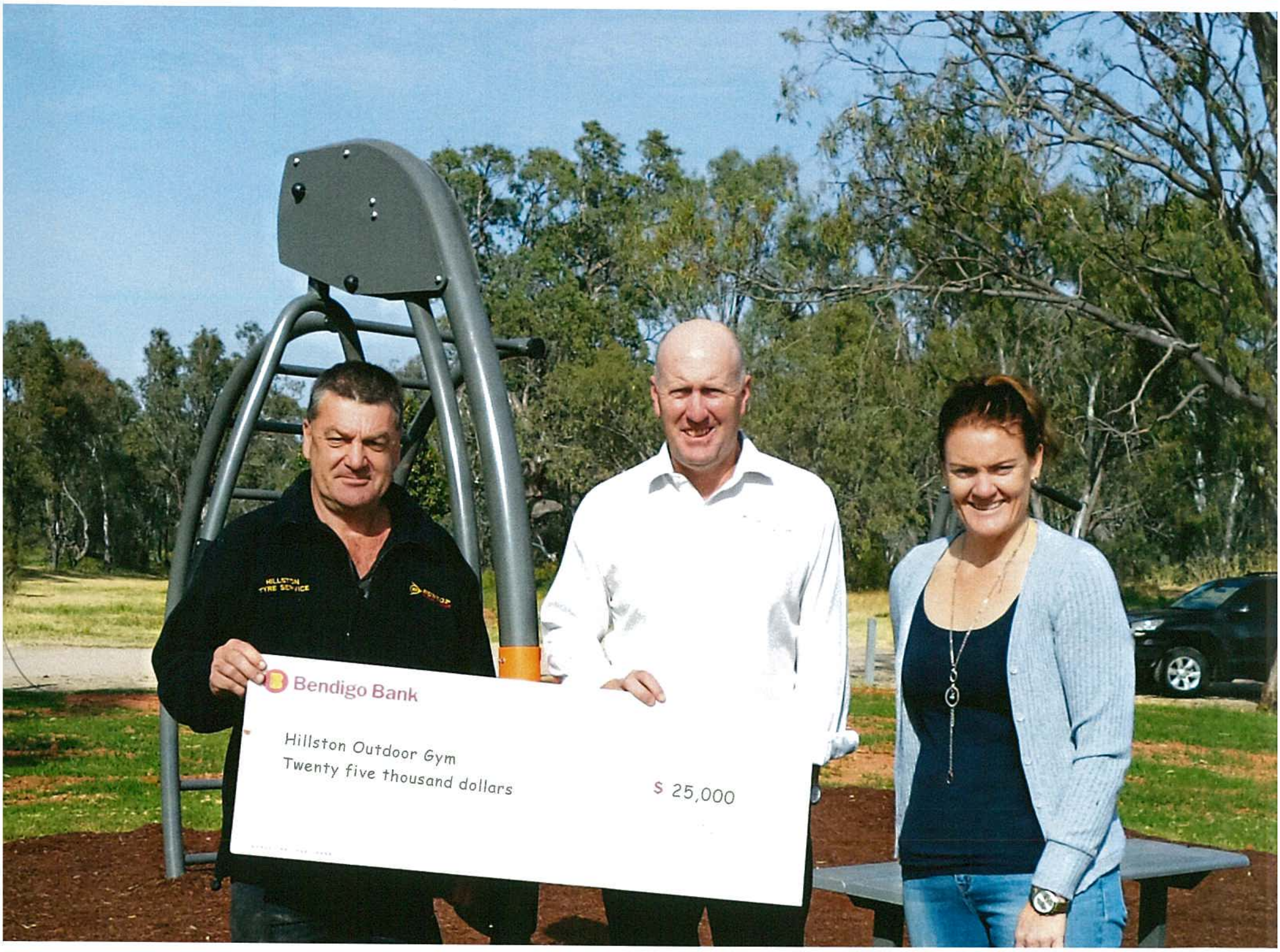
Hillston **Community Bank**® Branch
Lake Cargelligo Agency
Hay Agency
Condobolin Agency



annual report 2015

Hillston & District Financial Services Limited
ABN 44 107 725 977
Western Riverina Community Financial Services Partnership
ABN 62 152 289 391

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 11th ANNUAL GENERAL MEETING of HILLSTON & DISTRICT FINANCIAL SERVICES LIMITED will be held at the Hillston Ex-Servicemen's & Citizens Club on Tuesday 17 November 2015 commencing at 6:30 pm.

