



# Heyfield & District Community Financial Services Limited **2015 Annual Report**





Michèle Ripper -  
Chair

## Vision Statement

*work with our community to develop and improve the district.*

## Mission Statement

*To develop the strength of the Community Bank and provide support to the district.*

## Statement of Values

*We aim to work with our community, to develop and improve the district.*

*We value our customers, and through our strong partnership with Bendigo Bank, will ensure a banking presence remains and expands within the community.*

*We value our shareholders and will ensure their Investment in the company is safeguarded and rewarded.*

*We value our staff and will ensure they have the opportunity to develop to their full potential.*

*We value our relationship with Bendigo Bank, and will work towards achieving shared goals.*



Keith Borthwick -  
Company Secretary



Greg Mackenzie -  
Deputy Chair



Davis Wadey -  
Treasurer



Emma Birchall -  
Director



Matthew Vaux -  
Director



Ken Noble -  
Director



Christine Thomas -  
Company Personal Assistant



Aaron Ralph -  
Resigned 29/01/2015



Shirley Noble -  
Resigned 26/02/2015

## Report from the Chair



Dear Shareholders,

As I contemplate the past year of trading, I wonder when will this period of uncertainty end? We, the Directors of Heyfield & District Community Financial Services Limited, have followed a conservative path to ensure our branch is sustainable into the future and is able to ride out this prolonged period of financial ups and downs. The company's profits have exceeded the previous year's by 40%, however, to protect the bank from future vagaries that may arise, the dividend this year is 5.5cents per share fully franked. This dividend still represents a good return and compares well with other similar **Community Bank®** branches.

Once again we have contributed to the local community in the form of sponsorships and another scholarship. We have donated \$3,000 to the Wetlands for the building of a lagoon, \$4,400 to the Heyfield Tennis Club to construct a retaining wall, \$3,000 towards the Timber Memorial and \$1,500 towards the first Glenmaggie Blues & Roots Festival which was a great success. Stephanie Coleman was the beneficiary of the Alan Broadbent Scholarship for the next two years. This scholarship will help Stephanie in her further education in Youth Studies. She hopes to come back to this district to work with local youth. We see this as a wonderful investment in the future.

So far the Heyfield & District **Community Bank®** branch has contributed a staggering \$926,000 over the past 14 years. As it is our 15th birthday next year we are hoping to achieve the \$1 million milestone reinvested in our community. We want to see our town and district prosper; this is why we are here. We can only redistribute what we receive from the community in the form of the banking

business. It is in the hands of the community to ensure the branch does well by supporting it. Invest in us and we can re-invest in Heyfield.

Last year our Board went through a period of renewal, this year it was the turn of our branch. We now have a full complement of staff with excellent customer service skills to assist our customers in their day-to-day banking. I commend Scott McNicol our Branch Manager for being able to juggle the demands of training new staff and still run the branch in his usual professional manner.

I would also like to thank our dedicated Directors, Keith Borthwick, Ken Noble, David Wadey, Matt Vaux, and our PA Chris Thomas and also welcome our two new Directors Emma Birchall and Greg Mackenzie to the Board. I would like to farewell Shirley Noble and Aaron Ralph and thank them very much for their contribution. Our relationship with our partners Bendigo and Adelaide Bank continues to thrive and I thank them for always being there to offer advice, assistance and expertise to both the **Community Bank®** branch and the Board.

Yours sincerely,

Michele Ripper

Chair - Heyfield & District Community Financial Services Limited

CANI: Continuous and Never-ending Improvement:



# Manager's Report



It is with pleasure that I submit my report to the shareholders for the 2014/15 financial year. Another year has flown by, each year now going seemingly faster than the last.

Tougher economic times seem to have really settled in now, but despite this we have continued to put on new business across our portfolio.

Our branch deposit book increased by \$856,000, with total credit funds

under management as at 30 June 2015 of \$35.545 million.

Our lending book decreased as at 30 June by \$574,000 to finish at \$34.659 million funds under management. Whilst this was disappointing we are working hard to turn this around moving forward.

Other business, which includes deposits such as superannuation funds and treasury holdings, increased for the financial year by \$2.659 million. Total funds now sit at \$13,253 million.

Our complete funds under management across our portfolio have increased to \$83,457,000 which is a total increase from last year of \$2.986 million

This year we have increased our community distributions

to \$926,000. This is a fantastic effort for our small community and we are inching ever so close to that magical \$1 million mark. With our customers' continued support, we are very hopeful of reaching this number by our 15th Birthday in May 2016.

These results cannot be achieved without the support from our valued customers. I would especially like to thank them for their continued support of our branch.

I would also like to take this time to thank my team which was a changing landscape this year. Tamarah, Tasha, Lesley have moved onto other roles with Tamarah taking a promotion to our Rural Finance team which will open many new exciting doors for her. Tasha also took on a promotion this year to our Traralgon branch of Bendigo Bank to further her opportunities within the Bank.

We have welcomed four new staff that would love you to pop in and say "hi" if you haven't already. Rachel, Janne, Kylie and Erin have joined our team this year and are now learning about their new roles and meeting all our wonderful customers.

I would also like to thank our Board of Directors and Board PA who continue to invest their time to our community to make it a better place for everyone.

My staff & I look forward to the year ahead and welcome you all to come in and see us at any time.

A blue ink handwritten signature of Scott McNicol.

Scott McNicol

Branch Manager

## Staff Members



The staff are from the left Kylie Dole, Customer Service Officer, Scott McNicol, Branch Manager, Janne Thomson - Chen, Customer Relationship Officer and Rachel Burns, Customer Service Officer.

# Bendigo and Adelaide Bank report

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For year ending 30 June 2015

In the 2015 financial year, the **Community Bank**<sup>®</sup> network opened its 310th branch and community contributions since the model's inception exceed \$130 million. Both of these achievements could not have been achieved without your ongoing support as a shareholder, customer and advocate of what is a truly unique way of banking for the benefit of your local community.

Local communities continue to embrace the **Community Bank**<sup>®</sup> model, a banking movement founded on the simple belief that successful customers and successful communities create a successful bank.

Seventeen years later communities are still approaching us and the model is as robust and relevant as ever, however a review of what we were doing, why and how we could do it better was timely.

During an 18 month period the Bank, in partnership with the **Community Bank**<sup>®</sup> network, undertook a comprehensive review of the **Community Bank**<sup>®</sup> model. Project Horizon was the largest single engagement process ever undertaken by our organisation.

As a result, a focus for the next 18 months will be the implementation of 64 recommendations. What was overwhelmingly obvious is that our **Community Bank**<sup>®</sup> network, and our Bank, care deeply about what has been developed and in what the future holds for the network.

In the early days of **Community Bank**<sup>®</sup> development, the **Community Bank**<sup>®</sup> model was seen as a way to restore branch banking services to rural towns, regional cities and metropolitan suburbs after the last of the banks closed their doors.

