Annual Report 2015

Hawkesbury Community Financial Services Limited

ABN 97 099 838 463

North Richmond and Richmond Community Bank® Branches

Hawkesbury Community Financial Services Limited

Annual Report 2015

Contents

Chairman's Report

Having recently accepted the role of Chairman, I am happy to report on the progress of Hawkesbury Community Financial Services Limited ('the company') during the year ended 30 June 2015.
First however, I take this opportunity, on behalf of shareholders and the Board to express our sincere thanks and appreciation to Trevor Hitchcock for his long and dedicated service to the company as its Chairman. Under his expert stewardship, the company has grown and prospered.

The Board and staff have also greatly benefited from his guidance. Although, for health reasons, Trevor felt it necessary to relinquish the Chairmanship, we are delighted that he will remain as a Director and we shall be able to continue to benefit from his experience and wisdom.

Likewise, as Lesley Carbery has for health reasons, decided to end her tenure as Company Secretary, may I convey our grateful thanks to her for the expertise and devotion she has brought to this challenging role and for her contribution in the past as a Director and extend our best wishes to her for the future.

Results

Notwithstanding an increase in banking business of $33.089 million from $148.7 million to $181.8 million, the company incurred a loss for the year of $10,863. This reflects the fact that the Richmond sub branch, whilst still in its infancy, is continuing to develop and its performance accords with the Board's expectations.

The Board is confident that a break-even position will be achieved in the near future.

In line with the Board's agreement with Bendigo and Adelaide Bank on the opening of the Richmond sub branch, your Board is now well advanced with negotiations for the required conversion of the Richmond operation from a sub branch to a full franchised **Community Bank**® Branch.

In past years, the Board took steps to retain profits and to accumulate franking credits. This has enabled the company to continue to pay fully franked dividends until the time it was anticipated that the Richmond sub branch would become profitable.

The Board is therefore pleased to announce that a final fully franked dividend of 14 cents per share will be paid during the second week of December 2015

External Factors

Income margins have continued to tighten, resulting in a decrease in revenue despite the substantial increase in banking business.

Community

The Board has continued to honour its commitment to the people of the Hawkesbury to provide benefits to the community. In prior years, in anticipation of the opening or Richmond sub branch, the Board 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

All our staff demonstrate a commitment to providing an excellent and friendly service to our customers.

The Board values the assistance given by all staff and in particular those following the following positions:

- Our Manager, Tony Weller acts as Chair of the Community Relations Committee assessing requests for grants.
- Kellie Scholte support to the Company Secretary in taking minutes of Board meetings and with various administrative tasks.
- Liz Griffiths' valuable contribution in assisting the Treasurer and attending to payment of accounts is greatly appreciated.

Tony and Chris continue to divide their time between North Richmond and Richmond and support Gail who oversees the Richmond sub branch.

Directors

Many thanks to our Directors who serve on a voluntary basis and devote much time and effort to their various roles on the Board bringing their own experience and expertise to the matters on which the Board deliberates. Regrettably, Louise McMahon is retiring as a Director and we thank her for her contribution.

We welcome to the Board our new Directors, David Palamara who brings to the Board his valuable accounting experience and Craig Bennett. We are grateful that Craig, who recently retired from an executive position in an international bank, has agreed to take over the role of Company Secretary.

