Annual Report 2015

Edenhope & District Financial Services Ltd

ABN 68 103 869 227

Edenhope & District **Community Bank**® Branch

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Chairman's report

For year ending 30 June 2015

Welcome to our 13th year of the **Community Bank®** model of banking in the Edenhope and District. I now would like to present our Annual Report.

We are now making profits, though small at this stage and a solid reliable banking service has been firmly cemented in Edenhope over the last 12 years, and this service has customers spread over a very wide area.

Our staff are our most valuable part of the business and the experience and knowledge they offer customers is vital for growing our customer support. Our Manager James Ackland is a great leader, his focus and enthusiasm on running the operation is one of the main reasons why we are still growing through very tough times. Our full time Customer Service Officer, Di Saunders has just been with us 12 months. Her banking experience is much appreciated and Di is an important link in our team. Our part time Customer Service officers Margie and Shane complete the team with their customer experience. A huge thank you to all of you.

We have the Bendigo and Adelaide Bank support staff also making huge inputs into our Edenhope & District **Community Bank®** Branch, one of them is Luke Riley the area Agribusiness Manager for Rural Bank, a wholly owned banking operation by the Bendigo and Adelaide Bank. Agribusiness banking is a major part of growing our business, which has been the case in the last year. We are very privileged to have Luke living locally.

The Area Manager Leanne Martin is a big support to the branch and the Board, without Leanne and staff I don't know how we would get on, thanks. Thanks to the Board, especially to our hard working Secretary Sara McDonnell, Sara and James certainly make the Board run smoothly. Also to Kate our Treasurer, her very diligent approach is much appreciated. Thanks to all Board members for your support throughout the year.

Thanks to the shareholders who made this all possible in the first place. I know as a shareholder myself we have not had any personal dividends. If we look at the community dividends that in a roundabout way have benefited a lot of us in many areas of our lives. The money invested in our community is not taken from your potential dividends, but supplied to our branch by Bendigo and Adelaide Bank in the way of Market Development Fund for the promotion of our business growth. So the support of our community will hopefully grow Edenhope & District **Community Bank®** Branch, so we can all benefit even more.

Wayne Caldow
Chairman – Edenhope & District Financial Services Limited

Manager’s report

For year ending 30 June 2015

Welcome to the 11th Annual Report for Edenhope & District Financial Services Limited and my third Manager’s report.

The 2014/15 financial year has seen Edenhope & District Financial Services Limited record a profit for just the second time since it was opened in June 2003, the first being last year. The end of year profit for 2014/15 was $5,147. We were able to increase our income by 3% which was a pleasing result given how tight our margins currently are with our lending and deposit rates. This is due to our low rate environment and the need to compete on price with the bigger banks. Our expenses increased by 4% on last year, however was still 1% below on budget. Although our profit is small, it does show that Edenhope & District Financial Services Limited is on the right track and is now a profitable business.

Our total business portfolio grew by $1.929 million and as at 30 June 2015 sits at $54.209 million. Compare this with the previous year where we only grew by $707,000, this is a pleasing result. We continue to have strong activity in the lending space with settlements of $3.502, million, however due to the industry wide trend of people paying extra off their loans due to the low interest rates we were only able to grow our lending by $200,000.

I will go through more financial results at the Annual General Meeting (AGM).

I would like to thank the local staff, Di Saunders, Margie Reid and Shayne Williams for all of their hard work over the past 12 months and without their contributions we wouldn’t get the results that we are getting. Over the past 12 months we have welcomed back our previous Branch Manager Luke Riley to a new role as the Relationship Manager for Rural Bank. Luke is based in Edenhope and we are hoping that will bring in some good growth on our agribusiness portfolio. Luke is supported by another past Branch Manager, Steve Wood. This means we have some great local knowledge when it comes to agribusiness and we hope that helps us grow the Rural Bank name. Our other specialists are our Business Banking Manager Neil Short and our Financial Planner Tim Sinclair. Without all of the above staff we wouldn’t be able to offer the great service and expertise that we offer Edenhope and the surrounding districts.

The Ballarat State Support Team (Bendigo and Adelaide Bank Limited) as always have been a great resource for our branch and Board over the past 12 months. Leading that team is Leanne Martin our Regional Manager, who provides our branch and Board with any support we require and is always happy to help in any way she can. Others we must thank are Meagan Edwards (Retails Sales Lead), David Gray (Regional Lending Manager), and Caius Ryan (Retail Operations Manager).