Today, although the focus is still about providing banking services, there is perhaps an even greater interest in the way in which the model creates a successful community enterprise used to effectively, and sustainably, build community capacity.

In October 2014, we welcomed **Community Bank**<sup>®</sup> branches in Bacchus Marsh, Kilmore, Maffra, Kwinana and Nubeena. All of these branches join a strong and mature banking network where valued partnerships enhance banking services, taking the profits their banking business generates and reinvesting that funding into initiatives to ultimately strengthen their community.

Following consultation with local residents and business owners responding to other banks reducing their branch presence, Aldinga Beach **Community Bank**<sup>®</sup> Branch opened the Willunga Customer Service Centre in April 2015, providing a full banking service to local people five days a week.

The **Community Bank**<sup>®</sup> model is a great example of shared value and was centre stage at an international Shared Value conference in the United States earlier this year.

Funding generated by **Community Bank**<sup>®</sup> branches support projects that make a difference to a community. But no matter how big or small the place people call home, the **Community Bank**<sup>®</sup> network recognises that when they act as one, powered by the good that money can bring, bigger things can happen for local towns, regions and states.

In WA, a \$125,000 commitment to Ronald McDonald House by Collie & Districts **Community Bank**<sup>®</sup> Branch resulted in a further \$125,000 from 21 branches (both community and company owned) in the state.

In QLD, Longreach farming families are now feeding their stock thanks to a dedicated Rotary Club and financial contributions from 16 **Community Bank**<sup>®</sup> (and company) branches.

Across regional and rural NSW, young people are today better drivers thanks to a driver education program supported by **Community Bank**<sup>®</sup> branches and across Australia, 58 young people headed off to their first year of university with the help of a **Community Bank**<sup>®</sup> scholarship.

## Bendigo and Adelaide Bank report (continued)

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Interest in the **Community Bank**<sup>®</sup> model remains strong, with 20 **Community Bank**<sup>®</sup> sites currently in development and a further six **Community Bank**<sup>®</sup> branches expected to open nationally during the next 12 months.

The network's steady expansion demonstrates the strength and relevance of a banking model where the desire to support the financial needs of customers is equalled by the desire to support the community with the good that money can bring.

By the end of the financial year 2014/15 the **Community Bank**<sup>®</sup> network achieved the following:

- Returns to community – over \$130 million since the model's inception
- **Community Bank**<sup>®</sup> branches – 310
- **Community Bank**<sup>®</sup> branch staff – more than 1,500
- **Community Bank**<sup>®</sup> company Directors – 1,946
- Banking business – \$28.79 billion
- Customers – 699,000
- Shareholders – 74,393
- Dividends paid to shareholders since inception – \$38.6 million

The communities we partner with also have access to the Bank's extensive range of other community building solutions including Community Enterprise Foundation™ (philanthropic arm), Community Sector Banking (banking service for not-for-profit organisations), Generation Green™ (environment and sustainability initiative), Community Telco<sup>®</sup> Australia (telecommunications solution), tertiary education scholarships and community enterprises that provide **Community Bank**<sup>®</sup> companies with further development options.

In Bendigo and Adelaide Bank, your **Community Bank**<sup>®</sup> company has a committed and strong partner and over the last financial year our company has continued its solid performance. Our Bank continues to be rated at least "A-" by Standard & Poor's, Moody's and Fitch in recognition of its strong performance in the face of what continues to be a challenging economic environment.

Our **Community Bank**<sup>®</sup> partners played an integral role in the Bank's involvement in the Financial Systems Inquiry, lobbying their local Federal Government representatives and calling for a level playing field.


Recent APRA announcements regarding changes to risk weights on mortgages will positively impact our Bank – providing customers with a level playing field by giving them more choice from a wider variety of financial providers.

Thanks to the efforts of our people, our peers and **Community Bank**<sup>®</sup> partners, we're starting to see the benefits. In continuing to take a collaborative approach, we act as one network driving positive outcomes for all Australians.

As **Community Bank**<sup>®</sup> company shareholders you are part of a unique banking movement.

The model offers an alternative way to think about banking and the role banks play in modern society, and because of your support there really is no limit to what can be achieved for local people and the communities in which you live.

Thank you for your ongoing support of your local **Community Bank**<sup>®</sup> branch.



**Robert Musgrove**  
**Executive Community Engagement**

## Alan Broadbent Scholarship

Stephanie has started her degree in Youth Work at Victoria University—Footscray Park, Stephanie was chosen from a field of six local applicants for the Annual scholarship, which helps first-year university students on their path to tertiary education with a \$5000 bursary.

Michèle Ripper, Chair, of Heyfield & District **Community Bank**<sup>®</sup> Branch, said she was pleased to be able to help a local student overcome the financial hurdles of further study and reach their goals.

“Stephanie was chosen for this scholarship because of her academic and community achievements “She is very deserving of this scholarship and will be a fine ambassador for the Heyfield & District community.”

Stephanie said she was thrilled to be able to start university with the financial security that the scholarship provided.

“I can’t wait to get started and work towards my goal of becoming a Youth Worker she said.

“This scholarship means I will be able to focus on my

studies more and worry less about the costs of living away from home.”

The Alan Broadbent – Heyfield & District **Community Bank**<sup>®</sup> Scholarship is part of the Bendigo and Adelaide Bank Scholarship Program, which is one of the largest privately funded scholarship programs in Australia.

This year the program awarded more than 206 scholarships, worth a total of \$1.4 million, to students across Australia.

Mrs Ripper said the scholarship program showed Heyfield & District **Community Bank**<sup>®</sup> company’s ongoing commitment to supporting local youth and building stronger communities.

“Our young people are our future and their development is critical to this community’s success,” she said.

“Many students in Heyfield and surrounds have big dreams for their future careers and we’re hoping that with the right support they might be able to bring those skills back to their hometown one day.”



Stephanie Coleman is pictured on the right with Alan Broadbent and Mrs Michèle Ripper receiving her cheque for the 2015 Alan Broadbent–Heyfield & District Community Bank Branch Scholarship Stephanie Coleman receives the Alan Broadbent – Heyfield & District **Community Bank**<sup>®</sup> Branch scholarship.



## A few words from our current Scholarship Holders...

### *Stephanie (Bessie) Coleman*

Just an update of my course so far, I have just completed the first semester of my first year of study, studying the Bachelor of Youth Work at Victoria University Footscray. This semester I completed four Units; Youth Work Practice, Youth Work Context, Young People in a Global Community and Young People with All Abilities.

Youth Work Practice is a subject that aims to provide an understanding of the structure and dynamics of youth work. In this Unit I completed two assessments one being a map of the local area in which I live and the youth services that my area provides. I achieved a high distinction for this unit. The other being an essay on what is youth work and the roles and values of a youth worker which I achieve a high distinction for.

