Annual Report 2014

Gingin Districts Community Financial Services Ltd

ABN 98 095 382 193

Gingin **Community Bank**® Branch
Lancelin branch

Contents

Chairman's report

For year ending 30 June 2014

Despite difficult bank trading conditions, the Gingin **Community Bank**® Branch and Lancelin branch have continued to grow their business base over the 2013/14 financial year. Gingin Districts Community Financial Services Limited has posted a net profit for the year ended 30 June 2014 of $179,592, ($179,596 - June 30 2013) in line with expectations. The company remains in a strong financial position with little debt. We have $686,246 in cash and equivalents ($516,275 June 30 2013) after again contributing $150,000 to the Community Enterprise Foundation™ (30 June 2014 balance $376,502). The Community Enterprise Foundation™ funds are available for future eligible community projects.

Your Board is proud and pleased to again increase the declared fully franked dividend for the year ended 30 June 2014 to 21c per share (20c ff year ended 30 June 2013). This takes the total dividend pay out to $1.57 well in excess of the $1 original issue price.

Dividend payments to date

Financial Year	Cents per share	Total distribution per share
2003/04	.07c	0.07
2004/05	.08c	0.15
2005/06	.09c	0.24
2006/07	.12c	0.36
2007/08	.12c	0.48
2008/09	.15c	0.63
2009/10	.16c	0.79
2010/11	.18c	0.97
2011/12	.19c	1.16
2012/13	.20c	1.36
2013/14	.21c	1.57

The Directors extend our sincere gratitude to our loyal and passionate staff led by Stephen Fidge, Christian Kelly and Michelle Watt. We are very excited to welcome Linda Balcombe and her extensive skill set into the position of Board and Community Officer. This followed Sharon Rule's decision to move on to new challenges within the Bendigo Bank family after 11 years of passionate, professional and friendly service to the company, customers and community. Sharon has played a big part in building of this great community asset, our **Community Bank**® branch.

I thank my fellow Directors for their many hours of volunteered time and due diligence, and assure you your company is in good hands.

Remember "Bank with your **Community Bank**® branch and your community will benefit."

David Roe

David Roe
Chairman

Senior Manager's report

For year ending 30 June 2014

2013/14 was a time for changes in the staff and management of our Gingin **Community Bank**® Branch and Lancelin branch. Long standing and highly respected staff members Sharon Rule and Elle Michael decided it was a time for change with Sharon leaving us after 11 years to pursue other interests, whilst Elle left us to start a family. Both staff members will be sadly missed.

Lancelin Branch Manager Alex Dickson also left during the year to pursue career advancement within the Bendigo and Adelaide Bank Group and we wish him well in his endeavour.

To cover the losses we have appointed Michelle Watt as our Lancelin Branch Manager, Linda Balcombe as Board and Community Officer and promoted Lancelin branch Customer Service Officer Alicia Murray to fill Elle's role whilst she is on maternity leave.

In addition to the above we have welcomed the following new staff members to the team:

Gillian Wheatley	Branch Supervisor Gingin
Narelle Wright	Customer Service Officer Lancelin
Holly Eastough	Customer Service Officer Lancelin

Business growth continues to be slow but steady with net growth in our business of 3.62% in this financial year. This is well down on net budgeted growth of 8% with the Board raising concerns with the management team. The management team is reviewing the past year's performance and are looking closely at areas that require attention. We have once again budgeted in the 2014/15 year for above system growth at 8% with system anticipating only 5%. Exceeding the 8% growth target will see us very close to having a business book in excess of $200 million. Who would have thought this being possible all of those years ago? The management team is confident that we have the right people and systems in place to achieve this goal.

The management and staff would like to thank the Board, shareholders of Gingin Districts Community Financial Services Ltd and our partners at Bendigo and Adelaide Bank for the support they continue to provide helping to make the Gingin **Community Bank**® Branch and Lancelin branch a successful and enjoyable place to work.

Stephen Fidge
Senior Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2014

The past year marked two very significant milestones for our **Community Bank®** network, celebrating the opening of its 300th branch while also reaching $120 million in community contributions. Both achievements could not have been accomplished without your ongoing support as shareholders and customers.

The **Community Bank®** network has grown considerably since it was first launched in 1998, in partnership with the people from the western Victorian farming towns of Rupanyup and Minyip. For these communities the **Community Bank®** model was seen as a way to restore branch banking services to the towns, after the last of the major banks closed its doors.

Sixteen years later, the model has grown into something even bigger than that. It has rapidly developed into a partnership that generates a valued, alternative source of income for a community, funding activities or initiatives that make a local town or suburb a better place to live.