I must also thank the Board of Edenhope & District Financial Services Limited, especially Wayne Caldow (Chairman), Sara McDonnell (Secretary), and Kate Hausler (Treasurer), for their time and dedication to helping run this branch and the support they have given me and the staff.

For Edenhope & District **Community Bank®** Branch to be able to support the community, we need the community to support us. So if you have any banking requirements, please contact the Edenhope & District **Community Bank®** Branch and we will be more than happy to help. At this stage we only have 50% of our shareholders banking with us. If we were to increase this number by 25% it will make us more profitable which means that we can then pay a dividend quicker. So I ask all shareholders who don’t currently bank with us to get in contact and see how we can help you.

Manager’s report (continued)

If anyone has any questions in regards to this report or wants to speak to me about their banking requirements please let me know and I am more than happy to talk to you.

James Ackland
Branch Manager

Community Contributions

For year ending 30 June 2015

Edenhope & District **Community Bank®** Branch provides the community with more than just quality banking services, it delivers employment opportunities for local people, retains local capital, is a local investment option for shareholders and provides a source of revenue for important community projects determined by the local community.

The below table outlines some of the donations the company has given back to the community throughout the financial year. Each year these contributions grow and with increased community support it allows us to give back more every year.

	$
EdenhopeHospital Auxiliary	200.00
Edenhope Adult Riding Group	325.00
Edenhope Apsley Football Netball Club	2,000.00
Edenhope College (Camp Awakenings & Student Award)	800.00
Lake Charligrake Country Music Festival	500.00
Apsley Alive	200.00
Jumping Castle (value based on market value hire rates) - Carols by Candlelight - Henley on Lake Wallace - Edenhope Race Club - Harrow Billycarts - Apsley Racing Club	3,000.00
Henley	30.00
Edenhope P& A Society Show	150.00
Edenhope Apsley Football Netball Club Trophy	41.82
Edenhope Golf Club	300.00
Apsley Golf Club	50.00
Total Contributions	**$7,596.82**

Community Contributions (continued)

Jumping Castle

In the 2014/15 Financial year the Edenhope & District **Community Bank®** Branch purchased a jumping castle.

This is available for hire, the charge to hire is $55 for community groups and $150 for businesses or personal hire.

Community Cooking Challenge

In July 2014, the Edenhope and District **Community Bank®**Branch teamed up with the Edenhope College to organise a Community Cooking Challenge.

Four local teams competed to win the title of the best chefs in the Edenhope & District Community. Edenhope Apsley Football Netball Club, The Edenhope Lions Club, St Malachys Primary School and Edenhope College sharpened their tools to produce award winning meals. Each team prepared an entree size main and dessert for the 16 judges, they had a set budget and timeframe in which to complete this task making it quite a challenge.

The night was an opportunity for our local teams to showcase their cooking skills, but it was bigger than that it also raised $1593.55 for the Starlight Children's Foundation and increased the profile of the local Edenhope & District **Community Bank®** branch and all teams involved.

Bendigo & Adelaide Bank report

For year ending 30 June 2015

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Bendigo & Adelaide Bank report (continued)

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

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

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

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

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

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

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

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

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

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

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

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

Robert Musgrove
Executive Community Engagement

Directors' report

For 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 Edenhope & District Financial Services Limited during or since the end ofthe financial year up to the date of this report:

Name and position held	Qualifications	Experience and other Directorships
Wayne David Caldow Appointed 2003 Chairman		Primary Producer in the Edenhope District for over 40 years
Vlada Gajic Appointed 2010 **Director**		Director of Gumlea IT Solutions. Over 20 Years experience in the IT Industry
Luke Simon Munro Appointed 2003 **Director**		Owner and Operator of West Wimmera Rural Services for over 13 years
Ashley Rohan Caldow Appointed 2003 **Director**		Primary Producer in the Edenhope District for over 30 years
Kathryn Elizabeth Hausler Appointed 2003 **Director**		Primary Producer in the Edenhope District for over 40 years
Francis Carberry Appointed 2011 **Director**		Owner Operator of Edenhope Tyres and Fuel for over 11 years, prior to that in Motel Management
Ritchie Robertson Middleton Appointed 2011 **Director**		Primary Producer in the Edenhope District for over 30 years
Sara McDonnell Appointed 2013 **Director**	Bachelor of Management - Marketing & Tourism	Primary Producer and Transport Operator. Various managerial and secretarial roles within local community organisations and previously working in the newspaper Industry as an advertising executive
Rebecca Perrett Appointed 2014 **Director**	Bachelor of Science PGD Health & Safety Masters -Hlth Science	Health & Safety Manager for Rio Tinto Ltd for the last 4 years - previously National Health & Safety Manager for Halifax Bank of Scotland -3 years
Rae Stone Appointed 2014 **Director**		Administrative Officer with the West Wimmera Shire with over 22 years experience in business and finance, marketing and public relations

