HENTY COMMUNITY FINANCIAL SERVICES LIMITED

ABN 20 084 864 835

2014 Annual Report

Henty and District
Community Bank® Branch Bendigo Bank

Notice of Meeting

Henty Community Financial Services Limited
A.B.N. 20 084 864 835

Annual General Meeting

The Annual General Meeting of Shareholders of Henty Community Financial Services Limited will be held Wednesday 5th November 2014 at 9:00am at St Paul's School, Lyne Street, Henty.

Ordinary Business

Notice of Meeting

Confirmation of Minutes of A.G.M. 12th November 2013

Proxies

Chairman's Report

Manager's Report

Appointment of Auditor – Richmond Sinnott & Delahunty

Two Directors must retire in rotation at the Annual General Meeting but are eligible for re-election. They are:

Helen McRorie

Hugh Clancy

Contents

Chairperson’s report

For year ending 30 June 2014

This year has been a year of changes and challenges. The first was the retirement of Trevor Bullock our branch manager of sixteen years. Trevor managed the Bank with efficiency and wisdom. The efficiency was evidenced by the profitability and growth of the Bank. His wisdom was reflected in policies that insured a positive environment for clients, staff and board members. The gratitude of all is extended to Trevor.

Growth is always a challenge in an area with a relatively fixed and small population. To source a manager to meet this challenge was not easy. Matt Bolger was the preferred applicant, and his first seven months has grown the portfolio by approximately $10,000,000. A promising start.

Next was to renew the Franchise Agreement with Bendigo Adelaide Bank. The Board is expected to understand the Agreement which was achieved with the assistance of Tammy Holzheimer and Commins Hendriks.

A new treasurer was required and we thank board member Hugh Clancy for accepting this challenge. To complicate matters a new computer programme was required for reporting, recording and compatibility with Bendigo Bank. This change proved to be very difficult. Comparing data across programmes for comparative purposes is difficult.

EXPENDITURE

Change of managers	$30,000
Upgrade of Residence (new carpet, rear verandah, painting)	$ 6,000
Upgrade of Branch (new air con, blinds, staff facilities, TV for DVD)	$25,000
Franchise Agreement costs	$80,000
Community donations and sponsorships	$14,000
Small Grants Programme	$27,000
TOTAL	$182,000

As a community we are indebted to two components of the Bank that have not changed. The loyalty and professional commitment of the staff cannot be measured. We all experience their wonderful service; but it is what we do not experience or see, to which we need to give special appreciation and thanks. The Board has rarely faced the hurdles of this year. The many hours, commitment, dedication and vision, by each member of the Board was necessary to accomplish these hurdles. For Matt, our new manager the changes and challenges have been no fewer. Matt has engaged his role with energy and promise. On behalf of our community thank you to the manager, staff and board.

Chairperson’s report 30 June 2014 continued

The clients and community are the reason for our Bank and continue to be its strength. The services offered by, and the continued growth of the bank are only because of the loyalty from the community and clients, thank you.

Yours sincerely,

Graham Booth
Chairperson
Henty Community Financial Services Ltd.

Manager’s report

For year ending 30 June 2014

As this is my first manager’s report for “your bank” the Henty Community Bank, I feel honoured and privileged to be given the opportunity of managing this Branch. It is one of the most successful and established branches across Bendigo Bank’s community bank network.

January 2014 saw the retirement of the Branch’s first manager Trevor Bullock.. Trevor’s experience, knowledge and “can do” attitude built the Branch into what it is today and in so doing gave over $2.5 million back to this district.

I sincerely thank Trevor for his guidance and knowledge and spending some time with me during the changeover period.

The branch is what it is today also due to the staff. Jan, Sharon Gaynor and Jacinda have made me feel welcome and part of the team. The Girls commitment and loyalty to this community bank is not something I have ever experienced. I sincerely thank them for this and their continued work day in day out to help to serve this community in so many ways.

Manager's report 30 June 2014 continued

We continue to make this branch a central part of this community, we try to make our branch where you can feel at ease and leave happy. If you haven't been in for a while please drop in and say hello!

I thank the Board, led by Graham, for their part in welcoming me. They are a wonderful team of people who continue to give up their time to make the Community Bank a special part of the community. I look forward to continued growth of the branch as together we reach new milestones of achievement.

