
• AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent.	1 July 2015
• AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception.	1 January 2016

The company has not elected to apply any accounting standards or interpretations before their mandatory operative date for the annual reporting period beginning 1 July 2014. Therefore the abovementioned accounting standards or interpretations have no impact on amounts recognised in the current period or any prior period.

Economic dependency - Bendigo and Adelaide Bank Limited

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

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

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

The company promotes and sells the products and services, but is not a party to the transaction.

Note 1. Summary of significant accounting policies *(continued)*

a) Basis of preparation *(continued)*

Economic dependency - Bendigo and Adelaide Bank Limited *(continued)*

The credit risk (i.e. the risk that a customer will not make repayments) is for the relevant Bendigo and Adelaide Bank Limited entity to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

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 manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations.

Note: In very simplified terms, currently, deposit return means the interest Bendigo and Adelaide Bank Limited gets when it invests the money the customer deposits with it. The cost of funds means the interest Bendigo and Adelaide Bank Limited pays when it borrows the money to give a customer a loan. From 1 July 2016, both will mean the cost for Bendigo and Adelaide Bank Limited to borrow the money in the market.

Products and services on which margin is paid include variable rate deposits and variable rate home loans. From 1 July 2016, examples include Bendigo Bank branded at call deposits, term deposits and home loans.

For those products and services on which margin is paid, the company is entitled to a share of the margin earned by Bendigo and Adelaide Bank Limited (i.e. income adjusted for Bendigo and Adelaide Bank Limited's interest expense and interest income return). However, if this reflects a loss, the company incurs a share of that loss.

Commission

Commission is a fee paid for products and services sold. It may be paid on the initial sale or on an ongoing basis. Commission is payable on the sale of an insurance product such as home contents. Examples of products and services on which ongoing commissions are paid include leasing and Sandhurst Trustees Limited products. This currently also includes Bendigo Bank branded fixed rate home loans and term deposits of more than 90 days, but these will become margin products from 1 July 2016.

Fee income

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo Bank Group entities including fees for loan applications and account transactions.

Ability to change financial return

Under the franchise agreement, Bendigo and Adelaide Bank Limited may change the form and amount of financial return that the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo and Adelaide Bank Limited earns revenue.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the company receives on a particular product or service. The effect of the change on the revenue earned by the company is entirely dependent on the change.

If Bendigo and Adelaide Bank Limited makes a change to the margin or commission on core banking products and services, it must not reduce the margin and commission the company receives on core banking products and services Bendigo and Adelaide Bank Limited attributes to the company to less than 50% (on an aggregate basis) of Bendigo and Adelaide Bank Limited's margin at that time. For other products and services, there is no restriction on the change Bendigo and Adelaide Bank Limited may make.

Bendigo and Adelaide Bank Limited must give the company 30 days' notice before it changes the products and services on which margin, commission or fee income is paid, the method of calculation of margin and the amount of margin, commission or fee income.

Note 1. Summary of significant accounting policies *(continued)*

b) Revenue

Monitoring and changing financial return

Bendigo and Adelaide Bank Limited monitors the distribution of financial return between **Community Bank®** companies and Bendigo and Adelaide Bank Limited on an ongoing basis.

Overall, Bendigo and Adelaide Bank Limited has made it clear that the **Community Bank®** model is based on the principle of shared reward for shared effort. In particular, in relation to core banking products and services, the aim is to achieve an equal share of Bendigo and Adelaide Bank Limited's margin.

As discussed above in relation to Project Horizon, among other things, there will be changes in the financial return for **Community Bank®** companies from 1 July 2016. This includes 50% share of margin on core banking products, all core banking products become margin products and a funds transfer pricing model will be used for the method of calculation of the cost of funds, deposit return and margin.

c) Income tax

Current tax

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

Deferred tax

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

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

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

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

Current and deferred tax for the period

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

d) Employee entitlements

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

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

Note 1. Summary of significant accounting policies *(continued)*

e) Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet.

f) Trade receivables and payables

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

g) Property, plant and equipment

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

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

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

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

h) Intangibles

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

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

i) Payment terms

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

j) Borrowings

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

k) Financial instruments

Recognition and initial measurement

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

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

Derecognition

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

Note 1. Summary of significant accounting policies *(continued)*

k) Financial instruments *(continued)*

Classification and subsequent measurement

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

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

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

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

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

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

l) Leases

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

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

m) Provisions

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

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

n) Contributed equity

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

Note 1. Summary of significant accounting policies *(continued)*

o) Earnings per share

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

p) Goods and Services Tax

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

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

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

Note 2. Financial risk management

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

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

(i) Market risk

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

(ii) Price risk

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

(iii) Credit risk

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

(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

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

Note 2. Financial risk management *(continued)*

(vi) Capital management

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

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

The distribution limit is the greater of:

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

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

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2015 can be seen in the Statement of Profit or Loss and Other Comprehensive Income.