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.

Directors' report (continued)

Review of operations

The profit of the company for the financial year after provision for income tax was $3,120 (2014 :Profit $21,858), which is a 86% decrease as compared with the previous year. The decrease is largely due to a $20,000 loan from another community bank, being ‘ forgiven’ in the previous year and treated as income

The net liabilities of the company have decreased to $231,702 (2014: $234,822).

Dividends

No dividends were proposed or paid during the financial year.

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 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.

		2015
Wayne David Caldow	(Rent on premises)	2,022
Vlada Gajic		-
Luke Simon Munro		-
Ashley Rohan Caldow		-
Kathryn Elizabeth Hausler		-
Francis Carberry		-
Richie Robertson Middleton		-
Sara Jane McDonnell	(Secretarial honorarium)	3,600
Rebecca Perrett		-
Rae Stone		
		5,622

Directors' report (continued)

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 were 11. Attendances by each Director during the yearwere as follows:

Director	Board meetings #	Audit Committee meetings #
Wayne David Caldow	10 (11)	10 (11)
Kate Elizabeth Hausler	8 (11)	8(11)
Sara Jane McDonnell	11 (11)	11 (11)
Vlada Gajic	1 (11)	1 (11)
Luke Simon Munro	4 (11)	4 (11)
Ashley Rohan Caldow	6 (11)	N/A
Ritchie Robertson Middleton	9 (11)	N/A
Francis Carberry	9 (11)	N/A
Rebecca Perrett*	3 (0)	N/A
Rae Stone*	3 (0)	N/A

* Appointed July 2014

 # 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.

Directors' report (continued)

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

Sara McDonnell has been the Company Secretary of Edenhope & District Financial Services since September 2013. Sara is a mother of four and partner in the family farming enterprise. Sara has a Bachelor of Management with a major studies in Marketing and Tourism. She has many years experience in the newspaper industry as an Advertising Executive. More recently she has been working with community groups in managerial and secretarial roles.

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 13 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 Edenhope on 17 September 2015.

Kate E Hausler
Director

Auditors independence declaration

Richmond Sinnott & Delahunty

Chartered Accountants

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17 September 2015

The Directors
Edenhope & District Financial Services Limited
62 Elizabeth Street
Edenhope VIC 3318

Dear Directors,

To the Directors of Edenhope & District Financial Services Limited

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

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

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

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

Kathie Teasdale
Partner
Richmond Sinnott & Delahunty

Financial Statements

Statement of profit or loss and other comprehensive income for the year ended 30 June 2015

	Notes	2015 $	2014 $
Revenue	2	403,548	414,646
Employee benefits expense	3	(221,424)	(204,867)
Depreciation and amortisation expense	3	(7,660)	(7,490)
Finance costs	3	(21,336)	(22,427)
Rental expense		(11,011)	(11,011)
Other expenses	3	(133,149)	(128,634)
Operating profit/(loss) before charitable donations & sponsorships		**8,968**	**40,217**
Charitable donations and sponsorships		(4,334)	(8,072)
Profit/(loss) before income tax expense		4,634	**32,145**
Tax expense / (benefit)	4	1,514	10,287
Profit/(loss) for the year		3,120	**21,858**
Profit/(loss) attributable to members of the company		3,120	21,858
Total comprehensive income attributable to members of the company		**3,120**	**21,858**
Earnings per share (cents per share)			
- basic for profit / (loss) for the year	19	0.66	4.59

The accompanying notes form part of these financial statements

Financial statements (continued)

