

# HENTY COMMUNITY FINANCIAL SERVICES LIMITED

ABN 20 084 864 835



## 2015 Annual Report

Henty and District  
Community Bank<sup>®</sup> 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 Tuesday 17<sup>th</sup> November 2015 at 7.30pm at the Henty Civic Centre, South Street, Henty.

## Ordinary Business

### Notice of Meeting

Confirmation of Minutes of A.G.M. 5<sup>th</sup> November 2014

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:

Alison Campbell

Leigh Eulenstein

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# Chairperson's report

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1 July 2014 - April 2015

Last year was described as a year of challenges, which our Board faced and responded to appropriately and successfully. It then follows that this year will require changes.

Our Manager Matt and each of the staff have completed trainings and courses to upgrade their qualifications in order to ensure our community has the opportunity of current and skilled financial service. As from March 2015 Gaynor became a Customer Relations Officer and is now able to process personal loans and car loans as well as initiate home loans, congratulations Gaynor. However the experience, care and dedication available at our **Community Bank**<sup>®</sup> branch, is more than courses can guarantee.

Amid many sponsorships and donations two major commitments were initiated. In July 2014 the branch was first approached regarding support for the proposed Henty Skate Park. It was determined that \$25,000 be pledged promptly. The branch's promptness assisted the Skate Park Committee in achieving a further \$150,000 grant; with the concrete work being completed in June 2015. This resulted in a great outcome for our community. At the February Board meeting, proceedings commenced for transfer of title of the two blocks of land beside the Henty Early Childhood Centre. This will largely result as a gift of the land valued at over \$70,000 to the Centre.

To ensure the best financial service for all our clients, customers and our community, Bendigo and Adelaide Bank's **Community Bank**<sup>®</sup> model is changing with the times. Bendigo and Adelaide Bank recently purchased the balance of Rural Bank to achieve total ownership. Our **Community Bank**<sup>®</sup> branch now has ready access to Agri-Business Managers, to add to the effectiveness of our staff in attending to our rural customers' needs. Likewise, Commercial Business Managers, specialist Loans officers, Wealth Advisers and a whole raft of specialists are now located in Wagga Wagga ready to call to the farm, business or home to best serve our customers.

Health issues have required me to step down as Chairperson. My time in the role has been a privilege and honour. To work with our branch's competent and "just great staff", a dedicated Board who are a most efficient team, and to serve our community is both stimulating and rewarding. My thanks are extended to all.

Yours sincerely,



Graham Booth  
Chairperson (Retired position)  
Henty Community Financial Services Ltd.

# Chairperson's report

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April 2015 - 30 June 2015

Following Graham's illness, I have accepted the challenge of filling the void he has left after stepping down from the leadership role. As Graham followed Milton and I followed Graham, we have both found plenty of toe room in the "boots" that we have tried to fill. If I can achieve a fraction of what these two gentleman have done during the last 17 years I will be a happy man.

Over the past 12 months we have seen the branch's footings grow to over \$90 million which is a credit to our dedicated staff. Unfortunately with the tough economic climate and a new model to market, our profits have not followed suit. However, through consultation, Bendigo and Adelaide Bank has acknowledged this and following a review and some readjustment, we will see an increase in profits next year.

Over the next 12 months we have plans in place to grow our business substantially, especially in the rural market with a restructure regionally that will allow our rural lenders more time on farms or in businesses that we service.

Lastly I wish to acknowledge the support of shareholders and customers who are accessing their finance requirements through our branch as this allows us to make a difference to our community by putting profits back into our community.

Yours sincerely,



John Ellis  
Chairperson  
Henty Community Financial Services Ltd.

# Manager's report

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## For year ending 30 June 2015

Welcome to this, my second Managers' report for "your bank" the Henty **Community Bank**<sup>®</sup> Branch, I continue to feel honoured and privileged to be given the opportunity of managing this branch. It remains to be held in the highest regard within the large and growing Bendigo Bank family.