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

Note 3. Critical accounting estimates and judgements

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

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

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

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

Taxation

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

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

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

Estimation of useful lives of assets

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

Note 3. Critical accounting estimates and judgements *(continued)*

Impairment of assets

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

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

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

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

Note 4. Revenue from ordinary activities	2015 $	2014 $
Operating activities:		
- services commissions	395,133	378,434
Total revenue from operating activities	395,133	378,434
Non-operating activities:		
- interest received	16	9
Total revenue from non-operating activities	16	9
Total revenues from ordinary activities	395,149	378,443

Note 5. Expenses

Depreciation of non-current assets:		
- plant and equipment	2,434	1,776
- leasehold improvements	822	822
Amortisation of non-current assets:		
- franchise agreement	2,242	2,242
- franchise renewal fee	11,290	11,211
	16,788	16,051
Finance costs:		
- interest paid	11,785	12,208
Bad debts	35	142

Note 6. Income tax expense/(credit)

The components of tax expense/(credit) comprise:		
- Current tax		
- Future income tax benefit attributable to losses	-	(2,108)
- Movement in deferred tax	(2,170)	(1,926)
- Adjustment to deferred tax to reflect change to tax rate in future periods	10,591	-
- Recoupment of prior year tax losses	2,118	-
	10,539	(4,034)

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

Note 6. Income tax expense/(credit) *(continued)*	2015 $	2014 $
Operating profit/(loss)	(677)	8
Prima facie tax on profit/(loss) from ordinary activities at 30%	(203)	2
Add tax effect of:		
- non-deductible expenses	150	(4,036)
- timing difference expenses	2,171	1,926
	2,118	(2,108)
Movement in deferred tax	(2,170)	(1,926)
Adjustment to deferred tax to reflect change of tax rate in future periods	10,591	-
	10,539	(4,034)

Note 7. Cash and cash equivalents

Cash at bank and on hand	19,258	30,232
	19,258	30,232

Note 7.(a) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

Cash at bank and on hand	19,258	30,232
	19,258	30,232

Note 8. Trade and other receivables

Trade receivables	30,664	30,178
Prepayments	4,331	4,350
Other receivables and accruals	906	906
	35,901	35,434

Note 9. Property, plant and equipment

Leasehold improvements		
At cost	45,254	45,255
Less accumulated depreciation	(37,704)	(36,882)
	7,550	8,373
Plant and equipment		
At cost	48,167	45,817
Less accumulated depreciation	(27,333)	(24,899)
	20,834	20,918
Total written down amount	28,384	29,291

Movements in carrying amounts:

Leasehold improvements		
Carrying amount at beginning	8,373	9,195
Additions	-	-
Disposals	-	-
Less: depreciation expense	(822)	(822)
Carrying amount at end	7,551	8,373

Note 9. Property, plant and equipment *(continued)*

Movements in carrying amounts *(continued)*:

	2015 $	2014 $
Plant and equipment		
Carrying amount at beginning	20,918	14,947
Additions	2,350	7,747
Disposals	-	-
Less: depreciation expense	(2,434)	(1,776)
Carrying amount at end	20,834	20,918
Total written down amount	28,384	29,291

Note 10. Intangible assets

	2015 $	2014 $
Franchise fee		
At cost	82,554	71,211
Less: accumulated amortisation	(72,344)	(70,089)
	10,210	1,122
Renewal processing fee		
At cost	112,770	56,057
Less: accumulated amortisation	(61,728)	(50,451)
	51,042	5,606
Total written down amount	61,252	6,728

Note 11. Tax

Non-Current:

	2015 $	2014 $
Deferred tax assets		
- accruals	790	817
- employee provisions	16,030	14,719
- tax losses carried forward	184,417	196,240
	201,237	211,776
Net deferred tax asset	201,237	211,776
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	10,539	(4,034)

Note 12. Trade and other payables

Current:

	2015 $	2014 $
Trade creditors	5,532	9,591
Other creditors and accruals	21,736	11,169
	27,268	20,760

Non-Current:

	2015 $	2014 $
Trade creditors	47,095	-

Note 13. Borrowings

	2015 $	2014 $
Non-Current:		
Bank loans	243,000	260,000

The bank loan is a fixed term loan which was renewed on 29 September 2014. The facility is next due for review 29 September 2019. The interest rate is currently 7.8% and the loan is secured by a fixed and floating charge over the company's assets.

The company has an approved overdraft facility of $100,000 which remains undrawn at 30 June 2015. The bank overdraft has a rolling renewal date and an interest free period. It is secured by a floating charge over the Company's assets.