To recap just a few of these milestones:

- The Henty Community Bank was the First Branch in NSW to open under the community bank model - there are now 302 Community bank Branches across Australia.
- Your branch has Grown successfully, year on year, and was profitable less than a year after opening;
- We have given back approximately $3 million to many Groups in Henty and surrounding areas.
- Last but not least… Sharon is the longest serving Community bank Staff member in NSW!

We are now well and truly ready to drive the branch to new and exciting levels.

Our 2014 results were highlighted by:

- Our Footings (Lending and Deposits) have shown continued solid growth over the last year being up 19% for the year to reach a great milestone of $85m
- Our Customer Numbers were up to reach 1,500
- Our net profit was over $73,000, paying 9c/share in dividends.
- We gave over $36,000 in local sponsorships
- We finished the year the leading branch in the Riverina region for year on year growth. Our branch won awards for performance to end June 2014.

My heartfelt thanks to Sharon, Jan, Gaynor and Jacinda and to Graham, Helen, John, Alison, Leigh, Naomi and Hugh for your continuing commitment to the success of this branch.

Finally, I thank you for welcoming me into your community. I appreciate your ongoing support and look forward to many successful partnerships into the future.

Matt Bolger Dip FM. B Bus.
Manager – Henty Community Bank

Director’s report

For year ending 30 June 2014

Your Directors submit the financial 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 names and details of the Company's directors who held office during or since the end of the financial year are:

Name and position held	Qualifications	Experience and Other Directorships
Graham Charles Booth Director/Chairman Board member since June 1998	BA	Retired Small Business Owner
Hugh Thomas Clancy Director Board member since June 2009	Qualified Motor Mechanic	Current Farming Business Partner
John Bruce Ellis Director Board member since June 1998	Field Marketing Agronomist	Director/Partner Small Business
Naomi Louise Toogood Director Board member since June 2009	BA Dip ED	School Teacher. Current Farming Business Partner
Alison Campbell Director/Secretary Board member since April 2011	BA Dip ED	Teacher. Current Farming Business Partner/Director
Helen Margaret McRorie Director Board member since June 2009	Licenced Conveyancer JP	Legal Experience and Current Farming Business Partner
Leigh Eulenstein Director Appointed 10 September 2013		Farmer
David Carter Director Resigned 13 August 2013	Journalist	Extensive Marketing

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 banking services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

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

Review of operations

The profit of the company for the financial year after provision for income tax was $13,148 (2013 profit: $18,489), which is a 28% decrease as compared with the previous year.

The net assets of the company have increased to $365,335 (2013: $376,270). The increase/ decrease is largely due to change in trading conditions.

Dividends	**Year ended 30 June 2014** **Cents Per Share**	**$**
Dividends paid in the year - final dividend:	9	24,083

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

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 Henty 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 nil for the year ended 30 June 2014.

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 13. Attendances by each director during the year were as follows:

Director	Board Meetings #
Graham Charles Booth	12 (13)
Hugh Thomas Clancy	13 (13)
John Bruce Ellis	10 (13)
Naomi Louise Toogood	11 (13)
Alison Campbell	13 (13)
Helen Margaret McRorie	11 (13)
Leigh Eulenstein	8 (10)
David Carter	3 (3)

 # The first number is the meetings attended while in brackets is the number of meetings eligible to attend.

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 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

Alison Campbell has been the company secretary since June 2011. Alison is a farmer and has been on many local community organisation committees over many years.

Director's report 30 June 2014 continued

Non audit services

The Board of Directors, 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 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 10 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 Henty on
18 September 2014.