The Future

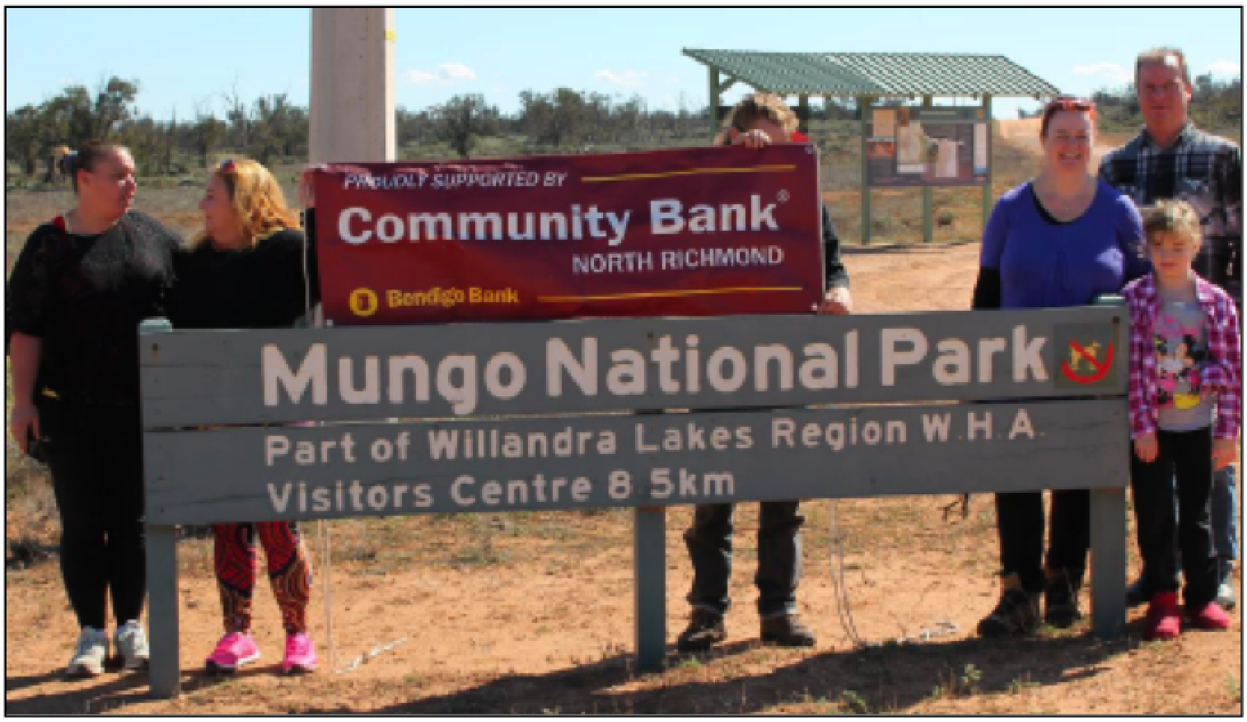
For the past two years, **Community Bank®** branches and Bendigo and Adelaide Bank have been conferring concerning the development of a new income realisation model to provide a more equitable division of income between stakeholders. This collaboration has resulted in an initiative known as "Project Horizon" which will commence in July 2016.

The Board, from its own modelling based on current bank footings and interest rates, anticipates that the introduction of Project Horizon will benefit the company.

Your Directors continue to focus on the need to grow the business and are working on a number of strategies to achieve this. Together with our committed and friendly staff we are committed to continue to work hard to grow the business for the betterment of the Hawkesbury community through grants, sponsorships and donations.

As a shareholder we thank you for your support. If you're banking with your **Community Bank®** branch – thank you. If you're not, then it's worth asking yourself the question 'am I able to investigate further with local branch staff, products and services that may assist in achieving my financial goals?'

Donald Shaddick
Chairman



The Mad Mob Cultural Art group teach aboriginal art and crafts to all community members and meet every second Wednesday evening at the Bligh Park Neighbourhood Centre. Bendigo Bank partly sponsored an excursion to the Mungo National Park where they visited the resting places of the Mungo Man and Mungo Lady and where the first human footprints were found.

Manager's Report

Another Successful Year

We have worked hard all year and have been rewarded by seeing the business continue to grow. The best part is that growth was seen at both of our branches. North Richmond and Richmond have now grown to over $181 million in banking business.

The most pleasing aspect of the growth is that some of our peers have struggled with growing the business during this very competitive and volatile period in banking, yet with the great staff, Directors and community support we have shown what can happen when all three parts work well together.

We continue to support local community groups and organisations to provide better services to our local area. The number of groups we have assisted continues to grow every year and this also reflects how many organisation are out there who give their time to the community. This is why the staff and I always strive to do more because we know that this will be reflected in the amount of support we can provide the community. With continued growth at both branches we hope to provide even more.

