



Annual Report 2014

Goodwood/Highgate Community
Financial Services Ltd

ABN 54 112 676 294

Goodwood **Community Bank**[®] Branch

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Chairman's report

For year ending 30 June 2014

The 2013/14 financial year was a very mixed year. The **Community Bank**[®] company issued a dividend that was modest, but within expectations. The self-management of share trading is functioning smoothly.

In April 2014 we welcomed Nola Sampson as our new Manager. She replaced Sara Sinclair. Sara resigned whilst on maternity leave to return to Victoria. Rita Martella filled Sara's position, and when Rita's fixed term contract expired, she took a position with Bendigo Bank as a Retail Branch Manager. In between times Renay Kiddy (Assistant Manager), stepped up as Acting Manager and kept the branch on course. The branch's committed and enthusiastic staff worked with each and every Manager to make sure the branch succeeded.

The one directly appointed Board employee is the Company Secretary and Financial Officer to the Board, Diana Jukes. Thanks go to her for her participation at Board Meetings, extensive work on the preparation and management of the company finances and her enthusiasm for the **Community Bank**[®] concept.

I would also like to acknowledge the work of Gavin Cousins as Regional Manager. He assisted the Board with judicious and discrete advice and backup. Gavin is highly respectful of the role of the **Community Bank**[®] company Board. He is willing to listen and explore ideas and yet remain in the background providing help rather than giving directions.

At the commencement of the financial year, Frank Tassone spoke to the Board about the Angle Vale experiences. He gave his overview of the situation for **Community Bank**[®] branches and provided some direct advice; all greatly appreciated by the Board.

The trading has been a challenge. The Branch Manager is a key marketer and provides energy and support to staff. No matter how good the Chairman and Board are, they cannot do the job of Manager. Despite the many Managers, the branch reached its targets. An even more notable achievement when consideration of the impact of "Restoring the Balance" on two revenue earning streams (commission on fixed home loans and term investments greater than 90 days). An examination of the books will reveal that the effect has been to see the branch gain less from its increased trade.

For 2014/15, the Board has commenced a renewal process. The first part is a Board Charter that will address the governance structures of the branch. Once settled, the important questions of succession and strategy will be high on the agenda for the year.



Michael Keenan
Chairman

Manager's report

For year ending 30 June 2014

I commenced as the new Manager of the Goodwood **Community Bank**[®] Branch on the 18 May 2014. After Rita Martella resigned from the branch, it was ably cared for by Renay Kiddy and the dedicated service staff at the branch. They are to be commended on their dedication to the branch. They have been a great support to me in the many weeks of training that were required when I started with Goodwood **Community Bank**[®] Branch.

I have re-located from Roxby Downs where I was a Finance Manager. Previous to this I worked with Westpac Bank as a Manager, Bank Manager and relief Regional Manager.

It is exciting to be part of the **Community Bank**[®] model where we have the opportunity to partner with our community and to assist in the realisation of many and varied community projects. The branch continues to support the Goodwood Primary School "Goody Patch" SALA, Goodwood Indians Baseball Club, Goodwood Saints Football Club, Colonel Light Gardens Football Club and the Adelaide Showgrounds Farmers Market to name a few. The team look forward to working with the Board to further develop and strengthen these partnerships.

With the implementation of the 'Bigger and Better' model we continue to improve our service delivery to our loyal customers and hope to build on those relationships well into the future.

We are currently enjoying the lowest home loan rate in a decade and we are just beginning to see the results from these lowered rates.

We continue to enjoy great stability around our deposits and we are just beginning to see an upward trend in our lending portfolio so the future looks exciting for a steady return in 2014/15.

I look forward to writing this report next year when I have had a little longer tenure at the Goodwood **Community Bank**[®] Branch.



Nola Sampson
Branch Manager

Directors' report

For the financial year ended 30 June 2014

Your directors submit the financial statements of the company for the financial year ended 30 June 2014.

Directors

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

Anthony Michael Keenan

Chairperson

Occupation: Executive Officer

Qualifications, experience and expertise: Holds B.A., Dip. Ed., B.Ed., Executive Officer, Club One (SA) Ltd; Councillor and then Mayor Unley 1982-2006. Certificate Member Chartered Secretaries Australia (Certificate in Governance and Risk Management; Governance; Governance Not For Profits), Certificate IV Training Directors Certification (UCLA); Registered Agent (FAIRWORK ACT). Co-Director, Meditarre Pty Ltd and CDM Superannuations Trust.