Youth Work Context is a subject that aims to provide knowledge of all the different youth work context and different work environment that youth workers may work in. In this unit I completed three assessments the first one being a case study on the protocols of youth work organisations which I achieved a distinction for. The second being a poster presentation on different youth work contexts mine being youth mental health in which I



Stephanie pictured with her family, Alan Broadbent, Michèle Ripper and Scott McNicol.

achieved a distinction for. And the final assessment being an essay on the differences of two different organisations that address the same youth related issue in which I achieved a high distinction for.

### *Erin Liddell*

This semester has been very a busy, challenging and rewarding semester. This year I have undertaken the role as a Residential Advisor at my Residential Hall at Monash University, Clayton Campus. This role involves being the first point of call for any pastoral care issues and support to residents in my hall, as well as providing exemplary behaviour and being actively involved in the community. In this role I also have the responsibility of organising events in my hall, in my portfolio of Health & Wellbeing/Environment. This role has been a fantastic learning experience as well as one of personal growth and development.

As a result of my actions in this role, I was selected as a delegate to represent Monash Residential Services at the National Association of Australian University Colleges' (NAAUC) national conference in Brisbane over the past week at the University of Queensland. At this conference I gained so much knowledge about community building and fostering positive relationships which I hope to bring back to my residential community and the wider community that I live in. As well as endeavouring to perform in my role as a Residential Advisor to my best ability, I have also had to manage my studies and social life in the attempt to create a balanced lifestyle – something all university students strive towards and tend to believe is a mythical concept.

I am very proud of my hard work this semester as I managed to achieve a High Distinction (HD) in all of my units. My units this semester have been based on Ecology and Conservation Biology, which have been really interesting and enjoyable. I am also finishing a minor in Politics this coming semester which has been a very thought-provoking and challenging area of study. This



coming semester I am continuing with Ecology studies but also taking on some Geography units, which I hope to use in a career in sustainability and conservation management one day. I am looking forward to starting another busy, productive and interesting semester and continuing in my role as a Residential Advisor at my hall.



## The Blokes Biggest BBQ



The Blokes Biggest BBQ was held at Sale Memorial Hall on Friday 21st August and the Heyfield & District **Community Bank®** Branch was proud to contribute to the event, donating \$5000 as patron sponsor towards this great cause.

More than 400 men packed out Sale's Memorial Hall to raise awareness for prostate cancer. Entertainment was provided by former football greats Sam Kekovich and David Schwarz who were supported by magician-comedian Warren Jackman. Each year around 20,000 Australian men are diagnosed with prostate cancer, a disease that claims as many lives each year as breast cancer. Spokesman for the event Mr. Leo O'Brien said, "One in nine men will develop prostate cancer in their lives, but most alarming is the fact that the mortality rate for prostate cancer is 21 per cent higher in regional areas."

This has been a great community event and we are looking at raising in excess of \$80,000, half of which will go to the CGHS oncology unit and half to the Prostate Cancer Foundation."



## Victorian Timber Workers Memorial



The Board was approached to support the construction of the Victorian Timber Workers Memorial at the Lions Park Reserve which will create a peaceful place for families to go and reflect and remember their loved ones. Any money raised was to be matched with a Government Grant. Initially we were asked for a letter of commitment. Later in the year we were advised that they had been successful and work was to start.

"The Victorian Timber Workers Memorial committee would like to thank you for your help towards our project. With the generosity from the Heyfield Community Bank, state government and the Wellington shire Heyfield will have a

memorial for all workers that lost their lives whilst at work in the timber industry. A place where loved ones can join with others in remembrance and reflection.

A public art sculpture will be the centrepiece of the memorial, which will be surrounded by 75 mature yellow box trees, connecting paths, low stone walls and seating. The opening, on the 5th of December, will be a major event on the shire calendar and bring thousands of visitors to Heyfield.

Thanking you

Karen Coleman"



## Heyfield Tennis Club

This year Heyfield Tennis Club approached the Board regarding funding to construct a Retaining Wall around the courts. They had upgraded the courts and found that they needed a stabilizing wall for Court 4 as the area around the court was unstable. This wall was desperately required to mitigate the progressive collapse of the land underneath the main courts at the front of the clubhouse. Wellington Shire Council contributed 60% and the Heyfield Tennis Club had paid for the court re-surfacing so approached the Board to make up the shortfall of \$4400. The Board felt that this was a worthwhile project to become involved with and would prove to be an asset for the local community so was pleased to assist them.



## Glenmaggie Blues & Roots Festival

On Sunday 15th March 2015 with the picturesque views of Lake Glenmaggie and a fantastic line up of bands and musicians the inaugural Glenmaggie Blues & Roots Festival was held on the lawns of the beautifully restored Glenmaggie Mechanics' Institute Hall. The committee approached the Board for funding to cover the Artists so that door takings could cover the staging costs.

They had a fabulous day- the weather was perfect for an outside event and everything ran like clockwork. Everyone was buzzing what a great day it was, including all of the Artists!





## Branch goes Solar

In these times of increasing electricity prices the Board of the Heyfield & District **Community Bank®** Branch made the decision to go Solar. With the panels providing 60-80% of our usage during the day the Board felt it was an economical move to make the change, as well as supporting the Bendigo Bank's Green philosophies. This is also in line with Heyfield being "Sustainable town and the Victorian Government wish to create a renewable energy industry.

Solar energy is not only sustainable, it is renewable and this means that we will never run out. It is about as natural a source of power as it is to generate electricity. The creation of solar energy requires little maintenance. So it was a plus + situation for their installation.



## Community Contributions this year

Toongabbie Cricket Club

St Michael's P.S P & F

Ron Reynolds- Beyond Blue

Maffra Secondary College

Heyfield Golf Club

Cowwarr P.S P & F

Nambrok Cricket Club

Heyfield Tennis Club

Heyfield Wetlands Inc

Rosedale Chamber of Commerce

Nambrok Newry Junior Football Club

Heyfield War Memorial Hall

Heyfield Resource Centre

Newry Golf Club

Heyfield Tennis Club

Glenmaggie Hall Committee

Flynn Hall Committee

Sale/Maffra Kennel Club

Heyfield Junior Netball

Coongulla Reserve CoM

Sale Polocrosse Club

Rosedale Primary School

Gippsland Woodcraft Group

Heyfield Primary School

Heyfield Football/Netball

Hey & Dis Vintage Machinery

Rosedale Bowls Club

Rosedale Football Netball

Heyfield Fire Brigade





**Heyfield & District Community  
Financial Services Limited**

**Financial Statements**

**as at**

**30 June 2015**

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF HEYFIELD & DISTRICT  
COMMUNITY FINANCIAL SERVICES LIMITED**

**Report on the Financial Report**

We have audited the accompanying financial report of Heyfield & District 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 entity comprising the company and the entities it controlled at the year's end.