As mentioned above Richmond sub branch has been quite successful and continues to grow. Continuing this growth we ask for the support of all our customers who can attest to the service we provide and what we do in the community. The best advertising any business can get is from a personal recommendation from a friend or colleague to a prospective customer. North Richmond **Community Bank®** Branch has also been growing very well and this highlights how the personal recommendations assist the business to grow.

The most important part of any service industry is the actual people who provide the service. All the staff pride themselves on excelling in service and assisting customers with all aspects of their banking needs. The staff who provide this service are Chris, Kellie, Jo, Liz, Vicki, Sue, Mel, Julie, Gail, Lisa, Kristy, Rebecca and Emma. All of us are supported by the brilliant volunteer Board of Directors, Don, Trevor, Bill, John, Rowan, Shayne, David and Louise. Their continual support and guidance ensures that both branches are successful and continue to grow and provide benefits to the community.

As always I would like to thank a very important part of any business which is the customers. We are very lucky to have such great customers and we are always happy to meet and talk to any of customers and assist them in any way we can.

Tony Weller
Manager

Hawkesbury Community Financial Services Limited

Financial Statements

as at

30 June 2015

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 2015.

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 **Director**	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** Resigned 25-Nov-14	BSc MSc 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** Resigned 25-Nov-14	BA(Hons), GradDiplFinMgt, GradDipACG, 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 Loss Management Services Pty Limited
Martin Howard Burton Appointed 23-Mar-09 **Director** Resigned 25-Nov-14	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 MSc(Immunol) BSc(Hon.Microb)	Over 30 years of continuing Australian and International experience in general management, Consulting and Academic roles
John Douglas MacFarlane Appointed 27-Nov-12 **Director**	BSc(Hons Mathemati 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 BBus(Fin)	Years of experience in software and website design, search engine optimisation and business systems analyses.
Louise McMahon Appointed 22-Jul-13 **Director**	MAppSci(CommMgt) BA (Journalism)	A corporate communications strategist. 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**	JP	20 years experience in general management. Justice of the Peace
Donald John Shaddick Appointed 29-Apr-14 **Chairman**	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.
David Palamara Appointed 31-Jan-15 **Director**	BBus (Accounting) CPA	Senior finance and general management roles of medium sized businesses. Currently providing business management advice as a consultant to similar sized businesses.

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

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

Principal activities

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

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

Review of operations

The loss of the company for the financial year after provision for income tax was $10,760 (2014 loss: $42,624, which is a 75% decrease as compared with the previous year.

The net assets of the company have decreased to $1,372,419 (2014: $1,470,682). The decrease is largely due to the opening of the Richmond branch.

Dividends

Dividends paid or declared since the start of the financial year.

	Year ended 30 June 2015	
	Cents per share	**$**
Dividends paid in the year: final dividend	14	87,501

Options

No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report.

Significant changes in the state of affairs

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

Events subsequent to the end of the reporting period

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

<u>Remuneration policy</u>

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 report (continued)

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.

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 $0 for the year ended 30 June 2014. The estimated benefit per Director is as follows:

	2015
Trevor George Hitchcock	-
Phillip John Isaacs	-
Lesley Jean Carbery	-
Martin Howard Burton	-
William John Kerr	-
John Douglas MacFarlane	-
Rowan Parker	-
Louise McMahon	-
Shayne Ryan	-
Donald John Shaddick	-
David Palamara	-
	-

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 was 12. Attendances by each Director during the year were as follows:

Director	Board meetings #	Audit Committee meetings #
Trevor George Hitchcock	10 (11)	4 (4)
Phillip John Isaacs	2 (5)	N/A
Lesley Jean Carbery	3 (7)	N/A
Martin Howard Burton	3 (6)	N/A
William John Kerr	10 (11)	N/A
John Douglas MacFarlane	10 (11)	4 (4)
Rowan Parker	11 (11)	4 (4)
Louise McMahon	8 (11)	N/A
Shayne Ryan	9 (11)	N/A
Donald John Shaddick	10 (11)	4 (4)
David Palamara	4 (5)	3 (4)

 # 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.

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Proceedings on behalf of company

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

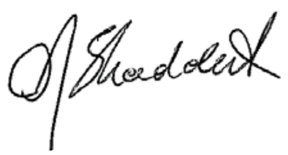
Company Secretary

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), GradDiplFinMgt, GradDipACG, FGIA, FCIS

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 15th September 2015.