In June 2014, the network welcomed its 305th branch in Penola, South Australia, and in the same week, the Victorian coastal town of Port Fairy introduced its community to our unique style of banking. These branches join a robust and maturing banking network where valued partnerships enhance banking services, taking the profits their banking business generates and reinvesting that funding into initiatives that will ultimately strengthen their community.

The **Community Bank®** network has returned more than $20 million in contributions to local communities in this financial year alone. Our branches have been able to fund projects that make a difference to a community; improved health services, sports programs, aged care facilities, education initiatives and community events that connect communities and encourage prosperity.

Demand from communities remains strong, with about 30 **Community Bank®** branch sites currently in development, and 10 branches expected to open nationally in 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 realise shared aspirations by harnessing the power of community.

At the end of the financial year 2013/14 the **Community Bank®** network had achieved the following:

- Returns to community – $122.2 million
- **Community Bank®** branches – 305
- **Community Bank®** branch staff – more than 1,500
- **Community Bank®** company Directors – 1,900
- Banking business – $24.46 billion
- Customers – 550,000
- Shareholders – 72,000
- Dividends paid to shareholders since inception – $36.7 million.

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

Bendigo and Adelaide Bank report (continued)

In September last year the Bank announced it would commence a comprehensive review of the **Community Bank®** model. The intention of the review is to rigorously explore and analyse the model, setting the vision and strategy for a sustainable and successful commercial model, regardless of changes to operational and market conditions. An update of this review will be provided at the **Community Bank®** National Conference in Darwin in September.

Bendigo and Adelaide Bank's vision is to be Australia's most customer-connected bank. We believe our strength comes from our focus on the success of our customers, people, partners and communities. We take a 100-year view of our business; we respectfully listen and respond to every customer's choice, needs and objectives. We partner for sustainable long-term outcomes and aim to be relevant, connected and valued.

To this aim, the Bank supports the Financial Systems Inquiry (FSI) which calls for an even playing field for all banks in an effort to increase customer choice. It takes a principled approach to governing, encouraging banks to consider all members of a community when they do business.

Bendigo and Adelaide Bank is a signatory to the Regional Banking submission in collaboration with Bank of Queensland, Suncorp and ME Bank, while our independent submission focuses on the important role banks play in communities.

Banks inject a high-level of capability and knowledge in the places they operate, supporting the sustainability of communities and helping to ensure they're viable. The Bank calls for a framework that incentivises banks, and the people who work for them, to be good corporate citizens, while promoting ethical decision making, innovation and better outcomes for customers and communities.

This financial year we launched our new **www.bendigobank.com.au** website. Packed with useful information and easy to access online services, our 1.4 million customers can easily connect with us at home, at work or on their mobile or tablet as well as learn more about our commitment to strengthening and supporting local communities.

In line with increasing demand for "anywhere, anytime" banking, we're excited about the impending introduction of our improved online banking platform to our customers later this year.

As **Community Bank®** shareholders you are part of something special, a unique banking movement founded on a whole new way of thinking about banking and the role it plays in modern society.

The **Community Bank®** model is the ultimate example of a win/win partnership and I thank you for your important support of your local **Community Bank®** branch.

Robert Musgrove
Executive Community Engagement

Directors' report

For the financial year ended 30 June 2014

Your Directors present their report, together with the financial statements of the company for the financial year ended 30 June 2014.

Directors

The names of Directors in office at any time during or since the end of the year are:

David William Roe

Position:	Chairperson
Occupation:	Primary Producer
Background Information:	Twenty years in family farming business. Past Chairman Gingin Districts Recreation Group and the Angus Society of Australia (WA Committee). Past Treasurer Gingin Districts Football Club and Gingin Districts Cricket Club. Gingin Shire Councillor since 2005.
Interest in shares and options:	2,501 shares (direct) 3,500 shares (indirect)

Thomas Cesare Cabassi

Position:	Non-Executive Director
Occupation:	Real Estate Agent/Farmer
Background Information:	Lifetime involvement in the beef cattle industry. Chairman Gingin Bowling Club, lifetime involvement community and sport, past President Gingin Districts High School P&C.
Interest in shares and options:	3,001 shares (direct) 1,300 shares (indirect)

Ronald Owen Pollard

Position:	Non-Executive Director
Occupation:	Retired
Background Information:	Director of "91 Holdings". Held office and participated in the football, golf, tennis and bowling clubs. Past President Gingin Districts High School P&C (three years). Twenty-three years on the Executive Beekeepers Section of WA Farmers Federation.
Interest in shares and options:	501 shares (direct) 9,800 shares (indirect)