The branch is what it is today also due to the staff. Jan, Sharon, Gaynor and Jacinda have continued to demonstrate commitment and loyalty to our **Community Bank**<sup>®</sup> branch. I sincerely thank them for this and their continued work day in and day out to help to serve this community in so many ways.

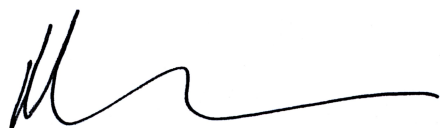
I thank the Board for its continued support, they are a wonderful team of people who continue to give up their time to make the **Community Bank**<sup>®</sup> branch a special part of the community. I look forward to continued growth of the branch as together we reach new milestones of achievement.

Our business has performed well, in a challenging environment with low interest rates and low business and consumer confidence. To 30 June 2015, our footings grew by \$4.4 million to finish the year just under \$90 million. This is up from \$73.4 million since my commencement in the role, and could not have been achieved without both my team and your support.

We remain strong with an excellent platform for further growth, every account helps so if you're not banking with us, please consider us!

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

Finally, 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**<sup>®</sup> Branch

# Director's report

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## For year ending 30 June 2015

Your Directors submit the financial report of the Company for the financial year ended 30 June 2015.

### Directors

The following persons were Directors of Henty 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
John Bruce Ellis Director Board member since June 1998	Field Marketing Agronomist	Director/Partner Small Business
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
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 Board member since Sept 2013		Current Farming Business Partner

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.

# Director's report 30 June 2015 continued

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## Review of operations

The profit/loss of the company for the financial year after provision for income tax was \$33,810 (2014 profit: \$13,148), which is a 157% increase as compared with the previous year.

The net assets of the company have increased/decreased to \$375,062 (2014: \$365,335).  
The increase/ decrease is largely due to change in trading conditions.

## 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:	9	24,083

## 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

### 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 2015.

# Director's report 30 June 2015 continued

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## 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 #
John Bruce Ellis	11 (13)
Hugh Thomas Clancy	13 (13)
Graham Charles Booth	13 (13)
Naomi Louise Toogood	12 (13)
Alison Campbell	13 (13)
Helen Margaret McRorie	11 (13)
Leigh Eulenstein	11 (13)

*# 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.

## 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 2015 continued

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### **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 29 September 2015.

A handwritten signature in black ink, appearing to read 'John Bruce Ellis', with a stylized flourish at the end.

John Bruce Ellis  
Director

# Auditor's Independence Declaration

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**Richmond  
Sinnott &  
Delahunty**  
Chartered Accountants

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Bendigo, Victoria  
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Email: [rsd@rsdadvisors.com.au](mailto:rsd@rsdadvisors.com.au)

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## **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 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

**Kathie Teasdale**  
**Partner**  
**Bendigo**  
**Dated at Bendigo, 29 September 2015**

# Financial Statements For year ending 30 June 2015

## Statement of profit or loss and Other Comprehensive Income For the year ended 30 June 2015

	<u>Notes</u>	<b>2015</b> <b>\$</b>	<b>2014</b> <b>\$</b>
Revenue	2	564,696	529,811
Employee benefits expense	3	(284,936)	(288,205)
Depreciation and amortisation expense	3	(20,499)	(20,346)
Bad and doubtful debts expense	3	15	(19)
Other expenses	3	<u>(147,224)</u>	<u>(168,496)</u>
<b>Operating profit before charitable donations &amp; sponsorships</b>		112,052	52,745
Charitable donations and sponsorships		<u>(53,907)</u>	<u>(35,676)</u>
<b>Profit before income tax expense</b>		58,145	17,069
Tax expense	4	<u>24,335</u>	<u>3,921</u>
<b>Profit for the year</b>		33,810	13,148
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income</b>		<u>33,810</u>	<u>13,148</u>
Profit attributable to members of the company		33,810	13,148
Total comprehensive income attributable to members of the company		<u>33,810</u>	<u>13,148</u>
<b>Earnings per share (cents per share)</b>			
- basic for profit / (loss) for the year	22	12.64	4.91