Donald John Shaddick
Chairman

Richmond Sinnott & Delahunty
Chartered Accountants

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Bendigo, Victoria
PO Box 30, Bendigo, VIC 3552

Telephone: (03) 5445 4200
Fax: (03) 5444 4344
Email: rsd@rsdadvisors.com.au

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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 2015 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, 15th September 2015

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 2015

	Notes	2015 $	2014 $
Revenue	2	1,184,814	1,035,894
Employee benefits expense	3	(730,405)	(663,251)
Depreciation and amortisation expense	3	(47,445)	(37,257)
Finance costs	3	(4,857)	(6,267)
Bad and doubtful debts expense	3	(3,502)	(3,592)
Rental expense		(46,248)	(22,881)
Other expenses	3	(292,261)	(282,559)
Operating profit/(loss) before charitable donations & sponsorships		60,096	20,087
Charitable donations and sponsorships		(70,959)	(73,838)
Profit/(loss) before income tax		(10,863)	(53,751)
Tax expense / (benefit)	4	(103)	(11,127)
Profit/(loss) for the year		(10,760)	(42,624)
Other comprehensive income		-	-
Total comprehensive income for the year		(10,760)	(42,624)
Profit/(loss) attributable to members of the company		(10,760)	(42,624)
Total comprehensive income attributable to members of the company		(10,760)	(42,624)
Earnings per share (cents per share)			
- basic earnings per share	23	(1.72)	(6.82)

The accompanying notes form part of these financial statements

Hakesbury Community Financial Services Limited
ABN 97 099 838 463
Statement of financial position
As at 30 June 2015

	Notes	2015 $	2014 $
Assets			
Current assets			
Cash and cash equivalents	6	920,358	972,712
Trade and other receivables	7	106,263	98,181
Current tax receivable	13	-	13,514
Total current assets		1,026,621	1,084,407
Non-current assets			
Property, plant and equipment	8	488,708	522,149
Deferred tax assets	13	11,003	10,898
Intangible assets	9	39,479	53,483
Total non-current assets		539,190	586,530
Total assets		1,565,811	1,670,937
Liabilities			
Current liabilities			
Trade and other payables	10	59,266	57,430
Loans and borrowings	11	20,955	19,561
Provisions	12	68,601	58,568
Total current liabilities		148,822	135,559
Non current liabilities			
Loans and borrowings	11	40,003	60,859
Provisions	12	4,565	3,942
Total non current liabilities		44,568	64,801
Total liabilities		193,390	200,360
Net assets		1,372,421	1,470,577
Equity			
Issued capital	14	625,009	625,009
Retained earnings	15	672,412	770,673
Asset revaluation reserve		75,000	75,000
Total equity		1,372,421	1,470,682

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 2015

	Note	Issued capital $	Retained earnings $	Asset Revaluation Reserve $	Total equity $
Balance at 1 July 2013		**625,009**	**900,798**	**75,000**	**1,600,807**
Profit for the year		-	(42,624)	-	(42,624)
Other comprehensive income for the year		-	-	-	-
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	24	-	(87,501)	-	(87,501)
Balance at 30 June 2014		**625,009**	**770,673**	**75,000**	**1,470,682**
Balance at 1 July 2014		**625,009**	**770,673**	**75,000**	**1,470,682**
Profit for the year		-	(10,760)	-	(10,760)
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	(10,760)	-	(10,760)
Transactions with owners, in their capacity as owners					
Shares issued during the year		-	-	-	-
Dividends paid or provided	24	-	(87,501)	-	(87,501)
Balance at 30 June 2015		**625,009**	**672,412**	**75,000**	**1,372,421**