Maxwell Norman Fewster

Position:	Non-Executive Director
Occupation:	Primary Producer
Background Information:	Involved in the agricultural industry since 1956 initially in beekeeping and in latest years also running a property breeding beef cattle. A Director of "91 Holdings"
Interest in shares and options:	5,001 shares (direct) 1,300 shares (indirect)

Directors (continued)

Robert William Kestel

Position:	Non-Executive Director
Occupation:	Poultry Farmer
Background Information:	Associate Diploma in Rural Technology, 2008 Nuffield Scholar, past Nuffield Australia Director, Vice President Gingin Football Club, President Gingin Recreation Group, Vice President West Australian Broiler Growers Association, Deputy Director Australian Chicken Growers Council Ltd and Gingin Shire Councillor.
Interest in shares and options:	651 shares (direct) 350 shares (indirect)

Jody Nicole Bondini

Position:	Non-Executive Director
Occupation:	Business Manager/Owner
Background Information:	Secretary of Indoor Sports WA. Past Treasurer of Lancelin Primary P&C. Previously a Lancelin Chamber of Commerce committee member. Past Secretary of Lancelin Golf Club.
Interest in shares and options:	1,001 shares (direct) Nil shares (indirect)

Stephen James Beckwith

Position:	Non-Executive Director
Occupation:	Operations Manager and Primary Producer
Background Information:	Bachelor of Business (First Class Honours). 15 years experience in horticulture and agriculture. Treasurer of Gingin Bowling Club and Past President of Gingin Football Club.
Interest in shares and options:	2,000 shares (direct) Nil shares (indirect)

Irene Betty Neville

Position:	Non-Executive Director
Occupation:	Primary Producer
Background Information:	Registered general nurse for 25 years. 5 years as a volunteer for St John Ambulance. Member of numerous community groups.
Interest in shares and options:	2,000 shares (direct) 3,000 shares (indirect)

Malcolm Robert Harrington (appointed on 21 February 2014)

Position:	Non-Executive Director
Occupation:	Hardware Retailer
Background Information:	Wheat sheep farmer which included heavy equipment and earthmoving contractor. Heavy haulage and long haul operator. Sub contractor long haul for major transport company. This business combination for 22 years. Sold up farming enterprise in 1990 and moved to Ledge Point setting up a retail hardware business. Owned and operated Ledge Point General Store for 6 years. Part time administrator of Ledge Point Country Club 7 years. Chairman Ledge Point Golf Club 5 years. Also involved in initial construction and planning. Working with various government agencies in construction phase. Justice of the Peace 20 years. Currently sill operating and ownership Ledge Point Trading and Hardware.
Interest in shares and options:	Nil shares (direct) 1,000 shares (indirect)

Company Secretary

Jody Nicole Bondini

Directors' meetings attended

During the financial year, 11 meetings of Directors were held. Attendances by each Director during the year were as follows:

Names of Directors	Directors' meetings	
	Number eligible to attend	Number attended
David Roe	11	10
Ronald Pollard	11	9
Thomas Cabassi	11	10
Maxwell Fewster	11	9
Robert Kestel	11	8
Jody Bondini	11	9
Stephen Beckwith	11	10
Irene Neville	11	10
Malcolm Harrington (appointed on 21 Feb2014)	5	5

Principal activity and review of operations

The principal activity and focus of the company's operations during the year was the operation of a two branches of Bendigo and Adelaide Bank Limited, pursuant to a franchise agreement.

Operating results

The profit of the company after providing for income tax amounted to $179,592.

Dividends paid or recommended

The company paid or declared dividends of $88,230 during the year.

Financial position

The net assets of the company have increased from $965,556 as at 30 June 2013 to $1,056,918 as at 30 June 2014, which is an improvement on prior year due to the operating performance of the company.

The Directors believe the company is in a stable financial position.

Significant changes in 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 these financial statements.

After balance date events

No matters or circumstances have arisen since the end of the financial year that 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 financial years.

Future developments

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Options

No options over issued shares or interests in the company were granted to Directors or Executives during or since the end of the financial year and there were no options outstanding at the date of this report.

The Directors and Executive do not own any options over issued shares or interests in the company at the date of this report.

Indemnifying Officers or Auditor

Indemnities have been given, during and since the end of the financial year, for any persons who are or have been a Director or an Officer, but not an Auditor, of the company. The insurance contract prohibits disclosure of any details of the cover.

Environmental issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth, State or Territory.

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.

Corporate governance

The company has implemented various corporate governance practices, which include:

a) Director approval of operating budgets and monitoring of progress against these budgets;

b) Ongoing Director training; and

c) Monthly Director meetings to discuss performance and strategic plans.