Special responsibilities: Chairperson

Interest in shares: 600

Timothy Maxwell Campbell

Deputy Chairperson

Occupation: Barrister and Solicitor

Qualifications, experience and expertise: Principal of Campbell Law and a Chartered Accountant with over 40 years experience in business, local government bodies and community.

Special responsibilities: Deputy Chairperson

Interests in shares: 1,000

Mark Kennion Brindal

Director

Occupation: Retired

Qualifications, experience and expertise: Education administration, former Member for Unley, Former Government Minister, Justice of the Peace.

Special responsibilities: Member of Audit committee

Interest in shares: 500

Jane Elizabeth Zadow

Director

Occupation: General Manager, Corporate Services Winemakers' Federation of Australia Inc.

Qualifications, experience and expertise: A Fellow of Institute of Chartered Accountants with 7 years experience in major professional accounting firms followed by more than 25 years general banking and commercial experience.

Special responsibilities: Chair of Audit Committee, Member of Governance, Human Resources and Shareholder Relations Committee

Interest in shares: Nil

Directors' report (continued)

Directors (continued)

Susan Patricia Straschko

Director

Occupation: Pharmacy Retail Manager

Qualifications, experience and expertise: Owner-operator of Highgate Pharmacy, Unley Business and Economic Development Committee Member and Chairperson of The Fullarton Road South Traders Association Inc.

Special responsibilities: Member of Finance, Marketing and Community Relations Committee

Interest in shares: 10,001

Diana Anthea Swanson

Director

Occupation: Marketing and Fundraising Manager

Qualifications, experience and expertise: Extensive background in sales and marketing holding senior roles in companies including McDonald's Family Restaurants, Orlando Wyndham (Pernod Ricard), National Foods, Detmold Packaging and Southcorp. Holds a Bachelor of Arts from Flinders University.

Special responsibilities: Chair of Finance Marketing and Community Relations Committee

Interest in shares: Nil

Rufus Luke Salaman

Director

Occupation: Building Inspector

Qualifications, experience and expertise: Migrated from the UK in 1966. Has lived in Unley for over 42 years. Licensed general builder and accredited assistant building surveyor, employed by Herriot Consulting (Engineers). Councillor for Unley Ward and Member of Australian Institute of Building; Australian Institute of Building Surveyors and holds an Associate Diploma in Building Technology.

Special responsibilities: Member of Governance, Human Resources and Shareholder Relations Committee

Interest in shares: 800

Bruce Francis Debenham

Director

Occupation: Bank Officer and Chartered Accountant

Qualifications, experience and expertise: Senior risk management professional with over 20 years experience in banking, insolvency, and management consulting. Previously worked for Arthur Anderson,

PricewaterhouseCoopers and National Australia Bank. Significant experience in credit risk assessment.

Member of Regional Australia Advisory Committee and the Chartered Accountants in Business Committee for SA for the Institute of Chartered Accountants in Australia.

Special responsibilities: Member of Finance, Marketing and Community Relations Committee

Interest in shares: Nil

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

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

Company Secretary

Diana Jukes was appointed as company secretary on 22 November 2012. Diana is employed with the local farmer's market and has lived in Goodwood for over 25 years.

Principal Activities

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

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

Directors' report (continued)

Operating results

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

Year ended 30 June 2014 \$	Year ended 30 June 2013 \$
48,799	61,976

Remuneration report

New disclosures to be included as part of the remuneration report for 2014 include details of equity instruments (shares) held in the company, loans made to key management personnel and transactions between key management personnel and the company.

The branch manager will be impacted by this disclosure. Additional disclosure affects NSX listed entities.