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 2015

	Notes	2015 $	2014 $
Cash flows from operating activities			
Receipts from customers		1,268,062	1,044,349
Payments to suppliers and employees		(1,246,094)	(1,067,719)
Interest paid		(4,993)	(6,391)
Interest received		24,016	33,673
Income tax paid		13,618	(7,346)
Net cash provided by/(used in) operating activities	16	54,610	(3,434)
Cash flows from investing activities			
Purchase of property, plant & equipment		-	(161,980)
Purchase of intangible assets		-	(20,000)
Net cash flows from/(used in) investing activities		-	(181,980)
Cash flows from financing activities			
Repayment of borrowings		(19,463)	(18,123)
Dividends paid		(87,501)	(87,501)
Net cash provided by/(used in) financing activities		(106,964)	(105,624)
Net increase/(decrease) in cash held		(52,354)	(291,038)
Cash and cash equivalents at beginning of financial year		972,712	1,263,750
Cash and cash equivalents at end of financial year	6	920,358	972,712

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 15th September 2015.

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.

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

Deferred income tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

(c) Fair value of assets and liabilities

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

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

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

(d) Property, plant and equipment

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

1. Summary of significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Property

Freehold land and buildings are carried at their fair value (refer note 1(c)), 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.

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 in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

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

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets, 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.

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%

1. Summary of significant accounting policies (continued)

(d) Property, plant and equipment (continued)

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains 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 the company, are classified as finance leases.

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

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

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

(f) Impairment of assets

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

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.

The company's obligation for short-term employee benefits such as wages and salaries are recognised as part of current trade and other payables in the statement of financial position. The company's obligation for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

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

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

(i) Intangible assets and franchise fees

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

1. Summary of significant accounting policies (continued)

(j) Cash and cash equivalents

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

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

(k) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any 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

There are no new and amended accounting policies that have been adopted by the company this financial year.

(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.

1. Summary of significant accounting policies (continued)

(p) New accounting standards for application in future periods

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 beginning on or after 1 January 2018).

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

The key changes that may affect the company on initial application include certain simplifications to the classification of financial assets.

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

(ii) AASB 15: *Revenue from Contracts with Customers* (applicable for annual reporting periods commencing on or after 1 January 2017).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

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

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

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

1. Summary of significant accounting policies (continued)

(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:

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges 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.

1. Summary of significant accounting policies (continued)

(u) Critical accounting estimates and judgements (continued)

Employee benefits provision

Assumptions are required for wage growth and CPI movements. The likelihood of employees reaching unconditional service is estimated. The timing of when employee benefit obligations are to be settled is also estimated.

Income tax

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

Impairment

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

(v) Financial instruments

Initial recognition and measurement

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

Classification and subsequent measurement

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

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.*

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discount estimated future cash payments or receipts over the expected life (or where this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in the profit or loss.

1. Summary of significant accounting policies (continued)

(v) Financial instruments (continued)

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

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

Impairment

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

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

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

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

Derecognition

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

	2015	2014
2. Revenue and other income	**$**	**$**
Revenue		
- services commissions	1,160,798	1,002,221
	1,160,798	1,002,221
Other revenue		
- interest received	24,016	33,673
- other revenue	-	-
	24,016	33,673
Total revenue	1,184,814	1,035,894

3. Expenses

	2015	2014
Employee benefits expense		
- wages and salaries	638,227	568,387
- superannuation costs	70,360	60,352
- other costs	21,818	34,512
	730,405	663,251
Depreciation of non-current assets:		
- plant and equipment	30,608	23,174
Amortisation of non-current assets:		
- intangible assets	16,837	14,083
	47,445	37,257
Finance costs:		
- Interest paid	4,857	6,267
Bad debts	3,502	3,592
Other expenses		
- other costs	292,261	282,559
	292,261	282,559