The company has not appointed a separate audit committee due to the size and nature of operations. The normal functions and responsibilities of an audit committee have been assumed by the Board.

Directors' report (continued)

Non-audit services

The Board is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for Auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external Auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the Auditor; and
- the nature of the services provided do not compromise the general principles relating to Auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

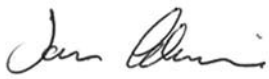
The following fees for non-audit services were paid/payable to the external consultants during the year ended 30 June 2014:

Taxation and other services: $6,800

Auditor's Independence Declaration

The lead Auditor's independence declaration under s 307C of the Corporations Act 2001 for the year ended 30 June 2014 is included within the financial statements.

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



Thomas Cesare Cabassi
Director

Dated 30 September 2014

Auditor's independence declaration

RSM Bird Cameron Partners

RSM Bird Cameron Partners
8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 **F** +61 8 9261 9101
www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Gingin Districts Community Financial Services Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

David Wall

Perth, WA
Dated: 30 SEPTEMBER 2014

D J WALL
Partner

Financial statements

Statement of Comprehensive Income
for the year ended 30 June 2014

	Note	2014 $	2013 $
Revenue	2	1,703,480	1,762,391
Employee benefits expense		(768,990)	(780,637)
Depreciation and amortisation expense		(48,052)	(64,671)
Finance costs		(11)	(78)
Other expenses	3	(627,930)	(658,386)
Profit before income tax		**258,497**	**258,619**
Income tax expense	4	(78,905)	(79,023)
Profit for the year		**179,592**	**179,596**
Other comprehensive income		-	-
Total comprehensive income for the year attributable to members		**179,592**	**179,596**

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2014

	Note	2014 $	2013 $
Current assets			
Cash and cash equivalents	6	686,246	516,275
Trade and other receivables	7	163,815	157,640
Other current assets	8	11,073	9,140
Total current assets		**861,134**	**683,055**
Non-current assets			
Plant and equipment	9	123,022	150,255
Investment property	10	200,001	195,208
Intangible assets	12	45,390	69,276
Deferred tax asset	24	28,050	26,290
Total non-current assets		**396,463**	**441,029**
Total assets		**1,257,597**	**1,124,084**
Current liabilities			
Trade and other payables	13	92,089	79,353
Short-term provisions	14	88,167	76,884
Current tax liability	24	20,423	2,291
Total current liabilities		**200,679**	**158,528**
Total liabilities		**200,679**	**158,528**
Net assets		**1,056,918**	**965,556**
Equity			
Issued capital	15	441,150	441,150
Retained earnings		615,768	524,406
Total equity		**1,056,918**	**965,556**

The accompanying notes form part of these financial statements.

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

	Share capital $	Retained earnings $	Total $
Balance at 1 July 2012	441,150	428,629	869,779
Total comprehensive income for the year	-	179,596	179,596
Subtotal	**441,150**	**608,225**	**1,049,375**
Dividends paid or provided for	-	(83,819)	(83,819)
Balance at 30 June 2013	**441,150**	**524,406**	**965,556**
Balance at 1 July 2013	441,150	524,406	965,556
Total comprehensive income for the year	-	179,592	179,592
Subtotal	**441,150**	**703,998**	**1,145,148**
Dividends paid or provided for	-	(88,230)	(88,230)
Balance at 30 June 2014	**441,150**	**615,768**	**1,056,918**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2014

	Note	2014 $	2013 $
Cash flows from operating activities			
Receipts from customers		1,680,431	1,722,213
Payments to suppliers and employees		(1,379,534)	(1,428,968)
Interest received		16,874	23,780
Finance costs		(11)	(78)
Income tax paid		(62,533)	(107,635)
Net cash provided by operating activities	**16**	**255,227**	**209,312**
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,726)	(74,895)
Net cash used in investing activities		**(1,726)**	**(74,895)**
Cash flows from financing activities			
Dividends paid		(83,530)	(83,434)
Net cash used in financing activities		**(83,530)**	**(83,434)**
Net increase in cash held		169,971	50,983
Cash and cash equivalents at beginning of financial year		516,275	465,292
Cash and cash equivalents at end of financial year	**6**	**686,246**	**516,275**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2014

Note 1. Statement of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the company as an individual entity. The company is a public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board (AASB) has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue on 30 September 2014 by the Directors of the company.

(a) Income tax

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

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore 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 directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred 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, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

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.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

(a) Income tax (continued)

Current tax assets and liabilities are offset where a legally enforceable right of set off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Property, plant and equipment

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

Property

Freehold land and buildings are shown at cost less any impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets 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 asset's 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 charged to the statement of comprehensive income during the financial year in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets, is depreciated over their useful lives to the entity 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 assets are:

Class of fixed asset	Depreciation rate
Plant and equipment	11.25% - 20%
Leasehold improvement	10% -15%
Motor Vehicle	18.75% - 25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

Note 1. Statement of significant accounting policies (continued)

(c) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in 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 year.