The directors' report must include (in a separate and clearly identified section of the report under the heading "Remuneration report"):

- a) discussion of board policy for determining, or in relation to, the nature and amount (or value, as appropriate) of remuneration of directors, secretaries and senior managers of the company;
- b) discussion of the relationship between such policy and the company's performance;
- c) if an element of the remuneration of a director, secretary or senior manager is dependent on the satisfaction of a performance condition:
 - i. a detailed summary of the performance condition, and
 - ii. an explanation of why the performance condition was chosen, and
 - iii. a summary of the methods used in assessing whether the performance condition is satisfied and an explanation of why those methods were chosen, and
 - iv. if the performance condition involves a comparison with factors external to the company.
- d) the prescribed details in relation to the remuneration of:
 - i. each director of the company, and
 - ii. each of the five named company executives who receive the highest remuneration for that year.

All components of compensation must be disclosed including cash salary, fees, non-monetary benefits and superannuation. Additional disclosure is also required for any benefits obtained by directors under the **Community Bank**[®] directors' privileges package. This will include the nature and monetary value of the benefits obtained by each individual director.

Transactions with directors

	\$
Susan Straschko is the owner of Highgate Pharmacy and operates the Highgate Agency of Goodwood Community Bank [®] Branch of Bendigo and Adelaide Bank Ltd	2,050
Timothy Campbell is the owner of Campbell Law and provides share registry services to the Goodwood Community Bank [®] Branch of Bendigo and Adelaide Bank Ltd	-

Directors' report (continued)

Remuneration report (continued)

Directors' shareholdings

	Balance at start of the year	Changes during the year	Balance at end of the year
Anthony Michael Keenan	600	-	600
Timothy Maxwell Campbell	1,000	-	1,000
Mark Kennion Brindal	-	500	500
Jane Elizabeth Zadow	-	-	-
Susan Patricia Straschko	10,001	-	10,001
Diana Anthea Swanson	-	-	-
Rufus Luke Salaman	800	-	800
Bruce Francis Debenham	-	-	-

Dividends

	Year ended 30 June 2014	
	Cents	\$
Dividends paid in the year:	2.00	16,356

Significant changes in the state of affairs

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Indemnification and insurance of directors and officers

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

Directors' report (continued)

Indemnification and insurance of directors and officers (continued)

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

Directors' meetings

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

	Board Meetings Attended		Committee Meetings Attended					
			Audit		Marketing		Human Resources	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Anthony Michael Keenan	12	12	2	1	3	1	1	0
Timothy Maxwell Campbell	12	10	2	2	-	-	1	1
Mark Kennion Brindal	12	5	2	1	-	-	1	1
Susan Patricia Straschko	12	11	-	-	3	3	-	-
Jane Elizabeth Zadow	12	10	2	2	-	-	1	0
Rufus Luke Salaman	12	5	-	-	-	-	1	1
Diana Anthea Swanson	12	10	-	-	3	3	-	-
Bruce Francis Debenham	12	11	-	-	3	2	-	-

Proceedings on behalf of the company

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

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

Non audit services

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

The board of directors has considered the position, in accordance with the advice received from the audit committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

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

Directors' report (continued)

Non audit services (continued)

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 10.

Signed in accordance with a resolution of the board of directors at Goodwood, South Australia on 28 August 2014.



**Anthony Michael Keenan,
Chairperson**

Auditor's independence declaration



Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Goodwood/Highgate Community Financial Services Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been no contraventions of:

- the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review
- any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read 'David Hutchings', is written over a faint, light-colored signature line.

David Hutchings
Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550

Dated: 28 August 2014

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

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Financial statements

Statement of Comprehensive Income for the year ended 30 June 2014

	Note	2014 \$	2013 \$
Revenue from ordinary activities	4	581,170	588,472
Employee benefits expense		(284,495)	(285,202)
Charitable donations, sponsorship, advertising and promotion		(33,674)	(28,828)
Occupancy and associated costs		(67,423)	(57,523)
Systems costs		(19,391)	(21,262)
Depreciation and amortisation expense	5	(32,847)	(32,847)
Finance costs	5	-	(330)
General administration expenses		(73,626)	(73,916)
Profit before income tax expense		69,714	88,564
Income tax expense	6	(20,915)	(26,588)
Profit after income tax expense		48,799	61,976
Total comprehensive income for the year		48,799	61,976
Earnings per share for profit attributable to the ordinary shareholders of the company:			
		¢	¢
Basic earnings per share	22	5.97	7.58

The accompanying notes form part of these financial statements.