	2015	2014
4. Tax Expense	**$**	**$**
a. The components of tax expense/(income) comprise		
- current tax expense/(income)	103	(10,898)
- deferred tax expense/(income) relating to the origination and reversal of temporary differences	-	-
- recoupment of prior year tax losses	-	-
- under/over provision in respect of prior years	-	(229)
	103	(11,127)
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% (2014: 30%)	(3,259)	(16,125)
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	3,156	5,227
Current income tax expense	(103)	(11,127)
Income tax attributable to the entity	**(103)**	**(11,127)**
The applicable weighted average effective tax rate is	0.00%	20.70%

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

5. Auditors' remuneration

Remuneration of the Auditor for:

	2015	2014
- Audit or review of the financial report	3,930	4,800
- Taxation services	-	-
- Share registry services	5,130	3,199
	9,060	7,999

6. Cash and cash equivalents

	2015	2014
Cash at bank and on hand	920,358	972,712

7. Trade and other receivables

	2015	2014
Current		
Trade receivables	106,263	98,181

7. Trade and other receivables (continued)

Credit risk

The main source of credit risk relates to a concentration of trade receivables owing by Bendigo and Adelaide Bank Limited, which is the source of the majority of the company's income.

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

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

	Gross amount	Past due and impaired	Past due but not impaired < 30 days	Past due but not impaired 31-60 days	Past due but not impaired > 60 days	Not past due
	$	$	$	$	$	$
2015						
Trade receivables	106,263	-	-	-	-	106,263
Total	106,263	-	-	-	-	106,263
2014						
Trade receivables	90,677	-	-	-	-	90,677
Total	90,677	-	-	-	-	90,677

8. Property, plant and equipment

	2015 $	2014 $
Land		
At fair value	107,500	107,500
Buildings		
At fair value	321,866	321,866
Less accumulated depreciation	(115,122)	(105,216)
	206,744	216,650
Leasehold improvements		
At cost	56,667	56,667
Less accumulated depreciation	(4,673)	(1,840)
	51,994	54,827
Plant and equipment		
At cost	255,586	255,586
Less accumulated depreciation	(133,116)	(112,414)
	122,470	143,172
Total written down amount	488,708	522,149

8. Property, plant and equipment (continued)	**2015** **$**	**2014** **$**
Movements in carrying amounts		
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
Buildings		
Balance at the beginning of the reporting period	216,650	226,556
Additions	-	-
Disposals	-	-
Depreciation expense	(9,906)	(9,906)
Balance at the end of the reporting period	206,744	216,650
Leasehold improvements		
Balance at the beginning of the reporting period	54,827	-
Additions	-	56,667
Disposals	-	-
Depreciation expense	(2,833)	(1,840)
Balance at the end of the reporting period	51,994	54,827
Plant and equipment		
Balance at the beginning of the reporting period	143,172	50,703
Additions	-	105,313
Disposals	-	-
Depreciation expense	(20,702)	(12,844)
Balance at the end of the reporting period	122,470	143,172

9. Intangible assets

Franchise fee		
At cost	11,537	11,537
Less accumulated amortisation	(6,307)	(4,307)
	5,230	7,230
Preliminary expenses		
At cost	66,149	66,149
Less accumulated amortisation	(31,900)	(19,896)
	34,249	46,253
Total Intangible assets	39,479	53,483

9. Intangible assets (continued)	**2015** **$**	**2014** **$**
Movements in carrying amounts		
Franchise fee		
Balance at the beginning of the reporting period	7,230	9,230
Additions	-	-
Disposals	-	-
Amortisation expense	(2,000)	(2,000)
Balance at the end of the reporting period	5,230	7,230
Preliminary expenses		
Balance at the beginning of the reporting period	46,253	36,919
Additions	-	20,000
Disposals	-	-
Amortisation expense	(12,004)	(10,666)
Balance at the end of the reporting period	34,249	46,253

10. Trade and other payables

Current		
Unsecured liabilities:		
Trade payables	30,091	32,075
Other creditors and accruals	29,175	25,355
	59,266	57,430

The average credit period on trade and other payables is one month.