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.

(d) Financial instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. 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 company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value 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.

Classification and subsequent measurement

i. Financial assets at fair value through profit or loss

   Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

Note 1. Statement of significant accounting policies (continued)

(d) Financial instruments (continued)

Classification and subsequent measurement (continued)

ii. 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.

iii. 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 company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

v. Financial Liabilities

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

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the Statement of Comprehensive Income unless they are designated as hedges.

The company does not hold any derivative instruments.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Financial guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the company gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The company has not issued any financial guarantees.

Note 1. Statement of significant accounting policies (continued)

(e) Impairment of assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Intangibles

Franchise fee

The franchise fee paid by the company pursuant to a Franchise Agreement with Bendigo and Adelaide Bank Limited is being amortised over the initial five (5) years period of the agreement, being the period of expected economic benefits of the franchise fee.

(g) Employee benefits

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.

(h) Provisions

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

(i) Cash and cash equivalents

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

(j) Revenue and other income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

Note 1. Statement of significant accounting policies (continued)

(l) 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. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Comparative figures

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

(n) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial report 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.

Key estimates – Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of intangibles for the year ended 30 June 2014. Should the projected turnover figures be materially outside of budgeted figures incorporated in value-in-use calculations, an impairment loss would be recognised up to the maximum carrying value of intangibles at 30 June 2014 amounting to $ 45,390.

(o) New accounting standards for application in future periods

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

	2014 $	2013 $

Note 2. Revenue

Franchise margin income	1,684,763	1,741,950
Interest revenue	18,717	18,708
Other income	-	1,733
	1,703,480	**1,762,391**

	2014 $	2013 $

Note 3. Expenses

	2014 $	2013 $
Advertising and marketing	30,641	35,414
ATM leasing and running costs	21,302	20,069
Bad debts	275	423
Community sponsorship and donations	236,451	279,614
Freight and postage	28,736	28,485
Insurance	25,117	21,910
IT leasing and running costs	39,135	39,538
Occupancy running costs	42,862	44,030
Printing and stationery	20,992	18,156
Rental on operating lease	45,581	44,428
Other operating expenses	119,775	109,200
Motor vehicle costs	17,063	17,119
	627,930	**658,386**
Remuneration of the Auditors of the company		
Audit services	9,350	8,100
Tax and other Services	6,800	9,330
	16,150	**17,430**

Note 4. Income tax expense

	2014 $	2013 $
a. The components of tax expense comprise:		
Current tax	80,665	77,987
Deferred tax (Note 24)	(1,760)	1,036
	78,905	**79,023**
b. The prima facie tax on profit before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit before income tax at 30% (2013: 30%)	77,549	77,586
Add:		
Tax effect of:		
non-deductible depreciation and amortisation	-	-
other non-allowable items	1,356	1,437
	78,905	**79,023**

	2014 $	2013 $
Note 4. Income tax expense (continued)		
Less:		
Tax effect of:		
overprovision for income tax in prior years	-	
other allowable items	-	-
Income tax attributable to the company	**78,905**	**79,023**

Note 5. Key management personnel compensation

a. Names and positions

Name	Position
David Roe	Chairman
Thomas Cabassi	Non-Executive Director
Ronald Pollard	Non-Executive Director
Maxwell Fewster	Non-Executive Director
Stephen Beckwith	Non-Executive Director
Irene Neville	Non-Executive Director
Robert Kestel	Non-Executive Director
Jody Bondini	Non-Executive Director / Company Secretary
Malcolm Harrington	Non-Executive Director

b. Remuneration of key management positions

No Director of the company receives remuneration for services as a company Director.

c. Shareholdings

Number of ordinary shares held by key management personnel.

2014	Ordinary shares			
Director	Balance at beginning of period	Purchased during the period	Other changes	Balance at end of period
Thomas Cabassi	4,301	-	-	4,301
Ronald Pollard	10,301	-	-	10,301
David Roe	6,001	-	-	6,001
Maxwell Fewster	6,301	-	-	6,301
Stephen Beckwith	2,000	-	-	2,000
Irene Neville	5,000	-	-	5,000
Robert Kestel	1,001	-	-	1,001

Note 5. Key management personnel compensation (continued)

c. Shareholdings (continued)

2014	Ordinary shares			
Director	**Balance at beginning of period**	**Purchased during the period**	**Other changes**	**Balance at end of period**
Jody Bondini	1,001	-	-	1,001
Malcolm Harrington	1,000	-	-	1,000
	36,906	**-**	**-**	**36,906**

	2014 $	2013 $

Note 6. Cash and cash equivalents

Cash at bank and in hand	**686,246**	**516,275**
Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	**686,246**	**516,275**

Note 7. Trade and other receivables

Accrued income	2,056	213
Trade debtors	161,759	157,427
	163,815	**157,640**

a. Provision for impairment of receivables

Current trade and term receivables are non-interest bearing loans and generally on 30-day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. These amounts will be included in the other expenses item of the statement of comprehensive income.

