Annual Report 2014

Hawkesbury Community Financial Services Limited

ABN 97 099 838 463

North Richmond and Richmond **Community Bank**® Branches

Hawkesbury Community Financial Services Limited

Annual Report 2014

Contents

Chairman's Report

It is my pleasure to report on the progress of Hawkesbury Community Financial Services Limited (the company) during the year ended 30 June 2014.

Results

Following the opening of the Richmond Sub Branch in November of 2013 and, despite an increase of banking business of $21.6 million from $127.14 million to $148.7 million, the company incurred a loss for the year of $42,624. This was in line with the Board's expectations for Richmond's first year of operation.

In the years prior to opening Richmond sub branch, your Board took steps to retain profits and accumulate franking credits to enable the company to continue to pay fully franked dividends for the expected time until the Richmond sub branch would become profitable.

As a result, your Board is pleased to announce that a final fully franked dividend of 14 cents per share was approved at our July Board meeting and this will be paid by the end of December 2014.

External Factors

Income margins have continued to tighten with the result that revenue has decreased despite the significant increase in banking business. The banking business increased by 16.99% but the revenue decreased by 5.1%.

Community

As can be seen from the accounts, our result was in fact a profit before donations, however your Board has continued to honour its commitment to the Hawkesbury to provide benefits to the community. In prior years, again in preparation for the opening of Richmond sub branch, we have lodged funds with the Bendigo Community Enterprise Foundation™, and some of these funds have been used to benefit the community this year in addition to those funds shown in the accounts as donations and sponsorships.

Staff

Our staff, both long-term and new, are providing great service to our customers and also assist the Board with a number of administrative tasks.

Our Manager Tony has taken over as Chair of the Community Relations Committee dealing with grant requests, and he is ably assisted by Kellie, who is also assisting our Company Secretary with administrative tasks. Liz has proved to be an invaluable asset in assisting the Treasurer and making sure all the bills are paid on time. Liz joins the growing ranks of staff that have completed ten years' service this year.

Tony and Chris now divide their time between North Richmond and Richmond where they support and assist Gail who is now permanently overseeing the Richmond sub branch.

Directors

Again a resounding vote of thanks is due to our volunteer Directors. Regrettably Phill and Martin will be leaving the Board after the AGM having moved out of the district. Phill has been a Board member for 11 years and has been Vice Chair of the Board, and Chair of the Community Relations Committee (CRC). Martin has been on the Board for five years and served on the Audit Committee and CRC Committee, and has been assistant Company Secretary. They will both be sorely missed.

Our Company Secretary Lesley is also retiring as a Director at the AGM, however we are not losing her expertise just yet as she will continue in her role as Company Secretary.

The Future

We expect to continue with rapid growth for Richmond sub branch and continued but slightly slower growth for North Richmond branch in the coming year. Expectations are that next year's consolidated result will be break even or better.

By the end of financial year 2014/15 it is expected that we will face the additional expense of converting the Richmond sub branch into a full branch, after which we will take a little time to rebuild our balance sheet. Overall we are on track to continue providing benefits to the Hawkesbury. Please remember to tell others about the benefits of doing business with your local Community Bank® branch which is so much 'Bigger than a bank'!

Trevor Hitchcock FAICD IENG MIET
Chairman

Congratulations to Liz on completing 10 years service.

Manager's Report

What a Great Year

The last financial year has been one of growth. We have opened a new branch at Richmond and grown our total banking business to over $148 million over the two branches. The new sub branch at Richmond has enabled us to employ another six people in the business helping the local economy grow and providing an increased level of service to the community.

It was so pleasing that during this time of expansion and the costs associated with it that we were still able to provide nearly $150,000 in donations and sponsorship. This is the third year in a row we have been able to support the local community groups with close to or more than $150,000. Providing the money to the community is one of the reasons the Board and staff believed in opening the new branch at Richmond. We are aiming to grow our business and therefore also grow the profits which in turn can be invested back into the local economy.

It is very pleasing to see how the people of Richmond have responded to the new sub branch, and just like North Richmond, they can see that banking isn't just about selling the customer a product, but instead it is about providing a friendly and inviting atmosphere were customers can be provided solutions to their needs.

Bendigo Bank has recently launched a new national marketing campaign under the banner **'Bigger than a bank'**. It aims to highlight that yes we are a bank but we are also more than that. I am proud to say that staff at both our Richmond and North Richmond **Community Bank®** branches embodies the **'Bigger than a bank'** concept and this is evident in their daily interactions with our customers and the support provided to the local community.

The excellent service we pride ourselves on comes from our great team at North Richmond of Chris, Kellie, Jo, Liz, Vicki, Sue, Mel and Julie. The same level of service is provided by the great team of Gail, Lisa, Kristy, Rebecca and Emma at Richmond. All of us are supported by the brilliant volunteer Board of Directors; Trevor, Phill, Lesley, Bill, Martin, John, Rowan, Louise, Shayne and Don. Their continual support and guidance ensures the branches continue to grow and provide benefits to the community.