*Directors' Responsibility for the Financial Report*

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

*Auditor's Responsibility*

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

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

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



### *Independence*

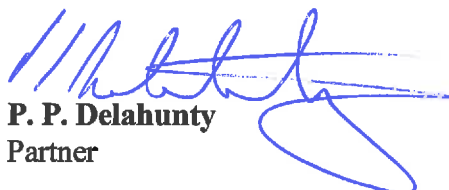
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Heyfield & District Community Financial Services Limited, would be in 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 Heyfield & District Community Financial Services Limited is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

**RICHMOND SINNOTT & DELAHUNTY**  
Chartered Accountants

  
**P. P. Delahunty**  
Partner

Dated at Bendigo, 29th September 2015

**Heyfield & District Community Financial Services Limited**  
**ABN 96 094 854 949**  
**Directors' report**

Your Directors present their report of the company for the financial year ended 30 June 2015.

**Directors**

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

<b>Name and position held</b>	<b>Qualifications</b>	<b>Experience and other Directorships</b>
<b>Michele Ripper</b> Appointed 30/6/2006 <b>Chair</b>	Associate of Cecchetti in Advanced Ballet Southern Federation of Dance - Teaching	Business owner 25 years Marketing, Advert. 15 years running own Dance Studio School committees President Heyfield Kindergarten Winner Gippsland Business Awards
<b>Keith Borthwick</b> Appointed 24/10/2000 <b>Secretary</b>	RMIT Articled Clerks Course 1976	Solicitor 33 years Director- Torrens Limited – 8 years Heyfield Property Developments- 8 years Malbeq Proprietary Limited – 10 years
<b>David Wadey</b> Appointed 14/6/2006 <b>Director</b>	Certificate IV in Property (Real Estate Practice) Vic	Past President (Twice) of Heyfield Lions Club Secretary of Heyfield CFA brigade Heyfield Australia Day Committee
<b>Gregor Mackenzie</b> Appointed 13/11/2014 <b>Director</b>	Associated Diploma of Engineering in Aircraft Systems Maintenance (1975) Advanced Certificate in Aircraft Maintenance in Airframe & Engines (1975) Associated Diploma in Management (1991) Certificate in Security & Personnel Administration (1991) Certificate in Public Administration (1995) Victoria Police Investigators Course (1991) Victoria Police Inspector' Course (1998) Professionalising Contract Management - Chifley Business School (2007) Senior Leaders Program – Mt Eliza Business School (2007)	Royal Australian Naval Officer -37.5 yrs Executive officer (Aust. Public Service) 13 yrs Past Western Port College Committee memb. Past President (twice) Heyfield Lions Past Secretary Heyfield Lions Vice President Heyfield RSL Executive Committee Member Volunteer Fire Brigade Victoria Secretary Heyfield Fire Brigade
<b>Emma Birchall</b> Appointed 13/11/2014 <b>Director</b>	Degree is BSc(Hons) Social Anthropology & Communications - Brunel University UK (1999) Diploma in Community Welfare Work - Holmsglen Tafe (2011)	Financial Service Risk & Management Program Management in Non-profit sector Business Management in State Government
<b>Kenneth Noble</b> Appointed 25/10/2012 <b>Director</b>	Certificate IV Rural Management Services	20 years service in major positions in Heyfield Lions & Heyfield Apex Club's
<b>Shirley Noble</b> Resigned 26/2/2015 <b>Director</b>	Diversional Therapist Certificates III & IV - Community Services-Disability Care & Allied Health	Heyfield Hospital - 10 years Volunteered within local community
<b>Matthew Vaux</b> Appointed 31/10/2013 <b>Director</b>	Diploma of Management	Rosedale Newsletter Rosedale CRG Mayor- Wellington Youth Council Rosedale Chamber of Commerce

**Heyfield & District Community Financial Services Limited**  
**ABN 96 094 854 949**  
**Directors' report**

<b>Aaron Ralph</b> Resigned 29/1/2015 <b>Director</b>		President Heyfield Basketball Association Heyfield Football Club Heyfield Tennis Club
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Directors were in office for this entire year unless otherwise stated.

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

### **Principal activities**

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

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

### **Review of operations**

The profit of the company for the financial year after provision for income tax was \$23,846 (2014 loss: \$35,907), which is a considerable increase as compared with the previous year.

The net assets of the company have increased/decreased to \$654,399 (2014: \$666,554). The decrease is largely due to the ongoing dividend payments of the company.

### **Dividends**

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

	<b>Year ended 30 June 2015</b>	
	<b>Cents per share</b>	<b>\$</b>
Dividends paid in the year - final dividend:	8	36,001

### **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.



**Heyfield & District Community Financial Services Limited**  
**ABN 96 094 854 949**  
**Directors' report**

### **Indemnifying officers or Auditor**

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

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

### **Directors' meetings**

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

<b>Director</b>	<b>Board meetings #</b>	<b>Audit Committee meetings #</b>
Mrs Michele Ripper	11 (11)	2 (2)
Mr Keith Borthwick	9 (11)	2 (2)
Mr David Wadey	9 (11)	2 (2)
Mr Gragor Mackenzie	6 (7)	N/A
Emma Birchall	6 (7)	N/A
Kenneth Noble	9 (11)	N/A
Shirley Noble	6 (7)	N/A
Matthew Vaux	11 (11)	N/A
Aaron Ralph	3 (5)	N/A

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

*N/A - not a member of that committee.*

### **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**

Keith Borthwick has been the Company Secretary of Heyfield & District Community Financial Services Limited since 5 February 2002. Keith's qualifications and experience include being a legal practitioner for over 30 years.

**Heyfield & District Community Financial Services Limited**  
**ABN 96 094 854 949**  
**Directors' report**

**Auditor independence declaration**

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

Signed in accordance with a resolution of the Board of Directors at Heyfield on  
23 September 2015.



Michele Ripper  
Director

29th September 2015

The Directors  
Heyfield & District Community Financial Services Limited  
54-56 Temple Street  
HEYFIELD VIC 3858

Dear Directors,

To the Directors of Heyfield & District Community Services Limited

**Auditor's Independence Declaration under section 307C of the Corporations Act 2001**

I declare that to the best of my knowledge and belief, during the year ended 30 June 2015 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.