The accompanying notes form part of these financial statements

# Financial Statements continued

## Statement of Financial Position For the year ended 30 June 2015

	<u>Notes</u>	<b>2015</b> <b>\$</b>	<b>2014</b> <b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	70,465	23,175
Trade and other receivables	7	48,951	47,728
Current tax assets	13	-	9,013
Other financial assets		6,174	6,713
<b>Total current assets</b>		<u>125,590</u>	<u>86,629</u>
<b>Non-current assets</b>			
Property, plant and equipment	8	206,741	212,824
Other financial assets	10	77,582	72,562
Intangible assets	9	48,264	62,680
<b>Total non-current assets</b>		<u>332,587</u>	<u>348,066</u>
<b>Total assets</b>		<u>458,177</u>	<u>434,695</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	13,824	16,233
Provisions	12	58,199	53,127
Current tax payable	13	11,092	
<b>Total current liabilities</b>		<u>83,115</u>	<u>69,360</u>
<b>Total liabilities</b>		<u>83,115</u>	<u>69,360</u>
<b>Net assets</b>		<u>375,062</u>	<u>365,335</u>
<b>Equity</b>			
Issued capital	14	267,585	267,585
Retained earnings	15	107,477	97,750
<b>Total equity</b>		<u>375,062</u>	<u>365,335</u>

The accompanying notes form part of these financial statements

# Financial Statements continued

## Statement of Changes in Equity For the year ended 30 June 2015

		Issued capital \$	Retained earnings \$	Total equity \$
<b>Balance at 1 July 2013</b>		<b>267,585</b>	<b>108,685</b>	<b>376,270</b>
Profit for the year		-	13,148	13,148
Other comprehensive income for the year		-	-	-
<b>Total comprehensive income for the year</b>		-	13,148	13,148
<b>Transactions with owners, in their capacity as owners</b>				
Shares issued during the year		-	-	-
Dividends paid or provided	23	-	(24,083)	(24,083)
<b>Balance at 30 June 2014</b>		<b>267,585</b>	<b>97,750</b>	<b>365,335</b>
<b>Balance at 1 July 2014</b>		<b>267,585</b>	<b>97,750</b>	<b>365,335</b>
Profit for the year		-	33,810	33,810
Other comprehensive income for the year		-	-	-
<b>Total comprehensive income for the year</b>		-	33,810	33,810
<b>Transactions with owners, in their capacity as owners</b>				
Shares issued during the year		-	-	-
Dividends paid or provided	23	-	(24,083)	(24,083)
<b>Balance at 30 June 2015</b>		<b>267,585</b>	<b>107,477</b>	<b>375,062</b>

The accompanying notes form part of these financial statements

# Financial Statements continued

## Statement of Cash Flows For the year ended 30 June 2015

	<u>Notes</u>	<b>2015</b> <b>\$</b>	<b>2014</b> <b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		611,283	528,112
Payments to suppliers and employees		(538,922)	(521,610)
Dividend revenue received		5,018	4,549
Interest received		379	2,144
Income tax paid		(2,080)	(8,720)
Other Income		715	5,850
<b>Net cash provided by operating activities</b>	16	<u>76,393</u>	<u>10,325</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant & equipment		-	(2,184)
Purchase of intangible assets		-	(72,080)
Payments for Investments		<u>(5,020)</u>	<u>(11,543)</u>
<b>Net cash flows used in investing activities</b>		<u>(5,020)</u>	<u>(85,807)</u>
<b>Cash flows from financing activities</b>			
Dividends paid		(24,083)	(24,083)
<b>Net cash used in financing activities</b>		<u>(24,083)</u>	<u>(24,083)</u>
<b>Net increase/(decrease) in cash held</b>		47,290	(99,565)
Cash and cash equivalents at beginning of financial year		23,175	122,740
<b>Cash and cash equivalents at end of financial year</b>	6	<u>70,465</u>	<u>23,175</u>

The accompanying notes form part of these financial statements

# Notes to the Financial Statements Year ended 30 June 2015

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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 29 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, where 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.