Of course another important part of any business is the customers. I thank all of our customers for their continual support and we look forward to helping them grow their personal and business wealth.

Tony Weller
Manager

Our Point of Difference is that We <u>Make</u> a Difference

Provision of Replacement Bus for Bridges Disability Services Hawkesbury

Presentation of Special Bath for installation at Kurrajong & District Community Nursing Home
(L to R) Sandy Barratt (Activities Officer) and Carol Allison (DON), Trevor Hitchcock, Tony Weller

Hawkesbury Community Financial Services Limited

Financial Statements

as at

30 June 2014

Hawkesbury Community Financial Services Limited
ABN 97 099 838 463
Directors' report

Your Directors present their report of the company for the financial year ended 30 June 2014. The information in the preceding operating and financial review forms part of this Directors' report for the financial year ended 30 June 2014 and is to be read in conjunction with the following information:

Directors

The following persons were directors of Hawkesbury Community Financial Services Limited during or since the end of the financial year up to the date of this report:

Name and position held	Qualifications	Experience and other Directorships
Trevor George Hitchcock Appointed 27 March 2002 **Chairman**	Ieng(CEI) MIET FAICD	Previously Director in the UK South Africa and Australia of the following Companies Klippon Electricals, C.A. Weidmuller, Quality Electrical Distributors
Phillip John Isaacs Appointed 21-Dec-03 **Director**	B.Sc M.Sc MAACB	Previously V.P. Asia Pacific Cytyc Corporation M.D. Beckman Instruments Currently Director Genetic Signatures
Lesley Jean Carbery Appointed 24-Jan-05 **Director, Company Secretary**	BA(HONS) GradDip FinMgt GradDip ACG MAICD, FGIA, FCIS	Previous Director Playgroup Association of NSW, Nexus Theatre Inc, Director and Company Secretary The Australian Writers Theatre Ltd and current Director and Company Secretary of Loss Management Services Pty Ltd
Martin Howard Burton Appointed 23-Mar-09 **Director**	AMBIM MCIT Grad ASC (UK) ARCG	Director Residents Committee AVEO Bayview Gardens and Belrose Probus Club.
William John Kerr Appointed 27-Jul-09 **Director**	MBA M.Sc. (Immunol) B.Sc. (Hon.Microb)	Over 30 years of continuing Australian and International experience in general management, Consulting and Academic roles
Robert Edward Bennell Peirce Appointed 27-Mar-09 **Director** resigned 25-Nov-13	FCPA CPA	Previously a director of Creatic Pty Ltd, Previously National Financial Controller of several divisions of Australian National Industries, 50 years accounting experience
John Douglas MacFarlane Appointed 27-Nov-12 **Director**	B.SC (Hons) M.Stats FAPI	Previously Director Hawkaid Research and Development, Associate Dean College of Business UWS President Pacific Rim Real Estate Society
Rowan Parker Appointed 27-Nov-12 **Director**	Current Undergraduate Bachelor of Business (Finance)	Years of experience in software and website design, search engine optimisation and business systems analyses.
Louise McMahon Appointed 22-Jul-13 **Director**	MAppSci BA (Journalism)	A corporate communications stratagist. A career spanning 30 years working at managerial level for international corporations and within the government sectors of health, education and environment.
Shayne Ryan Appointed 26-Nov-13 **Director**		20 years experience in general management.
Donald John Shaddick Appointed 29-Apr-14 **Director**	DipLaw (SAB) ACC SPEC Bus Law	Legal practitioner for 42 years. Previous Company Secretary HCFS. Previous Director of Richmond golf club Limited. Director of private companies.

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

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

Hawkesbury Community Financial Services Limited
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Directors' report

Principal activities

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

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

Review of operations

The loss of the company for the financial year after provision for income tax was $42,240 (2013 profit: $155,843, which is a 127% decrease as compared with the previous year.

The net assets of the company have decreased to $1,470,681 (2013: $1,600,807). The increase/ decrease is largely due to the opening of the Richmond branch.

Dividends	**Year ended 30 June 2014**	
	Cents per share	**$**
Dividends paid in the year (final) dividend:	14	87,501

Significant changes in the state of affairs

No significant changes in the company's state of affairs occurred during the financial year.

Events subsequent to reporting date

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

Remuneration report

Remuneration policy

There has been no remuneration policy developed as Director positions are held on a voluntary basis and Directors are not remunerated for their services.