**P. P. Delahunty**  
**Partner**  
**Richmond Sinnott & Delahunty**



**Heyfield & District Community Financial Services Limited**  
**ABN 96 094 854 949**  
**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	671,838	666,011
Employee benefits expense	3	(360,499)	(368,850)
Depreciation and amortisation expense	3	(37,413)	(37,039)
Finance costs	3	(1,763)	(1,960)
Other expenses	3	<u>(177,592)</u>	<u>(162,712)</u>
<b>Operating profit before charitable donations &amp; sponsorships</b>		94,571	95,450
Charitable donations and sponsorships		<u>(57,609)</u>	<u>(79,677)</u>
<b>Profit before income tax</b>		36,962	15,773
Tax expense	4	<u>13,116</u>	<u>51,680</u>
<b>Profit/(loss) for the year</b>		<u>23,846</u>	<u>(35,907)</u>
<b>Other comprehensive income</b>			
Revaluation of land and buildings		<u>-</u>	<u>44,400</u>
<b>Total comprehensive income for the year</b>		<u><u>23,846</u></u>	<u><u>8,493</u></u>
Profit/(loss) attributable to members of the company		23,846	(35,907)
Total comprehensive income attributable to members of the company		<u><u>23,846</u></u>	<u><u>8,493</u></u>
<b>Earnings per share (cents per share)</b>			
- basic earnings per share	23	5.30	(7.98)

The accompanying notes form part of these financial statements

**Heyfield & District Community Financial Services Limited**  
**ABN 96 094 854 949**  
**Statement of financial position**  
**As at 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	57,930	73,195
Financial Assets	7	130,617	72,451
Prepayments		354	150
Current tax receivable	14	-	10,223
Trade and other receivables	8	53,200	55,977
<b>Total current assets</b>		<u>242,101</u>	<u>211,996</u>
<b>Non-current assets</b>			
Property, plant and equipment	9	572,708	583,641
Intangible assets	10	1,726	3,726
Deferred tax assets	14	7,677	7,382
<b>Total non-current assets</b>		<u>582,111</u>	<u>594,749</u>
<b>Total assets</b>		<u>824,212</u>	<u>806,745</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	45,064	36,863
Loans and borrowings	12	9,172	12,642
Current tax payable	14	5,406	-
Provisions	13	16,024	14,459
<b>Total current liabilities</b>		<u>75,666</u>	<u>63,964</u>
<b>Non current liabilities</b>			
Loans and borrowings	12	34,113	15,613
Provisions	13	9,566	10,146
Deferred tax liabilities	14	50,468	50,468
<b>Total non current liabilities</b>		<u>94,147</u>	<u>76,227</u>
<b>Total liabilities</b>		<u>169,813</u>	<u>140,191</u>
<b>Net assets</b>		<u>654,399</u>	<u>666,554</u>
<b>Equity</b>			
Issued capital	15	450,009	450,009
Asset revaluation reserve	16	168,226	168,226
Retained earnings	17	36,164	48,319
<b>Total equity</b>		<u>654,399</u>	<u>666,554</u>

The accompanying notes form part of these financial statements



**Heyfield & District Community Financial Services Limited**  
**ABN 96 094 854 949**  
**Statement of changes in equity**  
**for the year ended 30 June 2015**

		<b>Issued capital \$</b>	<b>Retained earnings \$</b>	<b>Revaluation reserve \$</b>	<b>Total equity \$</b>
<b>Balance at 1 July 2013</b>		<b>450,009</b>	<b>120,227</b>	<b>123,826</b>	<b>694,062</b>
Profit for the year		-	(35,907)	-	(35,907)
Other comprehensive income for the year		-	-	44,400	44,400
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>(35,907)</b>	<b>44,400</b>	<b>8,493</b>
<b>Transactions with owners, in their capacity as owners</b>					
Dividends paid or provided	25	-	(36,001)	-	(36,001)
<b>Balance at 30 June 2014</b>		<b>450,009</b>	<b>48,319</b>	<b>168,226</b>	<b>666,554</b>
<b>Balance at 1 July 2014</b>		<b>450,009</b>	<b>48,319</b>	<b>168,226</b>	<b>666,554</b>
Profit for the year		-	23,846	-	23,846
Other comprehensive income for the year		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>23,846</b>	<b>-</b>	<b>23,846</b>
<b>Transactions with owners, in their capacity as owners</b>					
Dividends paid or provided	25	-	(36,001)	-	(36,001)
<b>Balance at 30 June 2015</b>		<b>450,009</b>	<b>36,164</b>	<b>168,226</b>	<b>654,399</b>

The accompanying notes form part of these financial statements

**Heyfield & District Community Financial Services Limited**  
**ABN 96 094 854 949**  
**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		735,466	729,752
Payments to suppliers and employees		(642,700)	(675,861)
Interest paid		(1,763)	(1,960)
Interest received		3,172	2,600
Income tax paid		(2,218)	(15,557)
<b>Net cash provided by operating activities</b>	<b>18</b>	<b><u>91,957</u></b>	<b><u>38,974</u></b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant & equipment		18,787	-
Purchase of property, plant & equipment		(46,872)	(1,220)
Investments and other financial assets		(58,166)	-
<b>Net cash flows used in investing activities</b>		<b><u>(86,251)</u></b>	<b><u>(1,220)</u></b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		51,014	-
Repayment of borrowings		(35,984)	(10,681)
Dividends paid		(36,001)	(36,001)
<b>Net cash used in financing activities</b>		<b><u>(20,971)</u></b>	<b><u>(46,682)</u></b>
<b>Net decrease in cash held</b>		<b>(15,265)</b>	<b>(8,928)</b>
Cash and cash equivalents at beginning of financial year		73,195	82,123
<b>Cash and cash equivalents at end of financial year</b>	<b>6</b>	<b><u><u>57,930</u></u></b>	<b><u><u>73,195</u></u></b>

The accompanying notes form part of these financial statements



**Heyfield & District Community Financial Services Limited**  
**ABN 96 094 854 949**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

These financial statements and notes represent those of Heyfield & District Community Financial Services Limited.

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

The financial statements were authorised for issue by the Directors on 23 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.

**Heyfield & District Community Financial Services Limited**  
**ABN 96 094 854 949**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

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

**(b) Income tax**

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

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

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

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

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

**(c) Fair value of assets and liabilities**

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

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

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

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

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

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

### (d) Property, plant and equipment

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

#### *Property*

Freehold land and buildings are carried at their fair value (refer note 1 (c)), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

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

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

#### *Plant and equipment*

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

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

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

#### *Depreciation*

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated over the asset's useful life to the company commencing from the time the asset is held ready for use.



Heyfield & District Community Financial Services Limited

ABN 96 094 854 949

Notes to the financial statements

For the year ended 30 June 2015

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

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

The depreciation rate calculated on a straight line basis for each class of depreciable asset are:

<i>Class of asset</i>	<i>Depreciation rate</i>
Buildings	2.5%
Furniture & fittings	10%
Plant & equipment	10%

The depreciation rate calculated on a diminishing value basis for each class of depreciable asset are:

<i>Class of asset</i>	<i>Depreciation rate</i>
Motor vehicles	25%

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

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

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

**Revaluations**

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

During the 2014 financial year the directors unanimously agreed to bring to account land and buildings at a their current market value on the basis of an independent valuation prepared by Herron Todd White on 31 January 2014.

**(e) Impairment of assets**

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

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

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

#### *Other long-term employee benefits*

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

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

### (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.

**Heyfield & District Community Financial Services Limited**  
**ABN 96 094 854 949**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

**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 and other income**

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

Interest, dividend and fee revenue is recognised when earned.