Hugh Thomas Clancy
Director

Auditor’s Independence Declaration

Richmond Sinnott & Delahunty
Chartered Accountants

**Level 2, 10-16 Forest Street
Bendigo, Victoria
PO Box 30, Bendigo, VIC 3552**

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

www.rsdadvisors.com.au

Auditor’s Independence Declaration under section 307C of the Corporations Act 2001 to the Directors of Henty 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:

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

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

RICHMOND, SINNOTT & DELAHUNTY
Chartered Accountants

Kathie Teasdale
Partner
Bendigo
Dated at Bendigo, 18 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

Financial Statements For year ending 30 June 2014

Statement of profit or loss and Other Comprehensive Income
For the year ended 30 June 2014

	Notes	2014 $	2013 $
Revenue	2	529,811	563,320
Employee benefits expense	3	(288,205)	(261,235)
Depreciation and amortisation expense	3	(20,346)	(13,051)
Bad and doubtful debts expense	3	(19)	(99)
Other expenses		(168,496)	(156,483)
Operating profit before charitable donations & sponsorships		52,745	132,452
Charitable donations and sponsorships		(35,676)	(98,062)
Profit before income tax expense		17,069	34,390
Tax expense	4	3,921	15,901
Profit for the year		13,148	18,489
Other comprehensive income		-	-
Total comprehensive income		13,148	18,489
Profit attributable to members of the company		13,148	18,489
Total comprehensive income attributable to members of the company		13,148	18,489
Earnings per share (cents per share)			
- basic for profit / (loss) for the year	21	4.91	6.91
- diluted for profit / (loss) for the year	21	4.91	6.91

The accompanying notes form part of these financial statements

Statement of Financial Position
For the year ended 30 June 2014

	Notes	2014 $	2013 $
Assets			
Current assets			
Cash and cash equivalents	6	23,175	122,740
Trade and other receivables	7	47,728	46,824
Current tax assets	4	9,013	2,264
Other financial assets		6,713	4,709
Total current assets		86,629	176,537
Non-current assets			
Property, plant and equipment	8	212,824	221,011
Other financial assets	10	72,562	61,019
Intangible assets	9	62,680	575
Total non-current assets		348,066	282,605
Total assets		434,695	459,142
Liabilities			
Current liabilities			
Trade and other payables	11	16,233	12,289
Provisions	12	53,127	70,583
Total current liabilities		69,360	82,872
Total liabilities		69,360	82,872
Net assets		365,335	376,270
Equity			
Issued capital	13	267,585	267,585
Retained earnings	14	97,750	108,685
Total equity		365,335	376,270

The accompanying notes form part of these financial statements

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

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2012		**267,585**	**116,955**	**384,540**
Total comprehensive income for the year		**-**	**18,489**	**18,489**
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	22	-	(26,759)	(26,759)
Balance at 30 June 2013		**267,585**	**108,685**	**376,270**
Balance at 1 July 2013		**267,585**	**108,685**	**376,270**
Total comprehensive income for the year		**-**	**13,148**	**13,148**
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	22	-	(24,083)	(24,083)
Balance at 30 June 2014		**267,585**	**97,750**	**365,335**

The accompanying notes form part of these financial statements

Statement of Cash Flows
For the year ended 30 June 2014

	Notes	2014 $	2013 $
Cash flows from operating activities			
Receipts from customers		528,112	615,597
Payments to suppliers and employees		(521,610)	(557,213)
Dividend revenue received		4,549	3,923
Interest received		2,144	5,307
Income tax paid		(8,720)	(26,335)
Other Income		5,851	6,203
Net cash provided by operating activities	15	10,325	47,482
Cash flows from investing activities			
Purchase of property, plant & equipment		(2,184)	(2,350)
Purchase of intangible assets		(72,080)	-
Payments for Investments		(11,543)	(3,670)
Net cash flows used in investing activities		(85,807)	(6,020)
Cash flows from financing activities			
Dividends paid		(24,083)	(26,759)
Net cash used in financing activities		(24,083)	(26,759)
Net increase/(decrease) in cash held		(99,565)	14,703
Cash and cash equivalents at beginning of financial year		122,740	108,037
Cash and cash equivalents at end of financial year	6	23,175	122,740

The accompanying notes form part of these financial statements

The financial statements and notes represent those of Henty Community Financial Services Ltd.

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

The financial statements were authorised for issue by the Directors on 18 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 govern s the management of the Community Bank®branches.

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

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

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

- Advice and assistance in relation to the design, layout and fit out of the Community Bank® branch;
- Training for the branch managers and employees in banking, systems and interface protocol;
- Methods and procedures for the sale of products and provision of services;
- Security and cash logistic controls;
- Calculation of company revenue and payment of many operating and administrative expenses;
- The formulation and implementation of advertising and promotional programs; and
- Sale techniques and proper customer relations.