Remuneration benefits and payments

Other than detailed below, no Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Hawkesbury Community Financial Services Limited
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Directors' report

The Hawkesbury Community Financial Services Limited has accepted the Bendigo and Adelaide Bank Limited's **Community Bank®** Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be $30 for the year ended 30 June 2014. The estimated benefit per Director is as follows:

Remuneration report (continued)

	2014
Trevor George Hitchcock	-
Phillip John Isaacs	-
Lesley Jean Carbery	-
Martin Howard Burton	-
William John Kerr	-
Robert Edward Bennell Peirce	30
John Douglas MacFarlane	-
Rowan Parker	-
Louise McMahon	-
Shayne Ryan	-
	30

Indemnifying officers or Auditor

The company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The company also has Officers Insurance for the benefit of Officers of the company against any liability occurred by the Officer, which includes the Officer’s liability for legal costs, in or arising out of the conduct of the business of the company or in or arising out of the discharge of the Officer’s duties.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an Auditor of the company.

Directors' meetings

The number of Directors' meetings held during the year were 12. Attendances by each Director during the year were as follows:

Director	**Board meetings #**	**Audit Committee meetings #**
Trevor George Hitchcock	12 (12)	3 (3)
Phillip John Isaacs	9 (12)	N/A
Lesley Jean Carbery	10 (12)	1 (3)
Martin Howard Burton	12 (12)	2 (3)
William John Kerr	8 (12)	N/A
Robert Edward Bennell Peirce	4 (5)	N/A
John Douglas MacFarlane	12 (12)	3 (3)
Rowan Parker	12 (12)	2 (3)
Louise McMahon	9 (12)	N/A
Shayne Ryan	7 (7)	N/A
Donald John Shaddick	2 (3)	N/A

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

Hawkesbury Community Financial Services Limited
ABN 97 099 838 463
Directors' report

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation. However, the Board believes that the company has adequate systems in place for the management of its environment requirements and is not aware of any breach of these environmental requirements as they apply to the company.

Proceedings on behalf of company

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

Company Secretary

Lesley Carbery has been the Company Secretary of Hawkesbury Community Financial Services Limited since 25/2/2008. Lesley's qualifications and experience include, BA (HONS), GradDip FinMgt, GradDip ACG, MAICD, FGIA, FCIS.

Non audit services

The Board of Directors, in accordance with advice from the audit committee, are 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 in Note 5 did not compromise the external Auditor's independence for the following reasons:

- all non audit services are reviewed and approved by the Audit Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the Auditor; and

- the nature of the services provided does 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.

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 5 of this financial report. No officer of the company is or has been a partner of the Auditor of the company.

Signed in accordance with a resolution of the Board of Directors at Hawkesbury on
8 September 2014.

Trevor Hitchcock
Director

Richmond Sinnott & Delahunty
Chartered Accountants

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Bendigo, Victoria
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Auditor's Independence Declaration under section 307C of the Corporations Act 2001 to the Directors of Hawkesbury Community Financial Services Limited

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

(i) the Auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

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

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

P.P. Delahunty
Partner
Dated at Bendigo, 8 September 2014

Richmond Sinnott & Delahunty
ABN 60 616 244 309
Liability limited by a scheme approved under Professional Standards Legislation

Partners:
Philip Delahunty
Cara Hall
Kathie Teasdale
Brett Andrews
David Richmond

Hawkesbury Community Financial Services Limited
ABN 97 099 838 463
Statement of profit or loss and Other Comprehensive Income
for the year ended 30 June 2014

	Notes	2014 $	2013 $
Revenue	2	1,035,894	1,102,414
Employee benefits expense	3	(663,251)	(435,549)
Depreciation and amortisation expense	3	(37,257)	(30,932)
Finance costs	3	(6,267)	(8,063)
Bad and doubtful debts expense	3	(3,592)	(958)
Rental expense		(22,881)	-
Other expenses		(282,559)	(244,734)
Operating profit/(loss) before charitable donations & sponsorships		20,087	382,178
Charitable donations and sponsorships		(73,838)	(160,786)
Profit/(loss) before income tax expense		(53,751)	221,392
Tax expense / (benefit)	4	(11,127)	65,549
Profit/(loss) for the year		(42,624)	155,843
Other comprehensive income		-	-
Total comprehensive income		(42,624)	155,843
Profit/(loss) attributable to members of the company		(42,624)	155,843
Total comprehensive income attributable to members of the company		(42,624)	155,843
Earnings per share (cents per share)			
- basic for profit / (loss) for the year	22	(6.82)	24.93

The accompanying notes form part of these financial statements

Hawkesbury Community Financial Services Limited
ABN 97 099 838 463
Statement of financial position
As at 30 June 2014

	Notes	2014 $	2013 $
Assets			
Current assets			
Cash and cash equivalents	6	972,712	1,263,750
Trade and other receivables	7	98,181	90,677
Current tax receivable		13,619	6,045
Total current assets		1,084,512	1,360,472
Non-current assets			
Property, plant and equipment	8	522,149	384,759
Deferred tax asset	4	10,898	-
Intangible assets	9	53,483	46,149
Total non-current assets		586,530	430,908
Total assets		1,671,042	1,791,380
Liabilities			
Current liabilities			
Trade and other payables	10	57,430	47,069
Loans and borrowings	11	19,561	18,173
Provisions	12	62,510	35,284
Total current liabilities		139,501	100,526
Non current liabilities			
Loans and borrowings	11	60,859	80,370
Provisions	12	-	9,677
Total non current liabilities		60,859	90,047
Total liabilities		200,360	190,573
Net assets		1,470,682	1,600,807
Equity			
Issued capital	13	625,009	625,009
Retained earnings	14	770,673	900,798
Asset revaluation reserve		75,000	75,000
Total equity		1,470,682	1,600,807