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

**(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 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:



**Heyfield & District Community Financial Services Limited**  
**ABN 96 094 854 949**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

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

**(n) New accounting standards for application in future periods (continued)**

**(i) AASB 9 *Financial Instruments* and associated Amending Standards (applicable for annual reporting periods beginning on or after 1 January 2018).**

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

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

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

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

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

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with customers;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

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

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

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

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

**(p) 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.

**Heyfield & District Community Financial Services Limited**  
**ABN 96 094 854 949**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

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

**(p) Provisions (continued)**

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.

**(q) 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.

**(r) Comparative figures**

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

**(s) Critical accounting estimates and judgements**

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

*Estimation of useful lives of assets*

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

*Fair value assessment of non-current physical assets*

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

*Employee benefits provision*

Assumptions 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.

**Heyfield & District Community Financial Services Limited**  
**ABN 96 094 854 949**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

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

**(s) Critical accounting estimates and judgements (continued)**

*Income tax*

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

*Impairment*

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

**(t) 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 be 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.

**Heyfield & District Community Financial Services Limited**

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**Notes to the financial statements**

**For the year ended 30 June 2015**

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

**(t) Financial instruments (continued)**

(ii) Financial liabilities

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

*Impairment*

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

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

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

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

*Derecognition*

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

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>2. Revenue and other income</b>		
Revenue		
- services commissions	668,001	663,411
	<u>668,001</u>	<u>663,411</u>
Other revenue		
- interest received	3,172	2,600
- other revenue	665	-
	<u>3,837</u>	<u>2,600</u>
Total revenue	<u><u>671,838</u></u>	<u><u>666,011</u></u>



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**For the year ended 30 June 2015**

<b>3. Expenses</b>	<b>2015 \$</b>	<b>2014 \$</b>
Employee benefits expense		
- wages and salaries	299,230	311,802
- superannuation costs	29,229	31,282
- other costs	32,040	25,766
	<u>360,499</u>	<u>368,850</u>
Depreciation of non-current assets:		
- plant and equipment	23,061	23,797
- building improvements	12,352	11,242
Amortisation of non-current assets:		
- intangible assets	2,000	2,000
	<u>37,413</u>	<u>37,039</u>
Finance costs:		
- Interest paid	1,763	1,960
Other expenses		
- ATM	12,064	9,279
- insurance	8,646	8,798
- corporate services	12,330	14,012
- IT costs	34,917	36,926
- marketing	15,608	9,157
- cleaning	6,981	6,324
- electricity and gas	7,488	6,865
- repairs and maintenance	4,583	1,978
- rates	4,744	4,714
- telephone	8,948	8,583
- other costs	61,283	56,076
	<u>177,592</u>	<u>162,712</u>

**4. Tax Expense**

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

- current tax expense/(income)	11,089	4,732
- deferred tax expense/(income) relating to the origination and reversal of temporary differences	2,027	46,948
	<u>13,116</u>	<u>51,680</u>

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**For the year ended 30 June 2015**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<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%)	11,089	4,732
Add tax effect of:		
- Non-deductible expenses	1,732	3,862
- Recognition of deferred tax obligations	295	43,086
<i>Current income tax expense</i>	<u>13,116</u>	<u>51,680</u>
<b>Income tax attributable to the entity</b>	<b><u>13,116</u></b>	<b><u>51,680</u></b>
The applicable weighted average effective tax rate is	36.31%	54.49%
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	4,430	4,300
- Share registry services	1,800	1,790
	<u>6,230</u>	<u>6,090</u>
<b>6. Cash and cash equivalents</b>		
Cash at bank and on hand	57,930	73,195
	<u>57,930</u>	<u>73,195</u>
<b>7. Investments and Other Financial Assets</b>		
<b>Current</b>		
Short-term bank deposits	130,617	72,451
	<u>130,617</u>	<u>72,451</u>
The effective interest rate on short-term bank deposits was 2.65% (2014: 3.35%); these deposits have an average maturity of 183 days.		
<b>8. Trade and other receivables</b>		
<b>Current</b>		
Trade receivables	53,200	55,977
	<u>53,200</u>	<u>55,977</u>
<b>Credit risk</b>		

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.

**Heyfield & District Community Financial Services Limited**

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**Notes to the financial statements**

**For the year ended 30 June 2015**

**8. Trade and other receivables (continued)**

**Credit risk (continued)**

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 but not impaired</b>			<b>Not past due</b>
	<b>\$</b>	<b>Past due and impaired</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>\$</b>
<b>2015</b>					
Trade receivables	53,200	-	-	-	-
<b>Total</b>	<u>53,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>2014</b>					
Trade receivables	55,977	-	-	-	-
<b>Total</b>	<u>55,977</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>9. Property, plant and equipment</b>		
<i>Land</i>	17,500	17,500
At fair value	<u>17,500</u>	<u>17,500</u>
<i>Buildings &amp; improvements</i>		
At fair value	440,000	440,000
Less accumulated depreciation	<u>(12,352)</u>	<u>-</u>
	<u>427,648</u>	<u>440,000</u>
<i>Furniture &amp; fittings</i>		
At cost	174,624	174,624
Less accumulated depreciation	<u>(137,226)</u>	<u>(130,567)</u>
	<u>37,398</u>	<u>44,057</u>
<i>Motor vehicle</i>		
At cost	46,582	36,521
Less accumulated depreciation	<u>(3,414)</u>	<u>(9,300)</u>
	<u>43,168</u>	<u>27,221</u>
<i>Plant and equipment</i>		
At cost	84,319	84,029
Less accumulated depreciation	<u>(37,325)</u>	<u>(29,166)</u>
	<u>46,994</u>	<u>54,863</u>
Total written down amount	<u>572,708</u>	<u>583,641</u>