Statement of financial position as at 30 June 2015

	Notes	2015 $	2014 $
Assets			
Current assets			
Trade and other receivables	6	35,054	33,981
Total current assets		**35,054**	**33,981**
Non-current assets			
Property, plant and equipment	7	31,075	35,465
Deferred tax asset	11	270,920	272,434
Total non-current assets		**301,995**	**307,899**
Total assets		**337,049**	**341,880**
Liabilities			
Current liabilities			
Trade and other payables	8	24,892	24,687
Loans and borrowings	9	66,298	70,011
Provisions	10	18,147	17,732
Total current liabilities		**109,337**	**112,430**
Non current liabilities			
Loans and borrowings	9	459,414	464,272
Total non current liabilities		**459,414**	**464,272**
Total liabilities		**568,751**	**576,702**
Net liabilities		**(231,702)**	**(234,822)**
Equity			
Issued capital	12	476,160	476,160
Accumulated losses	13	(707,862)	(710,982)
Total equity		**(231,702)**	**(234,822)**

The accompanying notes form part of these financial statements

Financial statements (continued)

Statement of changes in equity for the year ended 30 June 2015

	Notes	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2013		**476,160**	**(732,840)**	**(256,680)**
Profit for the year		-	21 ,858	21,858
Total comprehensive income for the year			**21,858**	**21,858**
Transactions with owners, in their				
Balance at 30 June 2014		**476,160**	**(710,982)**	**(234,822)**
Balance at 1 July 2014		**476,160**	**(710,982)**	**(234,822)**
Profit for the year			3,120	3,120
Total comprehensive income for the year		-	3,120	3,120
Transactions with owners, in their capacity as owners				
Balance at 30 June 2015		**476,160**	**(707,862)**	**(231,702)**

The accompanying notes form part of these financial statements

Financial statements (continued)

Statement of cash flows for the year ended 30 June 2015

	Notes	2015 $	2014 $
Cash flows from operating activities			
Receipts from customers		442,684	435,440
Payments to suppliers and employees		(409,507)	(391,909)
Interest paid		(21,336)	(22,427)
Net cash provided by/(used in) operating activities	**14**	**11,841**	**21,104**
Cash flows from investing activities			
Proceeds from sale of property, plant & equipment		-	9,091
Purchase of property, plant & equipment		(3,270)	(20,016)
Net cash flows from/(used in) investing activities		**(3,270)**	**(10,925)**
Cash flows from financing activities			
Proceeds / (Repayments) of borrowings		(4,858)	7,018
Net cash provided by/(used in) financing activities		**(4,858)**	**7,018**
Net increase/(decrease) in cash held		**3,713**	**17,197**
Cash and cash equivalents at beginning of financial year		(63,945)	(81,142)
Cash and cash equivalents at end of financial year	**9**	**(60,232)**	**(63,945)**

The accompanying notes form part of these financial statements

Notes to the financial statements

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

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

The financial statements were authorised for issue by the Directors on 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, were applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

Economic Dependency

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank®** 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 design, layout and fit out of the **Community Bank®** branch;
- Training for the branch managers and employees in banking, 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; and
- Sale techniques and proper customer relations.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Going Concern

The net liabilities of the company as at 30 June 2015 were $231,702 and the profit made for the year was $3,120 bringing accumulated losses to $707,8620.

The company meets its day to day working capital requirements through an overdraft facility that is due for renewal on 30 September 2016. The overdraft has an approved limit of $100,000 and was drawn to $60,232 as at 30 June 2015.

The company recognises that losses will be incurred during the development of the business and while market access is being developed within the district. The directors will continue to review their growth forecast budget and cash flows throughout the 2014/15 year, and measure to preserve cash and secure additional finance, these circumstances create material uncertainties over future trading results and cash flow.

Bendigo and Adelaide Bank Limited has confirmed that it will continue to support the Company and its operations for the 2014/15 financial year, and beyond through the provision of an overdraft facility on normal commercial terms and conditions to assist with working capital requirements. The support is provided on the basis that the company continues to fulfil its obligations under the franchise agreement and continues to work closely with Bendigo and Adelaide Bank Limited to further develop its business.

Based on the above, and after making additional enquiries, the directors believe that it is reasonably foreseeable that the company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial statements.

(b) Income tax

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

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

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

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(c) Fair value of assets and liabilities (continued)

As fair value is a market-based measure, the closes 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.

(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.