There is no provision for impairment of receivables.

	2014 $	2013 $

Note 8. Other assets

Prepayments	**11,073**	**9,140**

	2014 $	2013 $

Note 9. Plant and equipment

	2014 $	2013 $
Plant and equipment		
Cost	336,296	334,570
Accumulated depreciation	(302,291)	(295,441)
	34,005	**39,129**
Leasehold improvements		
Cost	15,610	15,610
Accumulated depreciation	(3,449)	(1,833)
	12,161	**13,777**
Motor vehicle		
Cost	138,856	138,856
Accumulated depreciation	(62,000)	(41,507)
	76,856	**97,349**
Total plant and equipment	**123,022**	**150,255**
Reconciliation of the carrying value for each class of plant and equipment are set out below:		
Plant and equipment		
Balance at the beginning of the year	39,129	47,622
Additions	1,726	1,869
Depreciation expense	(6,850)	(10,362)
Carrying amount at the end of the year	**34,005**	**39,129**
Leasehold improvement		
Balance at the beginning of the year	13,777	13,533
Additions	-	1,730
Depreciation expense	(1,616)	(1,486)
Carrying amount at the end of the year	**12,161**	**13,777**
Motor vehicle		
Balance at the beginning of the year	97,349	50,132
Additions	-	71,966
Depreciation expense	(20,493)	(24,749)
Carrying amount at the end of the year	**76,856**	**97,349**

	2014 $	2013 $

Note 10. Investment property

Land and buildings

	2014 $	2013 $
Balance at beginning of the year	195,208	195,208
Revaluation increments	4,793	-
Carrying amount at the end of the year	**200,001**	**195,208**

Investment property is represented by a 160m2 strata titled factory unit with the use of two open car bays. The company had this property valued by a certified practicing valuer in April 2012. The value of the property has been reassessed internally at balance sheet date and is deemed to be unchanged. The company intends to seek external valuation in the future, when appropriate.

Refer to note 11 for further information on fair value measurement.

Note 11. Fair value measurement

The company measures and recognises the following assets and liabilities at fair value on a non-recurring basis after initial recognition:

- Investment properties.

The company subsequently measures items of investment property at fair value on a non-recurring basis.

a. Fair value hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values 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. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the company are consistent with one or more of the following valuation approaches:

Note 11. Fair value measurement (continued)

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the company's assets and liabilities measured and recognised on a non-recurring basis after initial recognition and their categorisation within the fair value hierarchy:

	30 June 2014				
	Note	Level 1 $	Level 2 $	Level 3 $	Total $
Non-recurring fair value measurements					
Non-financial assets					
Investment property	10	-	200,001	-	200.001
Total non-financial assets recognised at fair value on a non-recurring basis		-	200,001	-	200.001
Total non-financial assets recognised at fair value		**-**	**200,001**	**-**	**200.001**

	30 June 2013				
	Note	Level 1 $	Level 2 $	Level 3 $	Total $
Non-recurring fair value measurements					
Non-financial assets					
Investment property	10	-	195,208	-	195,208
Total non-financial assets recognised at fair value on a non-recurring basis		-	195,208	-	195,208
Total non-financial assets recognised at fair value		**-**	**195,208**	**-**	**195,208**

Note 11. Fair value measurement (continued)

b. Valuation techniques and inputs used to measure Level 2 fair values

Description	Fair value at 30 June 2014 $	Valuation Technique(s)	Inputs used
Financial assets			
Investment property(i)	200,001	Market approach using recent observable market data for similar properties	Price per square metre

(i) The fair value of investment property is determined when appropriate based on valuations by an independent valuer who has recognised and appropriate professional qualifications and recent experience in the location and category of investment property being valued.

There were no changes during the period in the valuation techniques used by the company to determine Level 2 fair values.