The accompanying notes form part of these financial statements

Hawkesbury Community Financial Services Limited
ABN 97 099 838 463
Statement of changes in equity
for the year ended 30 June 2014

	Note	Issued capital $	Retained earnings $	Asset Revaluation Reserve $	Total equity $
Balance at 1 July 2012		**625,009**	**832,456**	**75,000**	**1,532,465**
Total comprehensive income for the year		-	155,843	-	155,843
Transactions with owners, in their capacity as owners					
Shares issued during the year		-	-	-	-
Dividends paid or provided	23	-	(87,501)	-	(87,501)
Balance at 30 June 2013		**625,009**	**900,798**	**75,000**	**1,600,807**
Balance at 1 July 2013		**625,009**	**900,798**	**75,000**	**1,600,807**
Total comprehensive income for the year		-	(42,624)	-	(42,624)
Transactions with owners, in their capacity as owners					
Shares issued during the year		-	-	-	-
Dividends paid or provided	23	-	(87,501)	-	(87,501)
Balance at 30 June 2014		**625,009**	**770,673**	**75,000**	**1,470,682**

The accompanying notes form part of these financial statements

Hawkesbury Community Financial Services Limited
ABN 97 099 838 463
Statement of cash flows
For the year ended 30 June 2014

	Notes	2014 $	2013 $
Cash flows from operating activities			
Receipts from customers		1,044,349	1,165,850
Payments to suppliers and employees		(1,067,719)	(945,845)
Interest paid		(6,391)	(8,238)
Interest received		33,673	46,203
Income tax paid		(7,346)	(77,139)
Net cash provided by/(used in) operating activities	15	(3,434)	180,831
Cash flows from investing activities			
Purchase of property, plant & equipment		(161,980)	(7,486)
Purchase of intangible assets		(20,000)	(57,686)
Net cash flows from/(used in) investing activities		(181,980)	(65,172)
Cash flows from financing activities			
Repayment of borrowings		(18,123)	(16,617)
Dividends paid		(87,501)	(87,501)
Net cash provided by/(used in) financing activities		(105,624)	(104,118)
Net increase/(decrease) in cash held		(291,038)	11,541
Cash and cash equivalents at beginning of financial year		1,263,750	1,252,209
Cash and cash equivalents at end of financial year	6	972,712	1,263,750

The accompanying notes form part of these financial statements

These financial statements and notes represent those of Hawkesbury Community Financial Services Limited.

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

The financial statements were authorised for issue by the Directors on 9 September 2014.

1. Summary of significant accounting policies

(a) Basis of preparation

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

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

Economic Dependency

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

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

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

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank®** branch franchise operations. It also continues to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

- Advice and assistance in relation to the design, layout and fit out of the Community Bank® branch;
- Training for the branch managers and 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
- Sale techniques and proper customer relations.

1. Summary of significant accounting policies (continued)

(b) Income tax

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

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

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

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

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

(c) Fair value of assets and liabilities

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

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

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

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

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

The fair value of the liabilities and the entity's own equity instruments may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted, and where significant, are detailed in the respective note to the financial statements.

1. Summary of significant accounting policies (continued)

(d) Property, plant and equipment

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

Property

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss. Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

The carrying amount of land and buildings is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses related to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

1. Summary of significant accounting policies (continued)

(d) Property, plant and equipment (continued)

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

Class of asset	*Depreciation rate*
Buildings	2.5%
Leasehold improvements	2.5 - 25%
Plant & equipment	2.5 - 25%

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(e) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset - but not the legal ownership - are transferred to entities in the company, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

(f) Impairment of assets

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

1. Summary of significant accounting policies (continued)

(g) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(h) Employee benefits

Short-term employee benefits
Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

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

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

(i) Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the Statement of Profit or Loss and Other Comprehensive Income.

(j) Cash and cash equivalents

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

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

1. Summary of significant accounting policies (continued)

(k) Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Revenue comprises service commissions and other income received by the company.

Interest, dividend and fee revenue is recognised when earned.

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

(l) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(m) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(n) Borrowing costs

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

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

Employee benefits
The company adopted AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) from the mandatory application date of 1 January 2013. The company has applied these Standards retrospectively in accordance with AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors and the transitional provisions of AASB 119 (September 2011).

For the purpose of measurement, AASB 119 (September 2011) defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. In accordance with AASB 119 (September 2011), provisions for short-term employee benefits are measured at the (undiscounted) amounts expected to be paid to employees when the obligation is settled, whereas provisions that do not meet the criteria for classification as short-term (other long-term employee benefits) are measured at the present value of the expected future payments to be made to employees.