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**For the year ended 30 June 2015**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>9. Property, plant and equipment (continued)</b>		
<b>Movements in carrying amounts</b>		
<i>Land</i>		
Balance at the beginning of the reporting period	17,500	17,500
Balance at the end of the reporting period	<u>17,500</u>	<u>17,500</u>
<i>Buildings &amp; improvements</i>		
Balance at the beginning of the reporting period	440,000	406,843
Revaluations	-	44,400
Depreciation expense	<u>(12,352)</u>	<u>(11,243)</u>
Balance at the end of the reporting period	<u>427,648</u>	<u>440,000</u>
<i>Furniture &amp; fittings</i>		
Balance at the beginning of the reporting period	44,057	50,716
Depreciation expense	<u>(6,659)</u>	<u>(6,659)</u>
Balance at the end of the reporting period	<u>37,398</u>	<u>44,057</u>
<i>Plant and equipment</i>		
Balance at the beginning of the reporting period	54,863	61,707
Additions	290	1,220
Depreciation expense	<u>(8,159)</u>	<u>(8,064)</u>
Balance at the end of the reporting period	<u>46,994</u>	<u>54,863</u>
<i>Motor vehicles</i>		
Balance at the beginning of the reporting period	27,221	36,295
Additions	46,582	-
Disposals	<u>(22,392)</u>	<u>-</u>
Depreciation expense	<u>(8,243)</u>	<u>(9,074)</u>
Balance at the end of the reporting period	<u>43,168</u>	<u>27,221</u>
<b>10. Intangible assets</b>		
<i>Franchise fee</i>		
At cost	70,000	70,000
Less accumulated amortisation	<u>(68,274)</u>	<u>(66,274)</u>
	<u>1,726</u>	<u>3,726</u>
<b>Movements in carrying amounts</b>		
<i>Franchise fee</i>		
Balance at the beginning of the reporting period	3,726	5,726
Amortisation expense	<u>(2,000)</u>	<u>(2,000)</u>
Balance at the end of the reporting period	<u>1,726</u>	<u>3,726</u>



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**For the year ended 30 June 2015**

<b>11. Trade and other payables</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Unsecured liabilities:		
Trade payables	41,764	33,663
Accrued audit fee	3,300	3,200
	<u>45,064</u>	<u>36,863</u>

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

**12. Borrowings**

**Current**

Secured liabilities:

Chattel mortgage	9,172	12,642
	<u>9,172</u>	<u>12,642</u>

**Non-current**

Secured liabilities:

Chattel mortgage	34,113	15,613
	<u>34,113</u>	<u>15,613</u>

The company has a chattel mortgage loan which is subject to normal terms and conditions. The current interest rate is 4.95%. This loan is secured by the vehicle.

**13. Provisions**

Employee benefits	<u>25,590</u>	<u>24,605</u>
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**Movement in employee benefits**

Opening balance	24,605	17,252
Additional provisions recognised	18,127	22,277
Amounts utilised during the year	(17,142)	(14,924)
Closing balance	<u>25,590</u>	<u>24,605</u>

**Current**

Annual leave	16,024	14,459
	<u>16,024</u>	<u>14,459</u>

**Non-current**

Long-service leave	9,566	10,146
	<u>9,566</u>	<u>10,146</u>

<b>Total provisions</b>	<u>25,590</u>	<u>24,605</u>
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**Provision for employee benefits**

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

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

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

**Heyfield & District Community Financial Services Limited**

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**Notes to the financial statements**

**For the year ended 30 June 2015**

<b>14. Tax balances</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
(a) Tax Assets		
CURRENT		
Income tax receivable	-	10,223
	<u>-</u>	<u>10,223</u>
NON-CURRENT		
Deferred tax asset comprises:		
- Provisions	7,677	7,382
	<u>7,677</u>	<u>7,382</u>
(b) Tax Liabilities		
CURRENT		
Income tax payable	5,406	10,223
	<u>5,406</u>	<u>10,223</u>
NON-CURRENT		
Deferred tax liability comprises:		
- asset revaluation	50,468	50,468
	<u>50,468</u>	<u>50,468</u>

**15. Share capital**

450,009 Ordinary shares fully paid	450,009	450,009
	<u>450,009</u>	<u>450,009</u>

**Movements in share capital**

Fully paid ordinary shares:		
At the beginning of the reporting period	450,009	450,009
Shares issued during the year	-	-
At the end of the reporting period	<u>450,009</u>	<u>450,009</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 company otherwise available for distribution to shareholders in that 12 month period; and
  - (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and
- (ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

**Heyfield & District Community Financial Services Limited**

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**Notes to the financial statements**

**For the year ended 30 June 2015**

**15. Share capital (continued)**

**Capital management (continued)**

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

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

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>16. Asset revaluation reserve</b>		
Balance at the beginning of the reporting period	168,226	123,826
Revaluation gain / (losses) during the year	-	44,400
Balance at the end of the reporting period	<u>168,226</u>	<u>168,226</u>

\* Based on valuation by Herron Todd White - refer note 1d for more details.

**17. Retained earnings**

Balance at the beginning of the reporting period	48,319	120,227
Dividends paid	(36,001)	(36,001)
Profit/(loss) after income tax	23,846	(35,907)
Balance at the end of the reporting period	<u>36,164</u>	<u>48,319</u>

**18. Statement of cash flows**

*Reconciliation of cash flow from operations with profit after income tax*

Profit / (loss) after income tax	23,846	(35,907)
Non cash flows in profit		
- Depreciation	35,413	35,039
- Amortisation	2,000	2,000
- Loss on sale of asset	3,605	-
Changes in assets and liabilities		
- (Increase) decrease in receivables/prepayments	2,573	(2,021)
- (Increase) decrease in income tax receivable/payable	15,629	(6,963)
- Increase (decrease) in payables	8,201	(3,613)
- Increase (decrease) in deferred tax balances	(295)	43,086
- Increase (decrease) in provisions	985	7,353
Net cash flows from operating activities	<u>91,957</u>	<u>38,974</u>

**Heyfield & District Community Financial Services Limited**

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**Notes to the financial statements**

**For the year ended 30 June 2015**

**19. Related party transactions**

The company's main related parties are as follows:

**(a) Key management personnel**

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

**(b) Other related parties**

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

**(c) Transactions with key management personnel and related parties**

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

**(d) Key management personnel shareholdings**

The number of ordinary shares in Heyfield & District Community Financial Services Limited held by each key management personnel of the company during the financial year is as follows:

	<b>2015</b>	<b>2014</b>
Mrs Michelle Ripper	1,000	2,000
Keith Borthwick	2,002	1,001
David Wadey	500	500
Gregor Mackenzie	-	-
Emma Birchall	-	-
Kenneth Noble	500	500
Shirley Noble	500	500
Matthew Vaux	-	-
Aaron Ralph	-	-

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.

**20. Events after the reporting period**

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

**21. Contingent liabilities and contingent assets**

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

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**For the year ended 30 June 2015**

**22. 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 Heyfield, Victoria. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2014: 100%).

**23. Company details**

The registered office is: 3 Pearson Street, Maffra Vic 3860  
The principle place of business is: 58 Temple Street, Heyfield Vic 3860

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>24. Earnings per share</b>		
Basic earnings per share amounts are calculated by dividing profit / (loss)	5.30	(7.98)
Diluted earnings per share amounts are calculated by dividing profit /	5.30	(7.98)
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>23,846</u>	<u>(35,907)</u>
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>450,009</u>	<u>450,009</u>

**25. Dividends paid or provided for on ordinary shares**

<b>(a) Dividends paid during the year</b>	36,001	36,001
Final fully franked ordinary dividend of 8 cents per share (2014: 8 cents) franked at the tax rate of 30% (2014: 30%).		