	2014 $	2013 $

Note 12. Intangible assets

Gingin		
Franchise fee		
Cost	50,000	50,000
Accumulated amortisation	(31,096)	(21,096)
	18,904	**28,904**
Lancelin		
Franchise fee		
Cost	69,423	69,423
Accumulated amortisation	(42,937)	(29,051)
	26,486	**40,372**
Total intangible assets	**45,390**	**69,276**

Pursuant to a five year franchise agreement with Bendigo and Adelaide Bank Limited, the company operates a branch of Bendigo and Adelaide Bank Limited, providing a core range of banking products and services.

Note 13. Trade and other payables

Trade creditors and accruals	63,209	51,913
GST payable	23,616	26,876
Dividend payable	5,264	564
	92,089	**79,353**

	2014 $	2013 $

Note 14. Provisions

Provision for employee entitlements		
Annual Leave	44,209	36,600
Long service Leave	43,958	40,284
	88,167	**76,884**
Number of employees at year end	**14**	**13**

Note 15. Equity

441,150 (2013: 441,150) fully paid ordinary shares	**441,150**	**441,150**

Note 16. Cash flow information

a. Reconciliation of cash flow from operations with profit after tax

Profit after tax	179,592	179,596
Depreciation and amortisation	48,052	64,671
Movement in assets and liabilities		
Receivables	(4,332)	(21,469)
Other assets	(1,933)	(1,893)
Accrued income	(1,843)	5,072
Payables	8,036	11,801
Deferred tax asset	(1,760)	1,036
Provisions	11,283	146
Current tax liability	18,132	(29,648)
Net cash provided by operating activities	**255,227**	**209,312**

b. Credit standby arrangement and loan facilities

The company does not operate a bank overdraft facility or have any loan facilities at present.

Note 17. Related party transactions

The related parties have not entered into a transaction with the company during the financial years ended 30 June 2013 and 30 June 2014.

	2014 $	2013 $

Note 18. Leasing commitments

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

	2014 $	2013 $
Payable – Gingin branch		
Not longer than 1 year	25,176	24,564
Longer than 1 year but not longer than 5 years	25,176	46,672
	50,352	**71,236**
Payable – Lancelin branch		
Not longer than 1 year	20,364	19,548
Longer than 1 year but not longer than 5 years	14,488	39,096
	34,852	**58,644**

Note 19. Dividends

Distributions paid

	2014 $	2013 $
2014 final dividend (fully franked) of 20 cents per share paid (2013:19 cents (fully franked))	**88,230**	**83,819**
a. Balance of franking account at beginning of year adjusted for franking credits arising from:	392,875	321,162
- payment of provision for income tax	85,475	155,532
- dividends recognised as receivables and franking debits arising from payment of proposed dividends, and franking credits that may be prevented from distribution in subsequent financial years	(37,813)	(83,819)
Balance at end of year	**440,537**	**392,875**

Note 20. Financial risk management

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans, bills and leases.

The Directors' overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

a. Financial risk management policies

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for company operations.

The company does not have any derivative instruments at 30 June 2014.

Note 20. Financial risk management (continued)

b. Financial risk exposures and management

The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

i. Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt.

ii. Liquidity risk

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

iii. Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

There are no material amounts of collateral held as security at 30 June 2014.

The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

Credit risk is managed reviewed regularly by the Board of Directors. It arises from exposures to customers as well as through deposits with financial institutions.

The Board of Directors monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and
- customers that do not meet the company's strict credit policies may only purchase in cash or using recognised credit cards.

The trade receivables balances at 30 June 2013 and 30 June 2014 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

c. Financial instrument composition and maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the Statement of Financial Position.

Note 20. Financial risk management (continued)

c. Financial instrument composition and maturity analysis (continued)

2014	Weighted Average Effective Interest Rate	Variable	Fixed			Total
		Floating Interest Rate	Within 1 Year	Within 1 to 5 Years	Non Interest Bearing	
Financial assets						
Cash and cash equivalents	0.5%	75,919	-	-	-	75,919
Short term deposits	3.3%	-	610,327	-	-	610,327
Trade and other receivables		-	-	-	163,815	163,815
Total financial assets		**75,919**	**610,327**	**-**	**163,815**	**850,061**
Financial liability						
Trade and other payables		-	-	-	92,089	92,089
Total financial liabilities		**-**	**-**	**-**	**92,089**	**92,089**

2013	Weighted Average Effective Interest Rate	Variable	Fixed			Total
		Floating Interest Rate	Within 1 Year	Within 1 to 5 Years	Non Interest Bearing	
Financial assets						
Cash and cash equivalents	0.69%	97,079	-	-	-	97,079
Short term deposits	4.39%	-	419,196	-	-	419,196
Trade and other receivables		-	-	-	157,640	157,640
Total financial assets		**97,079**	**419,196**	**-**	**157,640**	**673,915**
Financial liability						
Trade and other payables		-	-	-	79,353	79,353
Total financial liabilities		**-**	**-**	**-**	**79,353**	**79,353**