As the company expects that all of its employees would use all of their annual leave entitlements earned during a reporting period before 12 months after the end of the reporting period, adoption of AASB 119 (September 2011) did not have a material impact on the amounts recognised in respect of the company's employee provisions. Note also that adoption of AASB 119 (September 2011) did not impact the classification of leave entitlements between current and non-current liabilities in the company's financial statements.

1. Summary of significant accounting policies (continued)

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

AASB 119 (September 2011) also introduced changes to the recognition and measurement requirements applicable to termination benefits and defined benefit plans. As the company did not have any of these types of obligations in the current or previous reporting periods, these changes did not impact the company's financial statements.

Fair value measurement

The company has applied AASB 13: Fair Value Measurement and the relevant consequential amendments arising from the related Amending Standards prospectively from the mandatory application date of 1 January 2013 and in accordance with AASB 108 and the specific transitional requirements in AASB 13.

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

No material adjustments to the carrying amounts of any of the company's assets or liabilities were required as a consequence of applying AASB 13. Nevertheless, AASB 13 requires enhanced disclosures regarding assets and liabilities that are measured at fair value and fair values disclosed in the company's financial statements.

The disclosure requirements in AASB 13 need not be applied by the company in the comparative information provided for periods before initial application of AASB 13 (that is, periods beginning before 1 January 2013). However, as some of the disclosures now required under AASB 13 were previously required under other Australian Accounting Standards, such as AASB 7: Financial Instruments: Disclosures, the company has provided this previously provided information as comparatives in the current reporting period.

(p) New accounting standards for application in future periods

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

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

(i) AASB 9 *Financial Instruments* and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

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

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

1. Summary of significant accounting policies (continued)

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

(ii) AASB 2012-3: *Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to impact the company's financial statements.

(iii) AASB 2013-3: *Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets* (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard amends the disclosure requirements in AASB 136: *Impairment of Assets* pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the company's financial statements.

(q) Loans and borrowings

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

(r) Provisions

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

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

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

(s) Share capital

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

(t) Comparative figures

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

(u) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company. Estimates and judgements are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and judgements that have a significant risk of causing material adjustments to the carrying values of assets and liabilities are as follows:

1. Summary of significant accounting policies (continued)

(u) Critical accounting estimates and judgements (continued)

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation changes for its property, plant and equipment and intangible assets. The depreciation and amortisation charge will increase where useful lives are less than previously estimated lives.

Fair value assessment of non-current physical assets

The new AASB 13 Fair Value standard requires fair value assessments that may involved both complex and significant judgement and experts. The value of land and buildings may be materially misstated and potential classification and disclosure risks may occur.

Employee benefits provision

Assumptions required for wage growth and CPI movements. The likelihood of employees reaching unconditional service is estimated. Treatment of leave under updated AASB 119 standard.

Income tax

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

Impairment

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

(v) Financial instruments

Initial recognition and measurement

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

Classification and subsequent measurement

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

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method.*

1. Summary of significant accounting policies (continued)

(v) Financial instruments (continued)

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discount estimated future cash payments or receipts over the expected life (or where this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability.

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

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

Impairment

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

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

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

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

Derecognition of financial instruments

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

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	2014	2013
2. Revenue and other income	$	$
Revenue		
- services commissions	1,002,221	1,051,358
	1,002,221	1,051,358
Other revenue		
- interest received	33,673	46,204
- other revenue	-	4,852
	33,673	51,056
Total revenue	1,035,894	1,102,414

3. Expenses

	2014	2013
Employee benefits expense		
- wages and salaries	568,387	381,768
- superannuation costs	60,352	38,285
- other costs	34,512	15,496
	663,251	435,549
Depreciation of non-current assets:		
- plant and equipment	23,174	19,395
Amortisation of non-current assets:		
- intangible assets	14,083	11,537
	37,257	30,932
Finance costs:		
- Interest paid	6,267	8,063
Bad debts	3,592	958

4. Tax Expense

a. The components of tax expense/(income) comprise

	2014	2013
- current tax expense/(income)	(10,898)	65,549
- deferred tax expense/(income) relating to the origination and reversal of temporary differences	-	-
- recoupment of prior year tax losses	-	-
- adjustments for under/(over)-provision of current income tax of previous years	(229)	-
	(11,127)	-

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4. Tax Expense (continued)	**2014** **$**	**2013** **$**
b. The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit/(loss) before income tax at 30% (2013: 30%)	(16,125)	66,418
Add tax effect of:		
- Adjustments in respect of current income tax of previous year	(229)	-
- Utilisation of previously unrecognised carried forward tax losses		-
- Non-deductible expenses	5,227	(869)
Current income tax expense	(11,127)	65,549
Income tax attributable to the entity	(11,127)	65,549
The applicable weighted average effective tax rate is	20.70%	29.61%