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.

# Notes to the Financial Statements Year ended 30 June 2015

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## **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 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.

### **(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.

# Notes to the Financial Statements Year ended 30 June 2015

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## 1. Summary of significant accounting policies (continued)

### (d) Property, plant and equipment (continued)

#### *Property (continued)*

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. 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 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, 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:

<i>Class of asset</i>	<i>depreciation Rate</i>
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.

# Notes to the Financial Statements Year ended 30 June 2015

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## 1. Summary of significant accounting policies (continued)

### (e) 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.

### (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.

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 obligations are presented as current provisions.

#### *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.

### (h) 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.

# Notes to the Financial Statements Year ended 30 June 2015

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## **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 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 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.

### **(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**

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

# Notes to the Financial Statements Year ended 30 June 2015

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## 1. Summary of significant accounting policies (continued)

### (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 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.

# Notes to the Financial Statements Year ended 30 June 2015

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## **1. Summary of significant accounting policies (continued)**

### **(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.

### **(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 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.

#### *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.

# Notes to the Financial Statements Year ended 30 June 2015

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## 1. Summary of significant accounting policies (continued)

### (t) Critical accounting estimates and judgements (continued)

#### *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*.

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.

#### (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.

# Notes to the Financial Statements Year ended 30 June 2015

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## 1. Summary of significant accounting policies (continued)

### (u) Financial instruments (continued)

#### *Impairment*

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

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

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

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

#### *Derecognition of financial instruments*

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

# Notes to the Financial Statements Year ended 30 June 2015

	2015 \$	2014 \$
<b>2. Revenue and other income</b>		
Revenue		
- services commissions	556,434	515,318
	<u>556,434</u>	<u>515,318</u>
Other revenue		
- interest received	379	2,144
- other revenue	7,883	12,349
	<u>8,262</u>	<u>14,493</u>
Total revenue	<u>564,696</u>	<u>529,811</u>
<b>3. Expenses</b>		
Employee benefits expense		
- wages and salaries	258,014	281,756
- superannuation costs	21,863	23,905
- other costs	5,059	(17,456)
	<u>284,936</u>	<u>288,205</u>
Depreciation of non-current assets:		
- plant and equipment	2,601	6,889
- buildings	3,482	3,482
Amortisation of non-current assets:		
- intangible assets	14,416	9,975
	<u>20,499</u>	<u>20,346</u>
Bad debts	<u>(15)</u>	<u>19</u>
<b>4. Tax Expense</b>		
a. The components of tax expense/(income) comprise		
- current tax expense/(income)	24,335	3,921
- deferred tax expense/(income) relating to the origination and reversal of temporary differences	-	-
- recoupment of prior year tax losses	-	-
- adjustments for under/(over)-provision of current income tax of previous years	-	-
	<u>24,335</u>	<u>3,921</u>

# Notes to the Financial Statements Year ended 30 June 2015

	2015 \$	2014 \$
<b>4. Tax Expense (continued)</b>		
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%)	17,444	5,121
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	6,891	(1,200)
<i>Current income tax expense</i>	<u>24,335</u>	<u>3,921</u>
<b>Income tax attributable to the entity</b>	<b><u>24,335</u></b>	<b><u>3,921</u></b>
The applicable weighted average effective tax rate is	41.85%	22.97%
The applicable income tax rate is the Australian Federal tax rate of 30% (2014: 30%) applicable to Australian resident companies.		
<b>5. Auditors' remuneration</b>		
Remuneration of the Auditor for:		
- Audit or review of the financial report	6,160	4,100
- Share registry services	1,909	1,790
	<u>8,069</u>	<u>5,890</u>
<b>6. Cash and cash equivalents</b>		
Cash at bank and on hand	45,090	23,175
Short-term bank deposits	25,375	-
	<u>70,465</u>	<u>23,175</u>
<b>7. Trade and other receivables</b>		
<b>Current</b>	48,943	47,718
Trade receivables	8	10
Other assets	<u>48,951</u>	<u>47,728</u>