Note 14. Provisions

Current:		
Provision for annual leave	24,823	23,282
Provision for long service leave	28,678	21,256
	53,501	44,538
Non-Current:		
Provision for long service leave	2,745	4,524

Note 15. Contributed equity

546,300 ordinary shares fully paid (2014: 546,300)	546,300	546,300
Less: equity raising expenses	(24,227)	(24,227)
	522,073	522,073

Rights attached to shares

(a) *Voting rights*

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

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

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

(b) *Dividends*

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

(c) *Transfer*

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

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

Note 15. Contributed equity *(continued)*

Rights attached to shares *(continued)*

Prohibited shareholding interest

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

In summary, a person has a prohibited shareholding interest if they control or own 10% or more of the shares in the company (the "10% limit").

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

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

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

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

Note 16. Accumulated losses	**2015 $**	**2014 $**
Balance at the beginning of the financial year	(538,434)	(542,476)
Net profit/(loss) from ordinary activities after income tax	(11,216)	4,042
Balance at the end of the financial year	(549,650)	(538,434)

Note 17. Statement of cash flows

Reconciliation of profit/(loss) from ordinary activities after tax to net cash provided by operating activities		
Profit/(loss) from ordinary activities after income tax	(11,216)	4,042
Non cash items:		
- depreciation	3,256	2,598
- amortisation	13,532	13,453
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(468)	(339)
- (increase)/decrease in other assets	10,539	(4,034)
- increase/(decrease) in payables	(841)	6,548
- increase/(decrease) in provisions	7,185	6,425
Net cash flows provided by operating activities	21,987	28,693

Note 18. Leases

Operating lease commitments Non-cancellable operating leases contracted for but not capitalised in the financial statements Payable - minimum lease payments:		
- not later than 12 months	14,400	2,336
- between 12 months and 5 years	46,800	-
- greater than 5 years	-	-
	61,200	2,336

The Property lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance. The current lease was renenwed on 1 September 2014 for a further 5 years.

Note 19. Auditor's remuneration	**2015 $**	**2014 $**
Amounts received or due and receivable by the auditor of the company for:		
- audit and review services	3,950	3,850
- non audit services	2,200	2,050
	6,150	5,900

Note 20. Director and related party disclosures

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

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

Note 21. Earnings per share

		2015	2014
(a)	Profit/(loss) attributable to the ordinary equity holders of the company used in calculating earnings per share	(11,216)	4,042
		Number	**Number**
(b)	Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	546,300	546,300

Note 22. Events occurring after the reporting date

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

Note 23. Contingent liabilities and contingent assets

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

Note 24. Segment reporting

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

Note 25. Registered office/Principal place of business

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

Registered Office	Principal Place of Business
92 Lloyd Street	92 Lloyd Street
Dimboola VIC 3414	Dimboola VIC 3414

Note 27. Financial instruments

Financial Instrument Composition and Maturity Analysis

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

Financial Instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $	2015 %	2014 %
Financial assets												
Cash and cash equivalents	18,858	29,832	-	-	-	-	-	-	400	400	0.06	0.04
Receivables	-	-	-	-	-	-	-	-	30,664	30,178	N/A	N/A
Financial liabilities												
Interest bearing liabilities	-	-	-	-	243,000	260,000	-	-	-	-	4.6	4.7
Payables	-	-	-	-	-	-	-	-	5,532	9,591	N/A	N/A

Net Fair Values

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

Credit Risk

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

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

Interest Rate Risk

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

Sensitivity Analysis

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

As at 30 June 2015, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2015 $	2014 $
Change in profit/(loss)		
Increase in interest rate by 1%	(2,241)	(2,302)
Decrease in interest rate by 1%	(2,241)	(2,302)
Change in equity		
Increase in interest rate by 1%	(2,241)	(2,302)
Decrease in interest rate by 1%	(2,241)	(2,302)

Dimboola & District Financial Services Limited
ABN 77 108 797 324
Directors' Declaration

In accordance with a resolution of the directors of Dimboola & District Financial Services Limited, we state that:

In the opinion of the directors:

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

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

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

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

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

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

Wayne Maxwell Elliott, Chairman

Signed on the 11th September 2015.

Partners in success

Chartered Accountants

Independent auditor's report to the members of Dimboola & District Financial Services Limited

Report on the financial report

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

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

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

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

Independence

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

Auditor's opinion on the financial report

In our opinion:

1. The financial report of Dimboola & District Financial Services Limited is in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 30 June 2015 and of its financial performance and its cash flows for the year then ended and complying with Australian Accounting Standards and the Corporations Regulations 2001.
2. The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the remuneration report

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

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Dimboola & District Financial Services Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550

David Hutchings
Lead Auditor

Dated: 11 September 2015

Dimboola & District Financial Services Ltd

Dimboola & District **Community Bank®** Branch

RURAL BANKING FOR OUR COMMUNITY

Dimboola & District **Community Bank®** Branch

92 Lloyd Street, Dimboola VIC 3414

Phone: (03) 5389 1999 Fax: (03) 5389 2088

Franchisee: Dimboola & District Financial Services Limited
92 Lloyd Street, Dimboola VIC 3284
ABN 77 108 797 324

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