Financial statements (continued)

Balance Sheet as at 30 June 2014

	Note	2014 \$	2013 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	152,349	66,052
Trade and other receivables	8	53,072	47,468
Sundry Debtor	9	-	1,698
Total Current Assets		205,421	115,218
Non-Current Assets			
Property, plant and equipment	10	133,604	152,566
Intangible assets	11	15,043	28,928
Deferred tax assets	12	108,540	129,455
Total Non-Current Assets		257,187	310,949
Total Assets		462,608	426,167
LIABILITIES			
Current Liabilities			
Trade and other payables	13	21,287	21,298
Provisions	14	8,444	6,189
Total Current Liabilities		29,731	27,487
Non-Current Liabilities			
Provisions	14	3,952	2,198
Total Non-Current Liabilities		3,952	2,198
Total Liabilities		33,683	29,685
Net Assets		428,925	396,482
Equity			
Issued capital	15	802,691	802,691
Accumulated losses	16	(373,766)	(406,209)
Total Equity		428,925	396,482

The accompanying notes form part of these financial statements.

Financial statements (continued)

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

	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2012	802,691	(451,828)	350,863
Total comprehensive income for the year	-	61,976	61,976
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(16,357)	(16,357)
Balance at 30 June 2013	802,691	(406,209)	396,482
Balance at 1 July 2013	802,691	(406,209)	396,482
Total comprehensive income for the year	-	48,799	48,799
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(16,356)	(16,356)
Balance at 30 June 2014	802,691	(373,766)	428,925

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2014

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Receipts from customers		634,655	650,262
Payments to suppliers and employees		(532,653)	(541,254)
Interest received		651	16
Interest paid		-	(330)
Net cash provided by operating activities	17	102,653	108,694
Cash flows from investing activities			
Payments for property, plant and equipment		-	(941)
Net cash used in investing activities		-	(941)
Cash flows from financing activities			
Dividends paid		(16,356)	(16,357)
Net cash used in financing activities		(16,356)	(16,357)
Net increase in cash held		86,297	91,396
Cash and cash equivalents at the beginning of the financial year		66,052	(25,344)
Cash and cash equivalents at the end of the financial year	7(a)	152,349	66,052

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2014

Note 1. Summary of significant accounting policies

a) Basis of preparation

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

Compliance with IFRS

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

Critical accounting estimates

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

Historical cost convention

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

Comparative figures

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

Adoption of new and amended accounting standards

The company adopted the following standards and amendments, mandatory for the first time for the annual reporting period commencing 1 July 2013:

- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements.
- AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, AASB 128 Investments in Associates and Joint Ventures, AASB 127 Separate Financial Statements and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards.
- AASB 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039.
- AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and other Amendments which provides an exemption from the requirement to disclose the impact of the change in accounting policy on the current period.
- AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Adoption of new and amended accounting standards (continued)

- AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011).
- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle.
- AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities.

AASB 2011-4 removes the individual key management personnel disclosure requirements in AASB 124 Related Party Disclosures. As a result the company now only discloses the key management personnel compensation in total and for each of the categories required in AASB 124. Detailed key management personnel compensation is outlined in the remuneration report, included as part of the directors' report.

The adoption of revised standard AASB 119 has resulted in a change to the accounting for the company's annual leave obligations. As the entity does not expect all annual leave to be taken within 12 months of the respective service being provided, annual leave obligations are now classified as long-term employee benefits in their entirety. This changes the measurement of these obligations, as the entire obligation is now measured on a discounted basis and no longer split into a short-term and a long-term portion. However, the impact of this change is considered immaterial on the financial statements overall as the majority of the annual leave is still expected to be taken within 12 months after the end of the reporting period.

None of the remaining new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2013 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

The company has not elected to apply any pronouncements before their mandatory operative date in the annual reporting period beginning 1 July 2013.

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**[®] branch at Goodwood, South Australia.

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

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

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:

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

- advice and assistance in relation to the design, layout and fit out of the **Community Bank**[®] branch
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

b) Revenue

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the company and any specific criteria have been met. Interest and fee revenue is recognised when earned. The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue. All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue calculation

The franchise agreement with Bendigo and Adelaide Bank Limited provides for three types of revenue earned by the company. First, the company is entitled to 50% of the monthly gross margin earned by Bendigo and Adelaide Bank Limited on products and services provided through the company that are regarded as “day to day” banking business (i.e. ‘margin business’). This arrangement also means that if the gross margin reflects a loss (that is, the gross margin is a negative amount), the company effectively incurs, and must bear, 50% of that loss.