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 temprorary 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 liabilitiy in an orderly (ie unforced) transaction between independent, knowledgable 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 iformation 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 measured at cost and therefore are carried at cost less accumulated depreciation and any accumulated impairment. In the even the carrying amount of land and buildings 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 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, 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 improvemens 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	3%
Plant & equipment	5 - 33%

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.

1. Summary of significant accounting policies (continued)

(e) 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 compairing 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.

(f) 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.

(g) 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 entitlemenst 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.

(h) 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.

1. Summary of significant accounting policies (continued)

(i) 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.

(j) 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).

(k) 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 withint 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 subseqently measured at amortised cost using the effective interest method, less any provision for impairment.

(l) 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.

(m) Borrowing costs

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

(n) 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.

1. Summary of significant accounting policies (continued)

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

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.

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.

(o) New accounting standards for application in future periods

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

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

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

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

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)

(o) 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.

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.

(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.

(p) Loans and borrowings

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

(q) 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.

(r) 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.

(s) Comparative figures

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

1. Summary of significant accounting policies (continued)

(t) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

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

Employee benefits provision

Assumptions required for wage growth and CPI movements. The likelihood of employees reaching unconditional service is estimated. 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.

(u) 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)

(u) 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.

1. Summary of significant accounting policies (continued)

(u) Financial instruments (continued)

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.

2. Revenue and other income	**2014 $**	**2013 $**
Revenue		
- services commissions	515,318	546,206
	515,318	546,206
Other revenue		
- interest received	2,144	5,307
- other revenue	12,349	11,807
	14,493	17,114
Total revenue	529,811	563,320

3. Expenses

Employee benefits expense		
- wages and salaries	281,756	227,147
- superannuation costs	23,905	20,956
- other costs	(17,456)	13,132
	288,205	261,235
Depreciation of non-current assets:		
- plant and equipment	6,889	7,569
- buildings	3,482	3,482
Amortisation of non-current assets:		
- intangible assets	9,975	2,000
	20,346	13,051
Finance costs:		
- Interest paid	-	-
Bad debts	19	99

4. Tax Expense	2014 $	2013 $
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%)	5,121	10,317
Add tax effect of:		
- Adjustments in respect of current income tax of previous year	-	-
- Utilisation of previously unrecognised carried forward tax losses	-	-
- Non-deductible expenses	(1,200)	5,584
Current income tax expense	3,921	15,901
Income tax attributable to the entity	3,921	15,901
The applicable weighted average effective tax rate is	22.97%	46.24%
Current tax asset		
Current tax receivable	9,013	2,264

The applicable income tax rate is the Australian Federal tax rate of 30% (2013: 30%) applicable to Australian resident companies.

5. Auditors' remuneration

Remuneration of the Auditor for:		
- Audit or review of the financial report	4,100	4,150
- Share registry services	1,790	2,924
	5,890	7,074

6. Cash and cash equivalents

Cash at bank and on hand	23,175	8,545
Short-term bank deposits	-	114,195
	23,175	122,740

7. Trade and other receivables

Current		
Trade debtors	47,718	46,820
Other assets	10	4
	47,728	46,824

Credit risk

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 7.

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.

			Past due but not impaired			
2014	**Gross amount**	**Past due and impaired**	**< 30 days**	**31-60 days**	**> 60 days**	**Not past due**
Trade receivables	47,718	-	-	-	-	47,718
Other receivables	10	-	-	-	-	10
Total	47,728	-	-	-	-	47,728
2013						
Trade receivables	46,820	-	-	-	-	46,820
Other receivables	4	-	-	-	-	4
Total	46,824	-	-	-	-	46,824

	2014	**2013**
	$	**$**
8. Property, plant and equipment		
Land		
At cost	113,468	113,468
Buildings		
At cost	139,265	139,265
Less accumulated depreciation	(50,320)	(46,838)
	88,945	92,427
Plant and equipment		
At cost	89,454	87,270
Less accumulated depreciation	(79,043)	(72,154)
	10,411	15,116
Total written down amount	212,824	221,011