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 either in profit or loss or as a revaluation decrease if the impairment losses related to a revalued asset. 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, 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*
Plant & equipment	7.5 - 20%
Leasehold improvements	20%

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(d) Property, plant and equipment (continued)

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

An assets' carrying amount is written down immediately to its recoverable amount if the assets' 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) 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 entities in the company, are classified as finance leases.

Finance leases are capitalised by recognising 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 recognised as expenses in the periods in which they are incurred.

(f) Impairment of assets

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

(g) 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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(h) 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.

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

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

(i) Intangible assetd 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 per the Statement of Profit or Loss and Other Comprehensive Income.

(j) 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.

(k) 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).

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(l) 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.

(m) 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.

(n) Borrowing costs

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

(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 commencing on or after 1 January 2017).

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.

(o) New accounting standards for application in future periods

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(o) New and amended accounting policies adopted by the company (continued)

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:
- identify the contract(s) with customers;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

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

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

(p) 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.

(q) Loans and borrowings

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

(**r) Provisions**

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

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

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

(s) 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.

(t) Comparative figures

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(u) 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 changes 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 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

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.

(v) Financial instruments

Initial recognition and measurement

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

Classification and subsequent measurement

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

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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(v) Financial instruments (continued)

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

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

Impairment

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

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

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

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

Derecognition

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

	2015 $	2014 $
Note 2. Revenue and other income		
Revenue		
- services commissions	403,548	394,646
	403,548	**394,646**
Other revenue		
- debt forgiven	-	20,000
- other revenue	-	-
	-	**20,000**
Total revenue	**403,548**	**414,646**

Notes to the financial statements (continued)

	2015 $	2014 $
Note 3. Expenses		
Employee benefits expense		
- wages and salaries	186,805	173,748
- superannuation costs	17,533	15,654
- other costs	17,086	15,465
	221,424	**204,867**
Depreciation of non-current assets:		
- plant and equipment	7,660	7,490
	7,660	**7,490**
Finance costs:		
- Interest paid	21,336	22,427
Other Expenses		
- accountancy	13,500	12,480
- Franchise Fees	13,844	13,844
- insurance	11,095	9,742
- freight	12,811	13,897
- ATM expenses	9,300	9,995
- IT running costs	8,755	8,755
- IT equipment lease	5,116	5,114
- IT support calls	5,439	5,294
- electricity and gas	5,956	7,308
- cleaning	6,068	6,067
- marketing	8,849	3,359
- audit fees	4,430	4,300
- printing and stationery	4,734	5,703
- other costs	23,252	22,776
	133,149	**128,634**

Note 4. Tax Expense

The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit/(loss) before income tax at 30% (2013: 30%)	1,390	9,644
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	124	643
Current income tax expense	**1,514**	**10,287**
Income tax attributable to the entity	**1,514**	**10,287**
The applicable weighted average effective tax rate is	33%	32%

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

	2015	2014
	$	$

Note 5. Auditors' remuneration

Remuneration of the Auditor for:		
- Audit or review of the financial report	4,430	4,300
- Share registry services	1,800	1,790
	6,230	**6,090**

Note 6. Trade and other receivables

Current		
Trade debtors	31,306	30,233
Other assets	3,748	3,748
	35,054	**33,981**

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	31,306	-	-	-	-	31,306
Other receivables	3,748	-	-	-	-	3,748
Total	**35,054**	**-**	**-**	**-**	**-**	**35,054**
2014						
Trade receivables	30,233	-	-	-	-	30,233
Other receivables	3,748	-	-	-	-	3,748
Total	**33,981**	**-**	**-**	**-**	**-**	**33,981**

	2015 $	2014 $
Note 7. Property, plant and equipment		
Leasehold improvements		
At cost	29,330	29,330
Less accumulated depreciation	(29,330)	(29,330)
Plant and equipment		
At cost	76,686	73,416
Less accumulated depreciation	(45,611)	(37,951)
	31,075	**35,465**
Total written down amount	**31,075**	**35,465**
Movements in carrying amounts		
Plant and equipment		
Balance at the beginning of the reporting period	35,465	31,952
Additions	3,270	20,016
Disposals	-	(9,091)
Depreciation expense	(7,660)	(7,490)
Profit on Sale	-	78
Balance at the end of the reporting period	**31,075**	**35,465**