# Notes to the Financial Statements Year ended 30 June 2015

## 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.

	<b>Gross amount</b>	<b>Past due and impaired</b>	<b>Past due but not impaired</b>			<b>Not past due</b>
	<b>\$</b>	<b>\$</b>	<b>&lt; 30 days</b>	<b>31-60 days</b>	<b>&gt; 60 days</b>	<b>\$</b>
			<b>\$</b>	<b>\$</b>	<b>\$</b>	
<b>2015</b>						
Trade receivables	48,943	-	-	-	-	48,943
Other receivables	8	-	-	-	-	8
<b>Total</b>	<b>48,951</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,951</b>
<b>2014</b>						
Trade receivables	47,718	-	-	-	-	47,718
Other receivables	10	-	-	-	-	10
<b>Total</b>	<b>47,728</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,728</b>

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>8. Property, plant and equipment</b>		
<i>Land</i>		
At cost	113,468	113,468
<i>Buildings</i>		
At cost	139,265	139,265
Less accumulated depreciation	(53,802)	(50,320)
	85,463	88,945
<i>Plant and equipment</i>		
At cost	89,454	89,454
Less accumulated depreciation	(81,644)	(79,043)
	7,810	10,411
Total written down amount	206,741	212,824

# Notes to the Financial Statements Year ended 30 June 2015

	2015 \$	2014 \$
<b>8. Property, plant and equipment (continued)</b>		
<b>Movements in carrying amounts</b>		
<i>Land</i>		
Balance at the beginning of the reporting period	113,468	113,468
Additions	-	-
Disposals	-	-
Depreciation expense	-	-
Balance at the end of the reporting period	<u>113,468</u>	<u>113,468</u>
<i>Buildings</i>		
Balance at the beginning of the reporting period	88,945	92,427
Additions	-	-
Disposals	-	-
Depreciation expense	(3,482)	(3,482)
Balance at the end of the reporting period	<u>85,463</u>	<u>88,945</u>
<i>Plant and equipment</i>		
Balance at the beginning of the reporting period	10,411	15,116
Additions	-	2,184
Disposals	-	-
Depreciation expense	(2,601)	(6,889)
Balance at the end of the reporting period	<u>7,810</u>	<u>10,411</u>
<b>9. Intangible assets</b>		
<i>Franchise fee</i>		
At cost	149,280	149,280
Less accumulated amortisation	(101,016)	(86,600)
	<u>48,264</u>	<u>62,680</u>
Total Intangible assets	<u>48,264</u>	<u>62,680</u>
<i>Franchise fee</i>		
Balance at the beginning of the reporting period	62,680	575
Additions	-	72,080
Disposals	-	-
Amortisation expense	(14,416)	(9,975)
Balance at the end of the reporting period	<u>48,264</u>	<u>62,680</u>
<b>10. Other financial assets</b>		
<b>Current</b>		
Prepayments	<u>6,174</u>	<u>6,713</u>
<b>Non - Current</b>	<u>72,582</u>	<u>67,562</u>
Listed shares at cost	5,000	5,000
Unlisted shares at cost	<u>77,582</u>	<u>72,562</u>

# Notes to the Financial Statements Year ended 30 June 2015

## 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 \$96,854 (2014: \$91,549)

## 11. Trade and other payables

	2015 \$	2014 \$
<b>Current</b>		
Unsecured liabilities:		
Trade payables	7,417	7,695
Other creditors and accruals	6,407	8,538
	<u>13,824</u>	<u>16,233</u>

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

## 12. Provisions

Employee benefits	<u>58,199</u>	<u>53,127</u>
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### Movement in employee benefits

Opening balance	53,127	70,583
Additional provisions recognised	5,072	-
Amounts utilised during the year	-	(17,456)
Closing balance	<u>58,199</u>	<u>53,127</u>

### Current

Annual leave	24,810	25,481
Long Service Leave	33,389	27,646
<b>Total provisions</b>	<u>58,199</u>	<u>53,127</u>

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.