The second source of revenue is commission paid by Bendigo and Adelaide Bank Limited on the other products and services provided through the company (i.e. ‘commission business’). The commission is currently payable on various specified products and services, including insurance, financial planning, common fund, Sandhurst Select, superannuation, commercial loan referrals, products referred by Rural Bank, leasing referrals, fixed loans and certain term deposits (>90 days). The amount of commission payable can be varied in accordance with the Franchise Agreement (which, in some cases, permits commissions to be varied at the discretion of Bendigo and Adelaide Bank Limited). This discretion has been exercised on several occasions previously. For example in February 2011 and February 2013 Bendigo and Adelaide Bank Limited reduced commissions on two core banking products to ensure a more even distribution of income between Bendigo and Adelaide Bank Limited and its **Community Bank**[®] partners. The revenue share model is subject to regular review to ensure that the interests of Bendigo and Adelaide Bank Limited and **Community Bank**[®] companies remain balanced.

The third source of revenue is a proportion of the fees and charges (i.e. what are commonly referred to as ‘bank fees and charges’) charged to customers. This proportion, determined by Bendigo and Adelaide Bank Limited, may vary between products and services and may be amended by Bendigo and Adelaide Bank Limited from time to time.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

c) Income tax

Current tax

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

Deferred tax

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

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

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

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

Current and deferred tax for the period

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

d) Employee entitlements

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

e) Cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

f) Trade receivables and payables

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

g) Property, plant and equipment

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

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

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

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

h) Intangibles

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

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

i) Payment terms

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

j) Borrowings

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

k) Financial instruments

Recognition and initial measurement

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

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

Derecognition

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

Classification and subsequent measurement

(i) Loans and receivables

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

(ii) Held-to-maturity investments

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

(iii) Available-for-sale financial assets

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

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

(iv) Financial liabilities

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

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

l) Leases

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

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

m) Provisions

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

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

n) Contributed equity

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

o) Earnings per share

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

p) Goods and Services Tax

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

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

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

Notes to the financial statements (continued)

Note 2. Financial risk management

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

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

(i) Market risk

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

(ii) Price risk

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

(iii) Credit risk

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

(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

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

(vi) Capital management

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

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

The distribution limit is the greater of:

- (a) 20% of the profit or funds of the franchisee otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the franchisee over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2014 can be seen in the statement of comprehensive income.

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

Notes to the financial statements (continued)

Note 3. Critical accounting estimates and judgements

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

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

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

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

Taxation

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

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

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

Estimation of useful lives of assets

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

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired branch/agency at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

The calculations require the use of assumptions.

Notes to the financial statements (continued)

Note 3. Critical accounting estimates and judgements (continued)

Impairment of assets

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

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

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

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

	2014 \$	2013 \$
Note 4. Revenue from ordinary activities		
Operating activities:		
- services commissions	580,519	588,456
Total revenue from operating activities	580,519	588,456
Non-operating activities:		
- interest received	651	16
Total revenue from non-operating activities	651	16
Total revenues from ordinary activities	581,170	588,472

Note 5. Expenses

Depreciation of non-current assets:

- plant and equipment	15,363	15,363
- leasehold improvements	3,599	3,599

Notes to the financial statements (continued)

	Note	2014 \$	2013 \$
Note 5. Expenses (continued)			
Amortisation of non-current assets:			
- franchise agreement		2,314	2,314
- franchise renewal fee		11,571	11,571
		32,847	32,847
Finance costs:			
- interest paid		-	330
Bad debts		(236)	66

Note 6. Income tax expense

The components of tax expense comprise:

- Future income tax benefit attributable to losses		-	-
- Movement in deferred tax		(1,420)	4,009
- Recoupment of prior year tax losses		22,335	22,579
		20,915	26,588