AGENDA

Present/Apologies

Minutes of Previous AGM
25 November 2014

Chairman's Report
The Chairman, Mr G W May, will present his report on the operations of the Company for the year ended 30 June 2015.

Adoption of Accounts
To receive and consider the financial statements and reports to the contributors comprising:

1. The profit and loss accounts for the year ended 30 June 2015 and the Balance Sheet of the Company as at the 30 June 2015.
2. The directors' declaration and report by auditors for the financial year ended 30 June 2015.
3. The directors' report for the financial year ended 30 June 2015.

Election of Directors

a) Mrs S A Redpath and Ms C J Sheridan will retire in accordance with the provisions of the constitution and being eligible, offer themselves for re-election.
b) Election of Directors (if required).

General Business
To transact any business that may be lawfully brought forward.

By order of the Board

N J Mahy
Secretary

Notes:

1. Mrs Sally Redpath and Ms Cassandra Sheridan will retire under section 62 of the constitution of Hillston & District Financial Services Limited and have indicated that they will offer themselves for re-election.

2. As per the company constitution any two members of the company shall be at liberty to nominate any other member to serve as an office bearer or other director.

3. Nomination and Consent to Act forms may be collected from the Hillston & District Community Bank® Branch, 174 High Street, Hillston or the Secretary.

4. Nomination and Consent to Act forms must be lodged with the Secretary at least 14 days preceding the Annual General Meeting.

5. A list of candidates' names in alphabetical order with the nominators' and seconders' names shall be posted in the registered office for at least seven days immediately preceding the Annual General Meeting.

6. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his/her stead. That person need not be a member of the company, but should be a natural person over the age of 18 years. Proxy forms will be available once nominations close from the Hillston & District Community Bank® Branch, 174 High Street, Hillston or the Secretary and must be lodged at the registered office of the company not less than 48 hours before the timing of the meeting.

ANNUAL GENERAL MEETING OF HILLSTON & DISTRICT FINANCIAL SERVICES LTD

Held at Hillston Ex Servicemen's Club on Tuesday 25th November 2014

Meeting opened at 7:05pm 25th November 2014

PRESENT: As per meeting register.

APOLOGIES: J Fensom, J Rose, K & M McMaster, C Sheridan.

Graeme May (Chair) welcomed everyone to the meeting.

PREVIOUS MINUTES: Chairman May resolved that minutes of the 2013 AGM as printed in the 2014 Annual Report be adopted. There were no questions in regards to the 2013 AGM minutes.

CHAIRMANS REPORT: As printed in the 2014 Annual Report

Chairman May gave a brief description of the Chairman's report printed in the Annual Report. Chairman May then went on to say we are above budget for the current financial year, he also wanted to thank Tim Butt, Paul, Vicki, Julie, Kylie and Charone, our School based Trainee Monique who is finishing this year and Kelly Hewett our new Trainee starting in the new year. Chairman May also wanted to thank our directors, shareholders and customers without whom we would not exist. Our Hay agency has taken off and the Lake Cargelligo agency is still going well, with Mark Hately joining John Walton our Agribusiness Manager to help Paul with our farming customers we hope to increase this side of our business further

Resolved that the Chairman's Report be adopted.

ADOPTION OF ACCOUNTS:

To receive and consider the financial statements and reports to the contributors comprising.

1. The profit and loss accounts for the year ended 30th June 2014 and the balance sheet of the Company as at the 30th June 2014.
2. The Director's declaration and report by auditors for the financial year ended 30th June 2014
3. The Directors report for the financial year ended 30th June 2014.