Note 8. Trade and other payables

Current		
Unsecured liabilities:		
Trade creditors	3,348	2,367
Other creditors and accruals	21,544	22,320
	24,892	**24,687**

the average credit period on trade and other paybles is one month

Note 9. Loans & Borrowings

Current		
Secured liabilities:		
Bank overdraft	60,232	63,945
Lease Liability	6,066	6,066
	66,298	**70,011**

The company has an overdraft facility of $100,000 which is subject to normal commercial terms and conditions

Non-Current		
Secured liabilities		
Term loan	400,000	400,000
Lease liability	9,414	14,272
Unsecured loans from other community banks	50,000	50,000
	459,414	**464,272**

The term loan of $400,000 was an interest only loan received from Bendigo and Adelaide Bank Ltd on 1 October 2009 with a variable interest rate currently at approximately 4.225%. The initial loan was fixed interest for a period of two years. Edenhope & District Financial Services received an extension on 13 January 2012 for an additional period of five years. Security for this loan consists of an existing Registered First Company Debenture Mortgage.

Note 9. Loans & Borrowings (continued)

Edenhope & District Financial Services Limited received a number of small loans from other Community Banks. These loans are for a five year term expiring between March and May 2017. These loans are interest free and require no repayments over the term of the loan. The principal is due on expiration.One of these loans ($20,000) was declared by the lender as 'non-repayable' and so the debt has treated as being 'forgiven' and included as income in this financial year (see Note 2)

	2015 $	2014 $
Note 10. Provisions		
Employee benefits	**18,147**	**17,732**
Movement in employee benefits		
Opening balance	17,732	15,588
Additional provisions recognised	18,099	16,326
Amounts utilised during the year	(17,684)	(14,182)
Closing balance	**18,147**	**17,732**
Current		
Annual leave	12,342	12,735
Long-service leave	5,805	4,997
	18,147	**17,732**
Total provisions	**18,147**	**17,732**

Provision for employee benefits

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

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

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

	2015 $	2014 $
Note 11. Tax balances		
(a) Tax Assets NON - CURRENT Deffered Tax asset comprises: -tax losses carried forward	**270,920**	**272,434**
	270,920	**272,434**

Notes to the financial statements (continued)

	2015 $	2014 $

Note 12. Share capital

	2015 $	2014 $
476,160 Ordinary shares fully paid of $1 each	476,160	476,160
Less: Equity raising costs	-	-
	476,160	**476,160**
Movements in share capital		
Fully paid ordinary shares: At the beginning of the reporting period	476,160	476,160
Shares issued during the year	-	-
At the end of the reporting period	**476,160**	**476,160**

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 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; 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 for the year ended 30 June 2014 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 13. Accumulated losses

	2015 $	2014 $
Balance at the beginning of the reporting period	(710,982)	(732,840)
Profit/(loss) after income tax	3,120	21,858
Balance at the end of the reporting period	(707,862)	(710,982)

Notes to the financial statements (continued)

Note 14. Statement of cash flows

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

	2015 $	2014 $
Profit / (loss) after income tax	3,120	21,858
Non cash items		
- Depreciation	7,660	7,490
- Net (profit) from sale of plant & equipment	-	(78)
- Debt forgiven	-	(20,000)
Changes in assets and liabilities		
- (Increase) decrease in receivables	(1,073)	509
- (Increase) decrease in deferred tax asset	1,514	10,287
- Increase (decrease) in payables	205	(1,106)
- Increase (decrease) in provisions	415	2,144
Net cash flows from/(used in) operating activities	**11,841**	**21,104**

Credit standby arrangement and loan facilities
The company has a bank overdraft and commercial bill facility amounting to $100,000 (2014: $100,000). This may be terminated at any time at the option of the bank. At 30 June 2015, $60,232 of this facility was used (2014: $63,945). Variable interest rates apply to these overdraft and bill facilities.

Note 15. 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.