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

Operating profit		69,714	88,564
Prima facie tax on profit from ordinary activities at 30%		20,915	26,569
Add tax effect of:			
- non-deductible expenses		-	19
- timing difference expenses		1,420	(4,009)
		22,335	22,579
Movement in deferred tax	12	(1,420)	4,009
		20,915	26,588

Note 7. Cash and cash equivalents

Cash at bank and on hand		71,759	66,052
Term deposits		80,590	-
		152,349	66,052

Notes to the financial statements (continued)

	2014 \$	2013 \$
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Note 7. Cash and cash equivalents (continued)

Note 7.(a) Reconciliation to cash flow statement

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

Cash at bank and on hand	71,759	66,052
Term deposits	80,590	-
	152,349	66,052

Note 8. Trade and other receivables

Trade receivables	49,289	43,956
Prepayments	3,783	3,512
	53,072	47,468

Note 9. Sundry Debtor

Sundry Debtor - Centrelink	-	1,698
	-	1,698

The sundry debtor arose when Goodwood was reimbursed by Centrelink for parental leave paid to an employee. Goodwood had paid the amount on Centrelink's behalf and was reimbursed the amount after 30 June 2013.

Note 10. Property, plant and equipment

Plant and equipment

At cost	106,287	106,287
Less accumulated depreciation	(85,439)	(70,075)
	20,848	36,212

Computer equipment

At cost	247	247
Less accumulated depreciation	(247)	(247)
Total written down amount	-	-

Leasehold improvements

At cost	143,957	143,957
Less accumulated depreciation	(31,201)	(27,603)
	112,756	116,354
Total written down amount	133,604	152,566

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 10. Property, plant and equipment (continued)		
Movements in carrying amounts:		
Plant and equipment		
Carrying amount at beginning	36,211	50,634
Additions	-	941
Disposals	-	-
Less: depreciation expense	(15,363)	(15,364)
Carrying amount at end	20,848	36,211
Leasehold improvements		
Carrying amount at beginning	116,355	119,954
Additions	-	-
Disposals	-	-
Less: depreciation expense	(3,599)	(3,599)
Carrying amount at end	112,756	116,355
Total written down amount	133,604	152,566

Note 11. Intangible assets

Franchise fee

At cost	71,570	71,570
Less: accumulated amortisation	(67,886)	(65,572)
	3,684	5,998

Renewal processing fee

At cost	57,853	57,853
Less: accumulated amortisation	(46,494)	(34,923)
	11,359	22,930
Total written down amount	15,043	28,928

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 12. Tax		
Non-Current:		
Deferred tax assets		
- accruals	1,965	1,749
- employee provisions	3,719	2,516
- tax losses carried forward	102,856	125,190
	108,540	129,455
Net deferred tax asset	108,540	129,455
Movement in deferred tax charged to statement of comprehensive income	20,915	26,588

Note 13. Trade and other payables

Other creditors and accruals	21,287	21,298
	21,287	21,298

Note 14. Provisions

Current:

Provision for annual leave	8,444	6,189
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Non-Current:

Provision for long service leave	3,952	2,198
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Note 15. Contributed equity

817,810 Ordinary shares fully paid (2013: 817,810)	817,810	817,810
Less: equity raising expenses	(15,119)	(15,119)
	802,691	802,691

Rights attached to shares

(a) Voting rights

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

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

Notes to the financial statements (continued)

Note 15. Contributed equity (continued)

Rights attached to shares (continued)

(a) Voting rights (continued)

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

(b) Dividends

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

(c) Transfer

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

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

Prohibited shareholding interest

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

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").

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

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

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

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

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 16. Accumulated losses		
Balance at the beginning of the financial year	(406,209)	(451,828)
Net profit from ordinary activities after income tax	48,799	61,976
Dividends paid or provided for	(16,356)	(16,357)
Balance at the end of the financial year	(373,766)	(406,209)

Note 17. Statement of cash flows

Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities

Profit from ordinary activities after income tax	48,799	61,976
Non cash items:		
- depreciation	18,962	18,962
- amortisation	13,885	13,885
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(3,906)	1,115
- decrease in other assets	20,915	26,588
- decrease in payables	(11)	(1,046)
- increase/(decrease) in provisions	4,009	(12,786)
Net cash flows provided by operating activities	102,653	108,694

Note 18. Leases

Operating lease commitments

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

Payable - minimum lease payments:

- not later than 12 months	38,670	37,764
- between 12 months and 5 years	-	37,764
	38,670	75,528

The branch premises lease is a non-cancellable lease currently in its second five-year term with one further option to extend available in mid 2015. Rent payable monthly and increases annually by CPI.