	2014 $	2013 $
8. Property, plant and equipment (continued)		
Movements in carrying amounts		
Land		
Balance at the beginning of the reporting period	113,468	113,468
Additions	-	-
Disposals	-	-
Depreciation expense	-	-
Balance at the end of the reporting period	113,468	113,468
Buildings		
Balance at the beginning of the reporting period	92,427	95,909
Additions	-	-
Disposals	-	-
Depreciation expense	(3,482)	(3,482)
Balance at the end of the reporting period	88,945	92,427
Plant and equipment		
Balance at the beginning of the reporting period	15,116	20,335
Additions	2,184	2,350
Disposals	-	-
Depreciation expense	(6,889)	(7,569)
Balance at the end of the reporting period	10,411	15,116

9. Intangible assets

	2014 $	2013 $
Franchise fee		
At cost	149,280	77,200
Less accumulated amortisation	(86,600)	(76,625)
	62,680	575
Total Intangible assets	62,680	575
Movements in carrying amounts		
Franchise fee		
Balance at the beginning of the reporting period	575	2,575
Additions	72,080	-
Disposals	-	-
Amortisation expense	(9,975)	(2,000)
Balance at the end of the reporting period	62,680	575

10. Other financial assets

	2014 $	2013 $
Current		
Prepayments	6,713	4,709
Non - Current	67,562	56,019
Listed shares at cost	5,000	5,000
Unlisted shares at cost	72,562	61,019

10. Other financial assets (continued)

Listed shares are readily saleable with no fixed term. There would be no material capital gains tax payable if these assets were sold at reporting date.

Quoted market value at balance date of investments listed on a prescribed stock exchange was $91,549 (20
$91,549 (2013: $64,770)

11. Trade and other payables

	2014	2013
	$	$
Current		
Unsecured liabilities:		
Trade creditors	7,695	8,814
Other creditors and accruals	8,538	3,475
	16,233	12,289

12. Provisions

	2014	2013
Employee benefits	53,127	70,583
Movement in employee benefits		
Opening balance	70,583	57,451
Additional provisions recognised	-	13,132
Amounts utilised during the year	(17,456)	-
Closing balance	53,127	70,583
Current		
Annual leave	25,481	24,786
Long Service Leave	27,646	45,797
Total provisions	53,127	70,583

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 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. Share capital

	2014 $	2013 $
267585 Ordinary shares fully paid of $1 each	267,585	267,585
Less: Equity raising costs	-	-
	267,585	267,585
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	267,585	267,585
Shares issued during the year	-	-
At the end of the reporting period	267,585	267,585

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 2013 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.

14. Retained earnings

	2014 $	2013 $
Balance at the beginning of the reporting period	108,685	116,955
Profit/(loss) after income tax	13,148	18,489
Dividends paid or provided for	(24,083)	(26,759)
Balance at the end of the reporting period	97,750	108,685

15. Statement of cash flows

	2014 $	2013 $
Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities		
Profit / (loss) after income tax	13,148	18,489
Non cash items		
- Depreciation	10,371	11,051
- Amortisation	9,975	2,000
Changes in assets and liabilities		
- (Increase) decrease in receivables	(2,908)	14,024
- (Increase) decrease in deferred tax asset	(6,749)	(12,115)
- Increase (decrease) in payables	3,944	901
- Increase (decrease) in provisions	(17,456)	13,132
Net cash flows from/(used in) operating activities	10,325	47,482

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
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 Henty 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

16. Related party transactions (continued)

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

	2014	**2013**
Graham Charles Booth	-	-
Hugh Thomas Clancy	1,150	1,150
John Bruce Ellis	1,000	1,000
Naomi Louise Toogood	100	100
Alison Campbell	9,000	9,000
Helen Margaret McRorie	100	100
Leigh Eulenstein	-	-

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. 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 Henty, NSW. The company has a franchise agreement in place with Bendigo & Adelaide Bank Limited who account for 100% of the revenue (2013: 100%).