		2015 $	2014 $
Wayne David Caldow (Chairman)	(Rent)	2,202	2,202
Sara McDonnell	(Secretary Honorarium)	3,600	2,700

Note 15. Related party transactions (continued)

(d) Key management personnel shareholdings

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

	2015 $	2014 $
Wayne David Caldow	1101	1,101
Luke Simon Munro	3001	3,001
Ashley Rohan Caldow	3,001	3,001
Kathryn Elizabeth Hausler	1,000	1,000
Ritchie Robertson Middleton	2,000	2,000
Sara Jane McDonnell (Appointed 26th September 2013)	-	-

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 16. 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 17. Contingent liabilities and contingent assets

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

Note 18. 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 Edenhope, 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 19. Company details

The registered office and principle place of business is: 63 Elizabeth Street
Edenhope VIC 3318

	2014 $	2014 $
Note 20. 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.	0.66	4.59
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 wew no options or preference shreson issue during the year.	0.66	4.59
The following reflects the income and share data used in the basic and diluted earnings per share computations		
Profit/(loss) after income tax expense	**3,120**	**21,858**
Weighted average number of ordinary shares for basic and diluted earnings per share	**476,160**	**476,160**

Notes to the financial statements (continued)

Note 21. Dividends paid or provided for on ordinary shares

No dividends were paid or proposed by the company during the period.

Note 22. Leases

Finance lease commitments

	2015	2014
	$	$
Payable - minimum lease payments		
- no later than 12 months	6,066	6,066
- between 12 months and 5 years	11,120	17,186
- greater than 5 years	-	-
	17,186	**23,252**

The finance lease is for a motor vehicle. The lease expires at the conclusion of April 2018.

Note 23. Financial risk management

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

	Note	2015 $	2014 $
Financial assets			
Trade and other receivables	6	35,054	33,981
Total financial assets		**35,054**	**33,981**
Financial liabilities			
Trade and other payables	8	24,892	24,687
Borrowings	9	465,480	470,338
Bank overdraft	9	60,232	63,945
Total financial liabilities		**550,604**	**558,970**

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

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, foreign currency 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.

Note 23. Financial risk management (continued).

(a) Credit risk

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

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

Credit Risk Exposure

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 & Cash equivalents:		
A rated	-	-

(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 $100,000 with Bendigo and Adelaide Bank Limited.

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

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

Notes to the financial statements (continued)

Note 23. Financial risk management (continued).
(b) Liquidity risk

Financial liability and financial asset maturity analysis:

	Note	Total $		Within 1 year $	1 to 5 years $
30 June 2015					
Financial liabilities due					
Trade and other payables	8	24,892		24,892	-
Bank overdraft	9	60,232	*	-	60,232
Loans and borrowings	9	465,480		6,066	459,414
Total expected outflows		**550,604**		**30,958**	**519,646**
Trade and other receivables	6	35,054		35,054	-
Total anticipated inflows		**35,054**		**35,054**	**-**
Net (outflow)inflow on financial instruments		**(515,550)**		**4,096**	**(519,646)**
30 June 2014					
Financial liabilities due					
Trade and other payables	8	24,687		24,687	-
Bank overdraft	9	63,945	*	63,945	-
Loans and borrowings	9	470,338		6,066	464,272
Total expected outflows		**558,970**		**94,698**	**464,272**
Trade and other receivables	7	33,981		33,981	-
Total anticipated inflows		**33,981**		**33,981**	**-**
Net (outflow)/inflow on financial instraments		**(524,989)**		**(60,717)**	**(464,272)**

* The bank overdraft has no set repayment period and as such all has been included as current

(c) Market risk

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

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

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

Sensitivity analysis

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

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

Notes to the financial statements (continued)

Note 23. Financial risk management (continued)
(c) Market risk

	Profit $	Equity $
Year ended 30 June 2015		
+/- 1% in interest rates (interest expense)	(4,743)	(4,743)
	(4,743)	**(4,743)**
Year ended 30 June 2014		
+/- 1% in interest rates (interest expense)	(4,639)	(4,639)
	(4,639)	**(4,639)**

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

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Fair values

Fair value estimation

The fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. Fair value is the amount at which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arms length transaction. The company does not have any unrecognised financial instruments at year end.

Directors' declaration

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

1 the financial statements and notes, as set out on pages 6 to 31 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.

Kate E Hausler
Director
Signed at Edenhope on 17 September 2015

Richmond Sinnott & Delahunty

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF EDENHOPE & DISTRICT FINANCIAL SERVICES LIMITED

Report on the Financial Report

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

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 Edenhope & District Financial Services Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

Auditor's Opinion

In our opinion:

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

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

(ii) complying with Australian Accounting Standards (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.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the company incurred a net profit of $3,120 during the year ended 30 June 2015, further reducing the company's net liability to $231,702. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt over the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

Kathie Teasdale
Partner

Dated at Bendigo, 17 September 2015

Edenhope & District **Community Bank®** Branch

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