**26. Fair value measurements**

The company measures and recognises the following assets at fair value on a recurring basis after initial  
- freehold land and buildings

The company does not subsequently measure any liabilities at fair value on a non-recurring basis.

**a. Fair value hierarchy**

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

<u><b>Level 1</b></u>	<u><b>Level 2</b></u>	<u><b>Level 3</b></u>
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

Fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.



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**Notes to the financial statements**

**For the year ended 30 June 2015**

**26. Fair value measurements (continued)**

**a. Fair value hierarchy (continued)**

**Valuation Techniques**

The company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the company are consistent with one or more of the following valuation approaches:

- *Market approach*: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach*: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach*: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the company's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

		<b>30 June 2015</b>			
	<b>Note</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Recurring fair value measurements</b>					
<i>Non-financial assets</i>					
Freehold land	9	-	17,500	-	17,500
Buildings	9	-	427,648	-	427,648
Total non-financial assets recognised at fair		-	445,148	-	445,148

		<b>30 June 2014</b>			
	<b>Note</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Recurring fair value measurements</b>					
<i>Non-financial assets</i>					
Freehold land	9	-	17,500	-	17,500
Buildings	9	-	440,000	-	440,000
Total non-financial assets recognised at fair		-	457,500	-	457,500

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

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

<b>Description</b>	<b>Fair value at</b>	<b>Description of</b>	<b>Inputs used</b>
Buildings & Land	\$445,148	Qualified valuer	Valuation

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

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

**Heyfield & District Community Financial Services Limited**

**ABN 96 094 854 949**

**Notes to the financial statements**

**For the year ended 30 June 2015**

**27. 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 Management* as detailed in the accounting policies are as follows:

	<b>Note</b>	<b>2015</b> <b>\$</b>	<b>2014</b> <b>\$</b>
<b>Financial assets</b>			
Cash and cash equivalents	6	57,930	73,195
Financial assets	7	130,617	72,451
Trade and other receivables	8	53,200	55,977
<b>Total financial assets</b>		<u>241,747</u>	<u>201,623</u>
<b>Financial liabilities</b>			
Trade and other payables	11	45,064	36,863
Borrowings	12	43,285	28,255
<b>Total financial liabilities</b>		<u>88,349</u>	<u>65,118</u>

**Financial risk management policies**

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

**Specific financial risk exposure and management**

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

**(a) Credit risk**

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

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

**Credit risk exposures**

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

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

**Heyfield & District Community Financial Services Limited**  
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**Notes to the financial statements**  
**For the year ended 30 June 2015**

**27. Financial risk management (continued)**

**(a) Credit risk (continued)**

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

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

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Cash and cash equivalents:</b>		
A rated	<u>57,930</u>	<u>73,195</u>

**(b) Liquidity risk**

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

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

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

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

Financial liability and financial asset maturity analysis:

<b>30 June 2015</b>		<b>Total</b>	<b>Within</b>	<b>1 to</b>	<b>Over</b>
	<b>Note</b>	<b>\$</b>	<b>1 year</b>	<b>5 years</b>	<b>5 years</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial liabilities due for payment</b>					
Trade and other payables	11	45,064	45,064	-	-
Loans and borrowings	12	43,285	9,172	34,113	-
<b>Total expected outflows</b>		<u>88,349</u>	<u>54,236</u>	<u>34,113</u>	<u>-</u>
<b>Financial assets - cash flows realisable</b>					
Cash & cash equivalents	6	57,930	57,930	-	-
Financial assets	7	130,617	130,617	-	-
Trade and other receivables	8	53,200	53,200	-	-
<b>Total anticipated inflows</b>		<u>241,747</u>	<u>241,747</u>	<u>-</u>	<u>-</u>
<b>Net (outflow)inflow on financial instruments</b>		<u>153,398</u>	<u>187,511</u>	<u>(34,113)</u>	<u>-</u>

**Heyfield & District Community Financial Services Limited**  
**ABN 96 094 854 949**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

**27. Financial risk management (continued)**

**(b) Liquidity risk (continued)**

<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	36,863	36,863	-	-
Loans and borrowings	12	28,255	12,642	15,613	-
<b>Total expected outflows</b>		<u>65,118</u>	<u>49,505</u>	<u>15,613</u>	<u>-</u>
<b>Financial assets - cash flows realisable</b>					
Cash & cash equivalents	6	73,195	73,195	-	-
Financial assets	7	72,451	72,451	-	-
Trade and other receivables	8	55,977	55,977	-	-
<b>Total anticipated inflows</b>		<u>201,623</u>	<u>201,623</u>	<u>-</u>	<u>-</u>
<b>Net (outflow)/inflow on financial instruments</b>		<u>136,505</u>	<u>152,118</u>	<u>(15,613)</u>	<u>-</u>

**(c) Market risk**

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

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

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

**Sensitivity analysis**

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

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

<b>Year ended 30 June 2015</b>	<b>Profit \$</b>	<b>Equity \$</b>
+/- 1% in interest rates (interest income)	1,885	1,885
	<u>1,885</u>	<u>1,885</u>

**Heyfield & District Community Financial Services Limited**  
**ABN 96 094 854 949**  
**Notes to the financial statements**  
**For the year ended 30 June 2015**

**27. Financial risk management (continued)**

**(c) Market risk (continued)**

**Sensitivity analysis (continued)**

**Year ended 30 June 2014**

+/- 1% in interest rates (interest income)	1,456	1,456
	<u>1,456</u>	<u>1,456</u>

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

The company has no exposure to fluctuations in foreign currency.

**(d) Price risk**

The company is not exposed to any material price risk.

**Fair values**

**Fair value estimation**

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

Differences between fair values and the carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied to the market since their initial recognition by the company.

	Note	2015		2014	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		\$	\$	\$	\$
<b>Financial Assets</b>					
Cash and cash equivalents (i)	6	57,930	57,930	73,195	73,195
Financial assets (i)	7	130,617	130,617	72,451	72,451
Trade and other receivables (i)	8	53,200	53,200	55,977	55,977
<b>Total financial assets</b>		<u>241,747</u>	<u>241,747</u>	<u>201,623</u>	<u>201,623</u>
<b>Financial Liabilities</b>					
Trade and other payables (i)	11	45,064	45,064	36,863	36,863
Loans and borrowings	12	43,285	43,285	28,255	28,255
<b>Total financial liabilities</b>		<u>88,349</u>	<u>88,349</u>	<u>65,118</u>	<u>65,118</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.



**Heyfield & District Community Financial Services Limited**  
**ABN 96 094 854 9499**  
**Directors' Declaration**

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

- 1 The financial statements and notes, as set out on pages 1 to 34 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.



Michele Ripper  
Director

Signed at Heyfield on 23 September 2015.





Heyfield & District Community Financial Services Limited

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## Share Registry

Richard Sinnott &amp; Delahunty

PO Box 30 Bendigo VIC 3552

**Your banking  
gives money  
back into our  
community**