20. Company details

The registered office & principle place of business is: 8 Sladen Street, Henty, NSW 2658

21. 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 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	13,148	18,489
Weighted average number of ordinary shares for basic and diluted earnings per share	267,585	267,585

22. Dividends paid or provided for on ordinary shares

(a) Dividends paid during the year

	2014	2013
Final fully franked ordinary dividend of 9 cents per share (2013:10 cents) franked at the tax rate of 30% (2013: 30%).	24,083	26,759

(b) Franking credit balance

	2014	2013
The amount of franking credits available for the subsequent financial year	174,939	174,591
- Franking account balance as at the end of the financial year		
- Franking credits that will arise from the payment / (refund) of income tax payable as at the end of the financial year.	(9,013)	(2,263)
	165,926	172,328

23. Financial risk management

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

	Note	2014 $	2013 $
Financial assets			
Cash and cash equivalents	6	23,175	122,740
Trade and other receivables	7	47,728	46,824
Total financial assets		70,903	169,564
Financial liabilities			
Trade and other payables	11	16,233	12,289
Total financial liabilities		16,233	12,289

Financial Risk Management Policies

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

Specific Financial Risk Exposure and Management

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

(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.

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.

(a) Credit Risk (continued)	2014 $	2013 $
Cash and cash equivalents:		
A rated	23,175	122,740

(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.

Cash flows realised from financial assets relfect management's expectation as to the timing of realisation. Acual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities relfects 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	11	16,233	16,233	-	-
Total expected outflows		16,233	16,233	-	-
Financial assets - realisable					
Cash & cash equivalents	6	23,175	23,175	-	-
Trade and other receivables	7	47,728	47,728	-	-
Total anticipated inflows		70,903	70,903	-	-
Net (outflow)inflow on financial instruments		54,670	54,670	-	-

30 June 2013	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial liabilities due					
Trade and other payables	11	12,289	12,289	-	-
Total expected outflows		12,289	12,289	-	-
Financial assets - realisable					
Cash & cash equivalents	6	122,740	122,740	-	-
Trade and other receivables	7	46,824	46,824	-	-
Total anticipated inflows		169,564	169,564	-	-
Net (outflow)/inflow on financial instruments		157,275	157,275	-	-

(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.

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 2014	$	$
+/- 1% in interest rates (interest income)	232	232
	232	232
Year ended 30 June 2013		
+/- 1% in interest rates (interest income)	1,227	1,227
	1,227	1,227

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

Director’s Declaration

for the year ending 30 June 2014

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

1. the financial statements and notes of the company as set out on pages 11 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.

Hugh Thomas Clancy
Director

Signed at Henty on 18 September 2014.

Richmond Sinnott & Delahunty
Chartered Accountants

Level 2, 10-16 Forest Street
Bendigo, Victoria
PO Box 30, Bendigo, VIC 3552

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

www.rsdadvisors.com.au

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF HENTY COMMUNITY FINANCIAL SERVICES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Henty 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.

Director's responsibility for the Financial Report

The directors of be 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 ANSB 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 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.

Independent Audit Report continued

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 Henty 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 Henty 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

KATHIE TEASDALE
Partner

Dated at Bendigo, 18 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

Audit Reply

Henty
Community Financial Services Limited

18 September 2014

Richmond Sinnott & Delahunty
PO Box 30
BENDIGO VIC 3552

RE: HENTY COMMUNITY FINANCIAL SERVICES LIMITED AUDIT

Dear Sirs

Pursuant to your request in and connection with your audit of Henty Community Financial Services Limited ('the Company') for the year ended 30 June 2014, we submit the following representations after making appropriate enquiries and according to the best of our knowledge and belief.

General

1. All financial records and related data have been made available for inspection. All material transactions have been properly recorded in the accounting records underlying the financial statements.

2. There have been no irregularities involving management or employees that could have an effect on the financial statements.

3. Except as disclosed to you there have been no:

    Violations or possible violations of laws or regulations, the effects of which should be considered for disclosure in the financial report or as a basis for recording a contingent loss; or

    Communications from regulatory authorities concerning non-compliance with, or deficiencies in, financial reporting practices.

4. We have established and maintained an adequate internal control structure to facilitate the preparation of reliable financial statements.

5. We have no plans or intentions that may materially affect the carrying values, or classifications of assets and liabilities.

Assets

6. There were no deficiencies or encumbrances attaching to the title of the assets of the Company at balance date other than those reflected in the financial statements.

Audit Reply continued

Liabilities

7. All liabilities which have arisen out of the activities of the Company to the end of the financial year have been included in the financial report.