5. Auditors' remuneration

Remuneration of the Auditor for:

- Audit or review of the financial report	4,800	4,150
- Taxation services	-	550
- Share registry services	3,199	3,983
	7,999	8,683

6. Cash and cash equivalents

Cash at bank and on hand	972,712	1,263,750

7. Trade and other receivables

Current		
Trade debtors	98,181	90,677

Credit risk

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

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

7. Trade and other receivables (continued)

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

			Past due but not impaired			
2014	**Gross amount**	**Past due and impaired**	**< 30 days**	**31-60 days**	**> 60 days**	**Not past due**
Trade receivables	98,181	-	-	-	-	98,181
Total	98,181	-	-	-	-	98,181
2013						
Trade receivables	90,677	-	-	-	-	90,677
Total	90,677	-	-	-	-	90,677

8. Property, plant and equipment

	2014 $	2013 $
Land		
At fair value	107,500	107,500
Buildings		
At fair value	321,866	321,866
Less accumulated depreciation	- 105,216	- 95,310
	216,650	226,556
Leasehold improvements		
At cost	56,667	-
Less accumulated depreciation	(1,840)	-
	54,827	-
Plant and equipment		
At cost	255,586	150,273
Less accumulated depreciation	(112,414)	(99,570)
	143,172	50,703
Total written down amount	522,149	384,759

Movements in carrying amounts

	2014 $	2013 $
Land		
Balance at the beginning of the reporting period	107,500	107,500
Additions	-	-
Disposals	-	-
Depreciation expense	-	-
Balance at the end of the reporting period	107,500	107,500

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8. Property, plant and equipment (continued)	**2014** **$**	**2013** **$**
Buildings		
Balance at the beginning of the reporting period	226,556	236,462
Additions	-	-
Disposals	-	-
Depreciation expense	(9,906)	(9,906)
Balance at the end of the reporting period	216,650	226,556
Leasehold improvements		
Balance at the beginning of the reporting period	-	-
Additions	56,667	-
Disposals	-	-
Depreciation expense	(1,840)	-
Balance at the end of the reporting period	54,827	-
Plant and equipment		
Balance at the beginning of the reporting period	50,703	52,706
Additions	105,313	7,486
Disposals	-	-
Depreciation expense	(12,844)	(9,489)
Balance at the end of the reporting period	143,172	50,703

9. Intangible assets

Franchise fee		
At cost	11,537	11,537
Less accumulated amortisation	(4,307)	(2,307)
	7,230	9,230
Preliminary expenses		
At cost	66,149	46,149
Less accumulated amortisation	(19,896)	(9,230)
	46,253	36,919
Total Intangible assets	53,483	46,149

Movements in carrying amounts

Franchise fee		
Balance at the beginning of the reporting period	9,230	-
Additions	-	11,537
Disposals	-	-
Amortisation expense	(2,000)	(2,307)
Balance at the end of the reporting period	7,230	9,230
Preliminary expenses		
Balance at the beginning of the reporting period	36,919	
Additions	20,000	46,149
Disposals	-	-
Amortisation expense	(10,666)	(9,230)
Balance at the end of the reporting period	46,253	36,919

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10. Trade and other payables

Current		
Unsecured liabilities:		
Trade creditors	32,075	23,168
Other creditors and accruals	25,355	23,901
	57,430	47,069

11. Borrowings

Bank Loans current	19,561	18,173
Bank Loans non current	60,859	80,370
	80,420	98,543

Bank loans are repayable monthly with the final instalment due on 10 March 2018. The loans are secured by mortgage over the freehold land and building of the company.

12. Provisions

Employee benefits	62,510	44,961
Movement in employee benefits		
Opening balance	44,961	47,215
Additional provisions recognised	17,549	6,828
Amounts utilised during the year	-	(9,082)
Closing balance	62,510	44,961
Current		
Annual leave	21,333	10,373
Long-service leave	37,235	24,911
	58,568	35,284
Non-current		
Long-service leave	3,942	9,677
	3,942	9,677
Total provisions	62,510	44,961

Provision for employee benefits

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

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

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

	2014 $	2013 $
13. Share capital		
625009 Ordinary shares fully paid of $1 each	625,009	625,009
Less: Equity raising costs	-	-
	625,009	625,009
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	625,009	625,009
Shares issued during the year	-	-
At the end of the reporting period	625,009	625,009

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

Capital management

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

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

(i) the Distribution Limit is the greater of:
  (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
  (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and
(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

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

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

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	2014 $	2013 $
14. Retained earnings		
Balance at the beginning of the reporting period	900,798	832,456
Profit/(loss) after income tax	(42,624)	155,843
Dividends Paid	(87,501)	(87,501)
Balance at the end of the reporting period	770,673	900,798

15. Statement of cash flows

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

	2014 $	2013 $
Profit / (loss) after income tax	(42,624)	155,843
Non cash items		
- Depreciation	24,590	19,395
- Amortisation	12,666	11,537
Changes in assets and liabilities		
- (Increase) decrease in receivables	(7,504)	4,115
- (Increase) decrease in deferred tax asset	(18,472)	(11,590)
- Increase (decrease) in payables	10,361	3,785
- Increase (decrease) in provisions	17,549	(2,254)
Net cash flows from/(used in) operating activities	(3,434)	180,831

16. Related party transactions

The company's main related parties are as follows:

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

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

(c) Transactions with key management personnel and related parties Other than detailed below, no key management personnel or related party has entered into any contracts with the company. No Director fees have been paid as the positions are held on a voluntary basis.