All of which are printed in the Annual Report and were circulated to shareholders.

Resolved that the accounts be adopted.

ELECTION OF DIRECTORS:

Mr DJ Fensom and Mr P Storrier will retire in accordance with the provisions of the constitution and being eligible, offer themselves for re-election.

Resolved that Director Fensom & Director Storrier be re-elected.

General Business

Shareholder Bruce McKenzie asked what was happening with Coleambally regarding the 60/40 profit split, Paul explained this was the reason we were able to pay the dividend.

Director Peter Storrier asked Tim Butt regarding the perception we can't match other banks products & services, Tim explained this is an unwinnable conversation, if they are all about price we would likely lose but if opening hours, convenience, level of service and speaking to the same person are valued we might win. Tim advised Peter to pass their name onto Paul for follow up. Paul mentioned a recent Lake Cargelligo customer where we beat the NAB rate by 1.5%, the reality is our rates can be better the big banks don't always have the best rate.

Shareholder Stan Moore asked why we had taken over the Hay agency, Paul explained that Deniliquin hadn't been giving them the service they needed. The agency is now kicking along well with the opportunity to grow, all accounts domiciled to their book gives a trail for deposits we receive an upfront commission on loans then ongoing trail. Having an agency is a cheap way to get into town, it worked in Lake Cargelligo & is working in Hay. With a lot of support and focus on building the business over the next 12 to 18 months we hope to have a sub-branch with dedicated staff and possibly an ATM.

Shareholder Doris Harvey wanted everyone to know we have the best staff in town, it is so nice to walk in and see smiling faces.

Chairman Graeme May thanked Director Graeme Lyons for travelling to the meetings here in Hillston & attending the Western Riverina meetings in Griffith, he also thanked the other directors for their year of service. Graeme also mentioned the staff are the best looking girls in town, the branch book is growing getting bigger & better. Graeme then thanked Tim Butt and everyone for attending.

Meeting Closed at 7:35pm

Chairman's Report

Well 2015 is just about over and the **Community Bank®** network has just kept growing and opening new branches across Australia. The community branches have given back over $130 million to their communities. Our **Community Bank®** branch has played a key role in that milestone, returning more than $80,000 to our local community. These community grants and sponsorships have made a significant difference to a number of local organisations which include the completion of the Hillston Pavilion and Outdoor gym. Hook, Line and Sinker, Central School, St Joseph's School, Hillston Races, Hillston Show Society and Hillston Outback Triathlon, just to name a few plus other sporting clubs and many more organisations. We look forward to continuing to support these groups and others as more people bank with us and we become more successful.

As we continue to grow the business and work hard we have put a lot of time and money into opening up a new agency at Condobolin, this agency is looking to be opened the first week in October. This will now give us three agencies plus the Hillston & District **Community Bank®** Branch. Unfortunately this means that we are unable to pay a dividend to our patient shareholders this year but things are looking very promising for next year. As the old saying goes "You have to spend money, to make money".

With all the rain that we have received so far this year and the condition that the crops are in, it should see a bumper of a harvest and keep our Agri Managers very busy. We now have four Agri Managers for New South Wales; John Walton, Mark Hately, Trent Bullock and Jeff Shepherd. John and Mark are the Agri Managers for our area. Mark is originally from Lake Cargelligo and John is off a dairy farm at Deniliquin, so they have firsthand knowledge and experience with living and farming in a rural areas.

I would like to take this opportunity to thank Paul for all the hard work he has done in the past 12 months. Our branch has continued to grow along with our clientele base. And I do believe that we would have to have the most efficient and cheerful customer service staff going, so a big thanks must go to Vicki, Julie, Charone, Kylie, Monique and Kelly Hewitt our new trainee for the next two years.

It was a big loss to the **Community Bank®** branch this year with the passing of John Fensom. John was one of the founding members and held the position of Secretary for over 10 years. All our condolences and thoughts go out to Sylvia and family.