# Notes to the Financial Statements Year ended 30 June 2015

## 13. Tax balances

	2015 \$	2014 \$
(a) Tax Assets		
CURRENT		
Income tax receivable	-	9,013
	<u>-</u>	<u>9,013</u>
NON CURRENT		
Deferred tax asset comprises:		
- Tax losses carried forward	-	-
- Provisions	-	-
	<u>-</u>	<u>-</u>
(b) Tax Liabilities		
CURRENT		
Income tax payable	11,092	-
	<u>11,092</u>	<u>-</u>

## 14. Share capital

267585 Ordinary shares fully paid of \$1 each	267,585	267,585
Less: Equity raising costs	-	-
	<u>267,585</u>	<u>267,585</u>
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	<u>267,585</u>	<u>267,585</u>

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%.

# Notes to the Financial Statements Year ended 30 June 2015

<b>15. Retained earnings</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Balance at the beginning of the reporting period	97,750	108,685
Profit/(loss) after income tax	33,810	13,148
Dividends paid or provided for	(24,083)	(24,083)
Balance at the end of the reporting period	<u>107,477</u>	<u>97,750</u>

## **16. Statement of cash flows**

	<b>\$</b>	<b>\$</b>
Reconciliation of cash flow from operations with profit after income tax		
Profit / (loss) after income tax	33,810	13,148
Non cash items		
- Depreciation	6,083	10,371
- Amortisation	14,416	9,975
Changes in assets and liabilities		
- (Increase) decrease in receivables	11,092	
- (Increase) decrease in deferred tax asset	(684)	(2,908)
- Increase (decrease) in payables	9,013	(6,749)
- Increase (decrease) in provisions	(2,409)	3,944
Net cash flows from/(used in) operating activities	<u>5,072</u>	<u>(17,456)</u>
	<u>76,393</u>	<u>10,325</u>

## **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**

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 to utilise the benefits.

# Notes to the Financial Statements Year ended 30 June 2015

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## 17. Related party transactions (continued)

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 2015.

### (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:

	2015	2014
Graham Charles Booth	2,000	2,000
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

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 assets

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

## 20. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one geographic area being Henty, NSW. The company has a franchise agreement in place with Bendigo & Adelaide Bank Limited who account for 100% of the revenue (2014: 100%).

## 21. Company details

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

# Notes to the Financial Statements Year ended 30 June 2015

## 22. Earnings per share

2015	2014
\$	\$

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 outstanding 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	<u>33,810</u>	<u>13,148</u>
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>267,585</u>	<u>267,585</u>

## 23. Dividends paid or provided for on ordinary shares

### (a) Dividends paid during the year

Final fully franked ordinary dividend of 9 cents per share (2014: 9 cents) franked at the tax rate of 30% (2014: 30%).	24,083	24,083
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## 24. 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		
<b>Financial assets</b>			
Cash and cash equivalents	6	70,465	23,175
Trade and other receivables	7	<u>48,951</u>	<u>47,728</u>
<b>Total financial assets</b>		<u>119,416</u>	<u>70,903</u>
<b>Financial liabilities</b>			
Trade and other payables	11	<u>13,824</u>	<u>16,233</u>
<b>Total financial liabilities</b>		<u>13,824</u>	<u>16,233</u>

Financial risk management policies

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

# Notes to the Financial Statements Year ended 30 June 2015

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## 24. Financial risk management (continued)

### 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

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 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 on longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, 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.