The Hawkesbury Community Financial Services Limited has accepted the Bendigo and Adelaide Bank Limited's **Community Bank®** Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Ltd shares and there is no qualification period to qualify to utilise the benefits.

The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be $30 for the year ended 30 June 2014. The estimated benefits per Director is as follows:

	2014
Trevor George Hitchcock	-
Phillip John Isaacs	-
Lesley Jean Carbery	-
Martin Howard Burton	-
William John Kerr	-
Robert Edward Bennell Peirce	30
John MacFarlane	
Rowan Parker	
Louise McMahon	
Shane Ryan	
Donald Shaddick	
	30

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16. Related party transactions (continued)

(d) Key management personnel shareholdings
The number of ordinary shares in Hawkesbury Community Financial Services Limited held by each key management personnel of the company during the financial year is as follows:

	2014	2013
Trevor George Hitchcock	11,001	11,001
Phillip John Isaacs	5,001	5,001
Lesley Jean Carbery	10,000	10,000
Martin Howard Burton	1,000	1,000
William John Kerr	-	-
Robert Edward Bennell Peirce	1,000	1,000
John MacFarlane	500	500
Rowan Parker	500	500
Louise McMahon	1,500	1,500
Shayne Ryan	-	-
Donald Shaddick	7,000	7,000

There was no movement in key management personnel shareholdings during the year. Each share held has a paid up value of $1 and is fully paid.

(e) Other key management transactions
There has been no other transactions involving equity instruments other than those described above.

17. Events after the reporting period

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

18. Contingent liabilities and assets

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

19. Leases	2014	2013
	$	$
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments		
- no later than 12 months	41,329	-
- between 12 months and 5 years	141,972	-
- greater than 5 years	-	-
	183,301	-

The property lease is a non-cancellable lease with a 5 year term, with rent payable monthly in advance and annual increases of 4% each year.

20. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one geographic area being Hawkesbury, NSW. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2013: 100%).

21. Company details

The registered office and principle place of business is:	Shop 7 & 8 Riverview Street North Richmond NSW 2758

22. Earnings per share

	2014 $	2013 $
Basic earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year.		
Diluted earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).		
The following reflects the income and share data used in the basic and diluted earnings per share computations:		
Profit/(loss) after income tax expense	(42,624)	155,843
Weighted average number of ordinary shares for basic and diluted earnings per share	625,009	625,009

23. Dividends paid or provided for on ordinary shares

A final fully franked ordinary dividend of 14 cents per share (2013: 14 cents) franked at the tax rate of 30% (2013: 30%).	87,501	87,501

24. Fair value measurements

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

- freehold land and buildings

The company subsequently measures some items of freehold land and buildings at fair value on a non-recurring basis.

The company does not subsequently measure any liabilities 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.

24. Fair value measurements (continued)

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:

- *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 recurring basis after initial recognition and their categorisation within the fair value hierarchy:

		30 June 2014			
		Level 1	Level 2	Level 3	Total
	Note	$	$	$	$
Recurring fair value measurements					
Non-financial assets					
Freehold land		-	107,500	-	107,500
Freehold buildings		-	216,650	-	216,650
Total non-financial assets recognised at fair value on a recurring basis		-	324,150	-	324,150
Non-recurring fair value measurements		-	-	-	-

		30 June 2013			
		Level 1	Level 2	Level 3	Total
	Note	$	$	$	$
Recurring fair value measurements					
Non-financial assets					
Freehold land		-	107,500	-	107,500
Freehold buildings		-	226,556	-	226,556
Total non-financial assets recognised		-	334,056	-	334,056
Non-recurring fair value measurements		-	-	-	-

There were no transfers between Level 1 and Level 2 for assets measured at fair value on a recurring basis during the reporting period (2013: no transfers).

24. Fair value measurements (continued)

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

Description	Fair value at 30 June 2014 $	Description of valuation techniques	Inputs used
Land and Buildings	324,150	Market approach using recent observable market data for similar properties	Valuation

(i) The fair value of freehold land and buildings is determined at least every three years based on valuations by an independent valuer. At the end of each intervening period, the Directors review the independent valuation and, when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data and discounted cash flow methodologies.