	2014 $	2013 $
Trade and sundry payables are expected to be paid as followed:		
Less than 6 months	**92,089**	**79,353**

Note 20. Financial risk management (continued)

d. Net fair values

The net fair values of investments have been valued at the quoted market bid price at reporting date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the company intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

Fair values are materially in line with carrying values.

e. Sensitivity analysis

i. Interest rate risk

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

ii. Interest rate sensitivity analysis

At the reporting date 30 June 2014, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Carrying amount $	- 2 %		+ 2%	
2014		**Profit $**	**Equity $**	**Profit $**	**Equity $**
Financial assets					
Cash and cash equivalents	686,246	(13,725)	(13,725)	13,725	13,725

	Carrying amount $	- 2 %		+ 2%	
2013		**Profit $**	**Equity $**	**Profit $**	**Equity $**
Financial assets					
Cash and cash equivalents	516,275	(10,326)	(10,326)	10,326	10,326

Note 21. Operating segments

Types of products and services by segment

The company operates in the financial services sector with two branches of Bendigo and Adelaide Bank Limited in Western Australia.

Major customers

The company operates under the terms of a franchise agreement with Bendigo and Adelaide Bank Limited, which accounts for all of the franchise margin income.

Note 22. Events after the statement of financial position date

No matters or circumstances have arisen since the end of the financial year that 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 subsequent financial years.

Note 23. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets at the reporting date.

	2014 $	2013 $
Note 24. Tax		
a. Liability		
Current		
Income tax (credit) / liability	**20,423**	**2,291**
b. Assets		
Deferred tax assets comprise:		
Provisions	25,101	23,065
Other	2,949	3,225
	28,050	**26,290**
c. Reconciliations		
i. Gross movements		
The overall movement in the deferred tax account is as follows:		
Opening balance	26,290	27,326
Statement of comprehensive income	1,760	(1,036)
Closing balance	**28,050**	**26,290**
ii. Deferred tax assets		
The movement in deferred tax assets for each temporary difference during the year is as follows:		
Provisions		
Opening balance	23,065	25,201
Statement of comprehensive income	2,036	(2,136)
Closing balance	**25,101**	**23,065**
iii. Other		
Opening balance	3,225	2,125
Statement of comprehensive income	(276)	1,100
Closing balance	**2,949**	**3,225**
	28,050	**26,290**

Note 25. Economic dependency – Bendigo and Adelaide Bank Limited

The company has entered into franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**® branches at Gingin and Lancelin, Western Australia.

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 the 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, o 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**® branches;
- 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; and
- Sales techniques and proper customer relations.

Note 26. Company details

The registered office and principal place of business of the company is:

3 Constable Street
Gingin WA 6503

442 Lancelin Plaza
Lancelin WA 6044

Directors' declaration

The Directors of the company declare that:

1. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 and:
    a. comply with Australian Accounting Standards; and
    b. give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the company;
2. the financial statements and notes thereto also comply with International Financial Reporting Standards, as disclosed in Note 1; and
3. 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 declaration is made in accordance with a resolution of the Board of Directors.

Thomas Cesare Cabassi
Director

Dated 30 September 2014

RSM Bird Cameron Partners

RSM Bird Cameron Partners
8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 **F** +61 8 9261 9101
www.rsmi.com.au

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

GINGIN DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Gingin Districts Community Financial Services Limited ("the company"), which comprises the statement of financial position as at 30 June 2014, and the statement of comprehensive income, statement of changes in equity and 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.

Directors' Responsibility for the Financial Report

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

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 Auditing 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 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.

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

RSM Bird Cameron Partners

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 Gingin Districts Community Financial Services Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Gingin Districts Community 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 2014 and of its performance for the year ended on that date; and

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

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

RSM Bird Cameron Partners.

RSM BIRD CAMERON PARTNERS

D J WALL
Partner

Perth, WA
Dated: 30 SEPTEMBER 2014

Gingin **Community Bank®** Branch
3 Constable Street, Gingin WA 6503
Phone: (08) 9575 1560

Lancelin branch
442 Lancelin Plaza, Lancelin WA 6044
Phone: (08) 9655 2973

Franchisee:
Gingin Districts Community Financial Services Ltd
3 Constable Street, Gingin WA 6503
Phone: (08) 9575 1560
ABN: 98 095 382 193

www.bendigobank.com.au/gingin
www.bendigobank.com.au/lancelin
(BMPAR14039) (08/14)

This Annual Report has been printed on 100% Recycled Paper

Bendigo Bank
Bigger than a bank.

bendigobank.com.au