11. Borrowings

Secured liabilities:		
Bank Loans - current	20,955	19,561
Bank Loans - non- current	40,003	60,859
	60,958	80,420

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	73,166	62,510
Movement in employee benefits		
Opening balance	62,510	44,961
Additional provisions recognised	10,656	17,549
Amounts utilised during the year	-	-
Closing balance	73,166	62,510
Current		
Annual leave	28,113	21,333
Long-service leave	40,488	37,235
	68,601	58,568

12. Provisions (continued)

	2015 $	2014 $
Non-current		
Long-service leave	4,565	3,942
	4,565	3,942
Total provisions	73,166	62,510

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.

13. Tax balances

	2015 $	2014 $
(a) Tax Assets		
CURRENT		
Income tax receivable	-	13,514
	-	13,514
NON-CURRENT		
Deferred tax asset comprises:		
- tax losses carried forward	11,003	10,898
- Provisions	-	-
	11,003	10,898

14. Share capital

	2015 $	2014 $
625009 Ordinary shares fully paid	625,009	625,009
Less: Equity raising costs	-	-
	625,009	625,009

Movements in share capital

	2015 $	2014 $
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

14. Share capital (continued)

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.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders

(i) the Distribution Limit is the greater of:

(a) 20% of the profit or funds of the company 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 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.

15. Retained earnings	2015 $	2014 $
Balance at the beginning of the reporting period	770,673	900,798
Profit/(loss) after income tax	(10,760)	(42,624)
Dividends Paid	(87,501)	(87,501)
Balance at the end of the reporting period	672,412	770,673

16. Statement of cash flows

	2015 $	2014 $
Reconciliation of cash flow from operations with profit after income tax		
Profit / (loss) after income tax	(10,760)	(42,624)
Non cash flows in profit		
- Depreciation	33,441	24,590
- Amortisation	14,004	12,666
Changes in assets and liabilities		
- (Increase) decrease in receivables	(8,081)	(7,504)
- (Increase) decrease in deferred tax asset	13,514	(18,472)
- Increase (decrease) in payables	1,836	10,361
- Increase (decrease) in provisions	10,656	17,549
Net cash flows from/(used in) operating activities	54,610	(3,434)

17. 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 2015. The estimated benefits per Director is as follows:

17. Related party transactions (continued)

	2015 $	2014 $
Trevor George Hitchcock	-	-
Phillip John Isaacs	-	-
Lesley Jean Carbery	-	-
Martin Howard Burton	-	-
William John Kerr	-	-
John Douglas MacFarlane	-	30
John MacFarlane	-	-
Rowan Parker	-	-
Louise McMahon	-	-
Shane Ryan	-	-
Donald Shaddick	-	-
David Palamara	-	
	-	30

(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:

	2015	2014
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	-	-
John Douglas MacFarlane	1,000	1,000
John MacFarlane	5,500	500
Rowan Parker	500	500
Louise McMahon	1,500	1,500
Shayne Ryan	-	-
Donald Shaddick	5,000	7,000
David Palamara	-	-

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.

18. Events after the reporting period

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

19. Contingent liabilities and contingent assets

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

20. Leases	**2015 $**	**2014 $**
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in Statement of Financial Position.		
Payable - minimum lease payments		
- no later than 12 months	42,848	41,329
- between 12 months and 5 years	102,605	141,972
- greater than 5 years	-	-
	145,453	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.

21. 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 (2014: 100%).

22. Company details

The registered office and principle place of business is:

Shop 7 & 8 Riverview Street
North Richmond
NSW 2758

23. Earnings per share	**2015 $**	**2015 $**
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). There were no options or preference shares on issue during the year.		
The following reflects the income and share data used in the basic and diluted earnings per share computations:		
Profit/(loss) after income tax expense	(10,760)	(42,624)
Weighted average number of ordinary shares for basic and diluted earnings per share	625,009	625,009

24. Dividends paid or provided for on ordinary shares	**2015** **$**	**2015** **$**
A final fully franked ordinary dividend of 14 cents per share (2014: 14 cents) franked at the tax rate of 30% (2014: 30%).	87,501	87,501

25. 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 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.

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.