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 19. Auditor's remuneration		
Amounts received or due and receivable by the auditor of the company for:		
- audit and review services	4,950	4,950
- non audit services	2,270	2,204
	7,220	7,154

Note 20. Director and related party disclosures

Detailed remuneration disclosures are provided in the remuneration report, included as part of the directors' report.

Transactions with Key Management Personnel

Susan Straschko is the owner of Highgate Pharmacy and operates the Highgate Agency of Goodwood **Community Bank**[®] Branch of Bendigo and Adelaide Bank Ltd

2,050 -

Timothy Campbell is the owner of Campbell Law and provides share registry services to the Goodwood **Community Bank**[®] Branch of Bendigo and Adelaide Bank Ltd

- -

Key Management Personnel Shareholdings

Ordinary shares fully paid

- -

Detailed shareholding disclosures are provided in the remuneration report, included as part of the directors' report.

Note 21. Dividends paid or provided

a. Dividends paid during the year

Current year dividend		
Unfranked dividend - 2 cents (2013: 2 cents) per share	16,356	16,356

Note 22. Earnings per share

		2014 \$	2013 \$
(a)	Profit/(Loss) attributable to the ordinary equity holders of the company used in calculating earnings per share	48,799	61,976
		Number	Number
(b)	Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	817,810	817,810

Notes to the financial statements (continued)

Note 23. Events occurring after the reporting date

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

Note 24. Contingent liabilities and contingent assets

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

Note 25. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank**[®] services in Goodwood, South Australia pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 26. Registered office/Principal place of business

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

Registered Office	Principal Place of Business
97 Goodwood Road Goodwood SA 5034	97 Goodwood Road Goodwood SA 5034

Note 27. Financial instruments

Financial Instrument Composition and Maturity Analysis

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

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 %	2013 %
Financial assets												
Cash and cash equivalents	71,759	66,052	80,590	-	-	-	-	-	-	-	0.62	0.08
Receivables	-	-	-	-	-	-	-	-	49,289	45,654	N/A	N/A
Financial liabilities												
Interest bearing liabilities	-	-	-	-	-	-	-	-	-	-	0.00	0.00
Payables	-	-	-	-	-	-	-	-	15,673	15,524	N/A	N/A

Notes to the financial statements (continued)

Note 27. Financial instruments (continued)

Net Fair Values

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

Credit Risk

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

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

Interest Rate Risk

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

Sensitivity Analysis

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

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

	2014 \$	2013 \$
Change in profit/(loss)		
Increase in interest rate by 1%	718	661
Decrease in interest rate by 1%	718	661
Change in equity		
Increase in interest rate by 1%	718	661
Decrease in interest rate by 1%	718	661

Directors' declaration

In accordance with a resolution of the directors of Goodwood-Highgate Community Financial Services Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

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



**Anthony Michael Keenan,
Chairperson**

Signed on the 28th of August 2014.

Independent audit report



Independent auditor's report to the members of Goodwood/Highgate Community Financial Services Limited

Report on the financial report

I have audited the accompanying financial report of Goodwood/Highgate Community Financial Services Limited, which comprises the balance sheet as at 30 June 2014, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on my 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, I consider internal controls relevant to the entity's preparation and 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.

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

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

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

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

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Independent audit report (continued)

Independence

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

Auditor's opinion on the financial report

In my opinion:

1. The financial report of Goodwood/Highgate Community Financial Services Limited is in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 30 June 2014 and of its financial performance and its cash flows for the year then ended and complying with Australian Accounting Standards and the Corporations Regulations 2001.
2. The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the remuneration report

I have audited the remuneration report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. My responsibility is to express an opinion on the remuneration report, based on the audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In my opinion, the remuneration report of Goodwood/Highgate Community Financial Services Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.



David Hutchings
Andrew Frewin Stewart
61 Bull Street Bendigo Vic 3550

Dated: 28 August 2014

Goodwood **Community Bank**[®] Branch
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