8. There are no contractual commitments for capital expenditure at balance date not included in the financial statements.

9. There are no contingent liabilities, including guarantees, at balance date, which are not disclosed in the financial statements or the notes thereto.

Other

I0. No events have occurred subsequent to balance date, which would require adjustments to, or disclosure in the financial statements.

11. The Board has completed budgets and cashflow projections for the coming year and is satisfied that the Company will continue as a going concern.

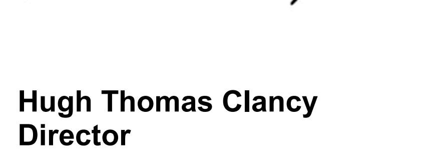
12. Other than as detailed in the financial statements, the Company is not aware of any breach or non-compliance with the terms of any contractual arrangements, however caused, which could initiate claims on the Company and which would have a material effect on the financial statements.

13. The minutes of the Directors Meetings made available to you are a complete and authentic record of all meetings since 1 July 2013 to 30 June 2014.

14. All related party transactions (including number of shares held by Directors at 30 June 2014 and 30 June 2013) and related amounts receivable and payable have been properly recorded and disclosed in the financial statements.

We understand that your examination was made in accordance with Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an opinion on the Company's financial statements and that your tests of the financial records and other auditing procedures were limited to those which you considered necessary for that purpose.

For and on behalf of the Board



Hugh Thomas Clancy
Director

All correspondence addressed to:
Henty Community Financial Services Limited
8 Sladen Street, Henty, NSW 2658
Henty Community Financial Services Limited ACN 084 864 835.
Franchisee of Bendigo Bank Limited, Fountain Court, Bendigo, VIC 3550
ABN 11 068 049 178. AFSL No. 237 879. (S4284)

Proxy Form

Henty Community Financial Services Limited

(Mark boxes with an X as shown **X**)

A.B.N. 20 084 864 835

I/We ……………………………………………………..
(Print Name)

……………………………………………………………………
(Signature)

being a registered shareholder of
Henty Community Financial Services Limited
hereby appoint:

☐ The Chairperson of the meeting

OR

☐ ……………………………………………..
Name of Proxy

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Notice of nomination of person for election as Director

1. Nomination

I, ____ (full name), of

____ (address)

State that I am a shareholder of Henty Community Financial Services Limited, and nominate the following person to stand for election as a Director of Henty Community Financial Services Limited at the Annual General Meeting on 5 November 2014.

I, ____ (full name), of

____ (address)

____ (signature of shareholder) ___/___/___

(date)

2. Consent

I, ____ (full name), of

____ (address)

accept the nomination to stand for election as a Director of Henty Community Financial Services Limited and confirm the following information is correct and consent to its disclosure as set out below. I also agree to comply with the procedures for a Victorian National Police Records Check.

2.1 Information to be provided to Australian Securities and Investments Commission if elected

Given and family name: (as set out above) _____________________________________

All former given and family names: ____

Date and place of birth: ____

Residential Address: ____

2.2 Information that may be included in Henty Community Financial Services Limited Notice of Meeting

Skills and experience: ____

____

Qualifications: ____

____ (signature of nominee) ___/___/___

(date)

This notice must be lodged at the Registered Office of Henty Community Financial Services Limited at 8 Sladen Street, Henty NSW 2658 no later than 15 business days before the Annual General Meeting, and no earlier than 60 business days before the Annual General Meeting.

The Annual General Meeting is to be held on 5 November 2014.

NOTE: A person nominated for election to the Board **must** undergo a Victoria Police "National Police Records Check" before being eligible for appointment or election to the Board.

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Henty and District Community Bank® Branch
8 Sladen Street, Henty, NSW 2658
Phone: (02) 6929 3683   Fax: (02) 6929 3687

Franchisee: Henty Community Financial Services Limited
8 Sladen Street, Henty, NSW 2658
Phone: (02) 6929 3683   Fax: (02) 6929 3687
ABN 20 084 864 835

www.bendigobank.com.au Bendigo Bank Limited, Fountain Court, Bendigo, VIC 3550
ABN 11 068 049 178   AFSL 237879
(Henty ImageTech Sep 2014)