In closing I would also like to thank all of our Directors who put in a lot of their own time going to meetings and working out new ideas to better our branch and community. I would like to welcome our newest Board member, Tanya Ellis, who has brought new ideas to the table and has deemed a valuable member to our Board. And lastly I would like to thank our valuable shareholders and customers because without you we would not be here.

Graeme May
Chairman

Managers Report 2015

It has now been three years and six months since my commencement as Branch Manager of Hillston & District **Community Bank®** Branch. Over this period of time the branch has continued to grow both in deposits and lending with the last financial year actual growth being $13.979 million against a budget of $6.104 million being a total book of $74.832 million as at 30/6/15.

I believe this is another excellent result following on from a very successful 2014 financial year. The next 12 months budget has been set at $12.625 million which I believe is very achievable and as at the 31/08/15 Hillston & District **Community Bank®** Branch book stood at $78.618 million.

The last three years and six months have seen a number of new clients move across from a number of the Big 4 Banks to the **Community Bank®** branch and repeat business from our existing clients due to the opening hours of the local branch and the impeccable service the staff offer. The next 12 months I will continue to call on new and existing clients with the focus on increasing our lending side of our book as many people are not aware that we offer the same lending products as the big 4 Banks with old fashioned face-to-face service that we were all custom to some years ago.

The Lake Cargelligo agency continues to grow with a number of new consumer and business loans written. As at 31/08/15 the total book stood at $7.584 million This has been due to regular visits to the agency and also word of mouth not only from the staff but clients to friends about how good the **Community Bank®** branch really is and our support in the local community.

Linda Hague, Manager of Lower Lachlan Community Services (our agent), has seen the success over the last 12 months and is extremely motivated next year to work in closer with myself on a number of projects to keep the ball rolling with the end goal being a Sub branch of Hillston & District **Community Bank®** Branch in the near future. I would like to thank Linda, Chris, Rebecca, Maureen and Leanne for their help over the past 12 months.

Since taking over as Parent Branch of the Hay Agency on 1 August 2014, the total book has grown from $200,000 to $7.548 million which will continue to grow with the end goal also being a Sub branch of Hillston & District **Community Bank®** Branch in the very near future.

We would like to thank our agency principals David and Janet Low as well as the staff from the Hay Newsagency where the agency operates, for all their help over the last 12 months.

With Westpac in-store agency closing last month in Condobolin we could see a real need for a **Community Bank®** agency in the town and we can confirm that a new agency under Hillston & District **Community Bank®** Branch and agency Principals Western Plains Regional Development Inc will open around the end of September 2015.

Monique Karsten has recently been employed as a casual staff member after completing her School Based Traineeship at the branch which has been a great success. We have recently employed Kelly Hewett as the new School Based Trainee for the next two years in conjunction with her year 11 and 12 years at Hillston Central School.

I would like to thank the staff, Vicki, Julie, Charone, Kylie, Monique and Kelly who have been very supportive with the continued growth of the branch. The staff are the face of the branch and I commend them on their efforts during the year.

A new Agri Manager has been employed based out of Griffith, his name is Mark Hately. Mark along with John Walton will look after all existing and new Rural Bank clients around the Lake Cargelligo, Hillston, Hay and Condobolin regions. Being a Lake Cargelligo local I am sure Mark will be a great asset to the group.

The success of the **Community Bank®** branch relies on the support of our customers and with your continued support I am confident that the results of your **Community Bank®** branch will continue to improve dramatically over the next few years.

To those who are not yet customers but would like to be, give us a go and see how we compare I am always available to see you.