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 \$
<b>Cash and cash equivalents:</b>		
A rated	<u>70,465</u>	<u>23,175</u>

# Notes to the Financial Statements Year ended 30 June 2015

## 24. Financial risk management (continued)

### (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 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		Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
	Note				
<b>Financial liabilities due for payment</b>					
Trade and other payables	11	13,824	13,824	-	-
<b>Total expected outflows</b>		<u>13,824</u>	<u>13,824</u>	<u>-</u>	<u>-</u>
<b>Financial assets - cash flows realisable</b>					
Cash & cash equivalents	6	70,465	70,465	-	-
Trade and other receivables	7	48,951	48,951	-	-
<b>Total anticipated inflows</b>		<u>119,416</u>	<u>119,416</u>	<u>-</u>	<u>-</u>
<b>Net (outflow)/inflow on financial instruments</b>		<u>105,592</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>30 June 2014</b>		<b>Total \$</b>	<b>Within 1 year \$</b>	<b>1 to 5 years \$</b>	<b>Over 5 years \$</b>
<b>Financial liabilities due for payment</b>					
Trade and other payables	11	16,233	16,233	-	-
<b>Total expected outflows</b>		<u>16,233</u>	<u>16,233</u>	<u>-</u>	<u>-</u>
<b>Financial assets - cash flows realisable</b>					
Cash & cash equivalents	6	23,175	23,175	-	-
Trade and other receivables	7	47,728	47,728	-	-
<b>Total anticipated inflows</b>		<u>70,903</u>	<u>70,903</u>	<u>-</u>	<u>-</u>
<b>Net (outflow)/inflow on financial instruments</b>		<u>54,670</u>	<u>54,670</u>	<u>-</u>	<u>-</u>

None of the assets of the company are past due (2011: nil past due) and based on historic default rates, the

# Notes to the Financial Statements Year ended 30 June 2015

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## 24. Financial risk management (continued)

### (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.

	<b>Profit \$</b>	<b>Equity \$</b>
<b>Year ended 30 June 2015</b>		
+/- 1% in interest rates (interest income)	705	705
+/- 1% in interest rates (interest expense)	-	-
	<u>705</u>	<u>705</u>
<b>Year ended 30 June 2014</b>		
+/- 1% in interest rates (interest income)	232	232
+/- 1% in interest rates (interest expense)	-	-
	<u>232</u>	<u>232</u>

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

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.

# Notes to the Financial Statements Year ended 30 June 2015

## 24. Financial risk management (continued)

### (d) Price risk (continued)

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.

	Note	2015 Carrying \$	2015 Fair Value \$	2014 Carrying \$	2014 Fair \$
<b>Financial Assets</b>					
Cash and cash equivalents (i)	6	70,465	-	23,175	23,175
Trade and other receivables (i)	7	48,951	-	47,728	47,728
<b>Total financial assets</b>		<u>119,416</u>	<u>-</u>	<u>70,903</u>	<u>70,903</u>
<b>Financial Liabilities</b>					
Trade and other payables (i)	11	13,824	-	16,233	16,233
<b>Total financial liabilities</b>		<u>13,824</u>	<u>-</u>	<u>16,233</u>	<u>16,233</u>

(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.

# Director's Declaration

for the year ending 30 June 2015

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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 36 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.



John Bruce Ellis  
Director

Signed at Henty on 29 September 2015.

# Independent Audit Report



**Richmond  
Sinnott &  
Delahunty**  
Chartered Accountants

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

Telephone: (03) 5445 4200  
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## **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 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.

#### *Director's 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 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

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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 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



**KATHIE TEASDALE**  
Partner

Dated at Bendigo, 29 September 2015

# Audit Reply

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## **Henty Community Financial Services Limited**



29 September 2015

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 2015, 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

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## 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

10. 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 2014 to 30 June 2015.
14. All related party transactions (including number of shares held by Directors at 30 June 2015 and 30 June 2014) 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



**John Bruce Ellis**  
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 ☒ )

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

# 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 17 November 2015.

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 17 November 2015.

**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](http://www.bendigobank.com.au) Bendigo Bank Limited, Fountain Court, Bendigo, VIC 3550  
ABN 11 068 049 178 AFSL 237879  
(Henty ImageTech Oct 2015)