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

25. Financial risk management

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

	Note	2014 $	2013 $
Financial assets			
Cash and cash equivalents	6	972,712	1,263,750
Trade and other receivables	7	98,181	90,677
Total financial assets		1,070,893	1,354,427
Financial liabilities			
Trade and other payables	10	57,430	47,069
Bank Loans	11	80,420	98,543
Total financial liabilities		137,850	145,612

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board.

Specific financial risk exposure and management

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

(a) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the company it arises from receivables and cash assets.

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

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the statement of financial position.

The company's exposure to credit risk is limited to Australia by geographic area. The majority of receivables are due from Bendigo and Adelaide Bank Limited.

None of the assets of the company are past due (2013: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

25. Financial risk management (continued)

(a) Credit risk (continued)

The company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Limited and therefore credit risk is considered minimal.

	2014 $	2013 $
Cash and cash equivalents:		
A rated	972,712	1,263,750

(b) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

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

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

Financial liability and financial asset maturity analysis:

30 June 2014	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial liabilities due					
Trade and other payables	**10**	57,430	57,430	-	-
Loans and borrowings	**11**	80,420	19,561	60,859	-
Total expected outflows		137,850	76,991	60,859	-
Financial assets - realisable					
Cash & cash equivalents	**6**	972,712	972,712	-	-
Trade and other receivables	**7**	98,181	98,181	-	-
Total anticipated inflows		1,070,893	1,070,893	-	-
Net (outflow)inflow on financial instruments		933,043	993,902	(60,859)	-

25. Financial risk management (continued)

(b) Liquidity risk (continued)

30 June 2013		**Total** **$**	**Within 1 year** **$**	**1 to 5 years** **$**	**Over 5 years** **$**
Financial liabilities due					
Trade and other payables	**10**	47,069	47,069	-	-
Loans and borrowings	**11**	98,543	18,173	80,370	-
Total expected outflows		145,612	65,242	80,370	-
Financial assets - realisable					
Cash & cash equivalents	**6**	1,263,750	1,263,750	-	-
Trade and other receivables	**7**	90,677	90,677	-	-
Total anticipated inflows		1,354,427	1,354,427	-	-
Net (outflow)/inflow on financial instruments		1,208,815	1,289,185	80,370	-

(c) Market risk

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

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

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

Sensitivity analysis

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

25. Financial risk management (continued)

(c) Market risk (continued)

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

	Profit	Equity
Year ended 30 June 2014	**$**	**$**
+/- 1% in interest rates (interest income)	8,923	8,923
	8,923	8,923
Year ended 30 June 2013		
+/- 1% in interest rates (interest income)	11,652	11,652
	11,652	11,652

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Fair values

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

Differences between fair values and the carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied to the market since their initial recognition by the company. Most of these instruments, which are carried at amortised cost, are to be held until maturity and therefore the fair value figures calculated bear little relevance to the company.

		2014		2013	
	Note	Carrying amount	Fair value	Carrying amount	Fair value
		$	$	$	$
Financial assets					
Cash and cash equivalents (i)		972,712	972,712	1,263,750	1,263,750
Trade and other receivables (i)		98,181	98,181	90,677	90,677
Total financial assets		1,070,893	1,070,893	1,354,427	1,354,427
Financial liabilities					
Trade and other payables (i)		57,430	57,430	47,069	47,069
Loans and borrowings		80,420	80,420	98,543	98,543
Total financial liabilities		137,850	137,850	145,612	145,612

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values. The fair values of receivables and payables are determined on the basis of an income approach using a discounted cash flow methodology. Discount rates are based on market interest rates for similar instruments and range between 7.8% and 9.3%, depending upon the nature of the instrument.

Hawkesbury Community Financial Services Limited
ACN 97 099 838 463
Directors' Declaration

In accordance with a resolution of the Directors of Hawkesbury Community Financial Services Limited, the Directors of the company declare that:

1. the financial statements and notes, as set out on pages 6 to 35 are in accordance with the Corporations Act 2001 and:

   (i) comply with Australian Accounting Standards, which as stated in accounting policy Note 1(a) to the financial statements constitutes compliance with International Financial Reporting Standards (IFRS); and

   (ii) give a true and fair view of the company's financial position as at 30 June 2014 and of the performance for the year ended on that date;

2. in the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Trevor Hitchcock
Director

Signed at Hawkesbury on 8 September 2014.

Richmond Sinnott & Delahunty
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HAWKESBURY COMMUNITY FINANCIAL SERVICES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Hawkesbury Community Financial Services Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company at the year's end.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

Richmond Sinnott Delahunty Pty Ltd
ABN 60 616 244 309
Liability limited by a scheme approved under Professional Standards Legislation

Partners: Philip Delahunty, Kathie Teasdale, Cara Hall, David Richmond, Brett Andrews

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Hawkesbury Community Financial Services Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

Auditor's Opinion

In our opinion:

(a) the financial report of Hawkesbury 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 (including Australian Accounting Interpretations) and the Corporations Regulations 2001; and

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

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

P. P. Delahunty
Partner

Dated at Bendigo, 8 September 2014

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