25. Fair value measurements (continued)

Valuation Techniques (continued)

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 2015			
		Level 1	Level 2	Level 3	Total
	Note	$	$	$	$
Recurring fair value measurements					
Non-financial assets					
Freehold land	8	-	107,500	-	107,500
Buildings	8	-	206,744	-	206,744
Total non-financial assets recognised		-	314,244	-	314,244

		30 June 2014			
		Level 1	Level 2	Level 3	Total
	Note	$	$	$	$
Recurring fair value measurements					
Non-financial assets					
Freehold land	8	-	107,500	-	107,500
Buildings	8	-	216,650	-	216,650
Total non-financial assets recognised		-	324,150	-	324,150

There were no transfers between Level 1 and Level 2 for assets measured at fair value on a recurring basis during the reporting period (2014: no transfers).

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

Description	Fair value at	Description of	Inputs used
Land and Buildings	314,244	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.

26. Financial risk management

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

	Note	2015 $	2014 $
Financial assets			
Cash and cash equivalents	6	920,358	972,712
Trade and other receivables	7	106,263	98,181
Total financial assets		1,026,621	1,070,893
Financial liabilities			
Trade and other payables	10	59,266	57,430
Bank Loans	11	60,958	80,420
Total financial liabilities		120,224	137,850

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 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

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

Credit risk is 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.

Credit risk exposures

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

The company has no significant concentrations of credit risk with Bendigo and Adelaide Bank Limited. The company's exposure to credit risk is limited to Australia by geographic area.

26. Financial risk management (continued)

(a) Credit risk (continued)

None of the assets of the company are past due (2014: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

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

	2015 $	2014 $
Cash and cash equivalents:		
A rated	920,358	972,712

(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 2015	**Note**	**Total** **$**	**Within 1 year** **$**	**1 to 5 years** **$**	**Over 5 years** **$**
Financial liabilities due for payment					
Trade and other payables	10	59,266	59,266	-	-
Loans and borrowings	11	60,958	20,955	40,003	-
Total expected outflows		120,224	80,221	40,003	-
Financial assets - cash flows realisable					
Cash & cash equivalents	6	920,358	920,358	-	-
Trade and other receivables	7	106,263	106,263	-	-
Total anticipated inflows		1,026,621	1,026,621	-	-
Net (outflow)inflow on financial instruments		906,397	946,400	(40,003)	-

26. Financial risk management (continued)

(b) Liquidity risk (continued)

30 June 2014		Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial liabilities for payment					
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 - cash flows 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)	-

(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.

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

	Profit $	Equity $
Year ended 30 June 2015		
+/- 1% in interest rates (interest income)	9,254	9,254
+/- 1% in interest rates (interest expense)	210	210
	9,464	9,464
Year ended 30 June 2014		
+/- 1% in interest rates (interest income)	8,923	8,923
+/- 1% in interest rates (interest expense)	-	-
	8,923	8,923

26. Financial risk management (continued)

(c) Market risk (continued)

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

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Fair values

Fair value estimation

The fair values of financial assets and liabilities 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.

		2015		2014	
	Note	Carrying amount $	Fair value $	Carrying amount $	Fair value $
Financial assets					
Cash and cash equivalents (i)	6	920,358	920,358	972,712	972712
Trade and other receivables (i)	7	106,263	106,263	98,181	98181
Total financial assets		1,026,621	1,026,621	1,070,893	1070893
Financial liabilities					
Trade and other payables (i)	10	59,266	59,266	57,430	57430
Loans and borrowings	11	60,958	60,958	80,420	80420
Total financial liabilities		120,224	120,224	137,850	137850

(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.

Hawkesbury Community Financial Services Limited
ABN 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 2015 and of the performance for the year ended on that date;

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

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

Donald John Shaddick
Director

Signed at Hawkesbury on 15th September 2015.

RSD
Chartered Accountants

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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 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company at the year's end.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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 2015 and of its performance for the year ended on that date; and

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

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

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

P. P. Delahunty
Partner

Dated at Bendigo, 15th September 2015

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