Paul Lenon
Branch Manager

Hillston & District Financial Services Limited

Financial Statements

as at

30 June 2015

Hillston & District Financial Services Limited
ABN 44 107 725 977
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 Hillston & District Financial Services Limited during or since the end of the financial year up to the date of this report:

Name and position held	Qualifications	Experience and other Directorships
Graeme May Appointed 23/01/2004 **Director**		Non executive director Proprietor Hillston Tyre Service
Michael Brettschneider Appointed 25/01/2010 **Director**		Non executive director Local Primary Producer, School Bus Operator & Qualified Mechanic
David Fensom Appointed 23/01/2004 **Resigned as Director 28/06/2015**		Non executive director Local Primary Producer
Keith Horneman Appointed 23/01/2004 **Resigned as Director 17/02/2015**		Non executive director Local Primary Producer
Graeme Lyons Appointed 27/08/2013 **Director**	Chartered Accountant	Non executive director Principal - Pinnacle HPC Accountants
Natasha Mahy Appointed 27/08/2013 **Secretary**		Home duties
Sally Redpath Appointed 30/04/2012 **Director**		Non executive director Proprietor Hasslefree Secretarial
Cassandra Sheridan Appointed 29/06/2012 **Director**		Non executive director Healthy Hillston Project Officer, Murrumbidgee Medicare Local Limited
Peter Storrier Appointed 21/11/2007 **Director**		Non executive director Proprietor Hillston Hardware
Tanya Ellis Appointed 16/05/2015 **Director**	Diploma Ag Business	Non executive director Proprietor Westgate Irrigation Contractors Pty Ltd

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/loss of the company for the financial year after provision for income tax was $14,988 (2014 profit: $39,721), which is a 62.27% decrease as compared with the previous year.

The net assets of the company have decreased to $30,914 (2014: $37,585).

Dividends

	Year ended 30 June 2015	
	Cents per share	**$**
Dividends paid in the year:	0.035	21,659

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 reporting date

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

Remuneration report

Remuneration policy

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

Remuneration benefits and payments

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

The Hillston & District Financial Services Limited has accepted the Bendigo and Adelaide Bank Limited's **Community Bank®** Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be $NIL for the year ended 30 June 2015.

Indemnifying officers or Auditor

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

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

Directors' meetings

The number of Directors' meetings held during the year was 10. Attendances by each Director during the year were as follows:

Director	Board meetings #
Graeme May	8 (10)
Michael Brettschneider	9 (10)
David Fensom	8 (10)
Keith Horneman	3 (6)
Graeme Lyons	7 (10)
Natasha Mahy	7 (10)
Sally Redpath	8 (10)
Cassandra Sheridan	0 (10)
Peter Storrier	8 (10)
Tanya Ellis	1 (1)

 # 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

Natasha Mahy has been the Company Secretary of Hillston & District Financial Services Limited since 2013.

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 Hillston on
25th September 2015.

Graeme Lyons
Director

Richmond Sinnott & Delahunty
Chartered Accountants

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

Ph: (03) 5445 4200
Fax: (03) 5444 4344
rsd@rsdadvisors.com.au
www.rsdadvisors.com.au

Auditor's Independence Declaration under section 307C of the Corporations Act 2001 to the Directors of Hillston & District Financial Services Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015 there has been no contraventions of:

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

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

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

P.P. Delahunty
Partner
Bendigo
Dated at Bendigo, 29th September 2015

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

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

Hillston & District Financial Services Limited
ABN 44 107 725 977
Statement of profit or loss and Other Comprehensive Income
for the year ended 30 June 2015

	Notes	2015 $	2014 $
Revenue	2	583,036	518,305
Employee benefits expense	3	(320,615)	(268,645)
Depreciation and amortisation expense	3	(27,479)	(14,939)
Finance costs	3	(8,068)	(8,874)
Bad and doubtful debts expense	3	(72)	(7)
Rental expense		(6,154)	(5,965)
Other expenses	3	(159,050)	(161,081)
Operating profit before charitable donations and sponsorships		61,598	58,794
Charitable donations and sponsorships		(33,908)	(12,704)
Profit before income tax expense		27,690	46,090
Tax expense	4	12,702	6,369
Profit for the year		14,988	39,721
Other comprehensive income		-	-
Total comprehensive income		14,988	39,721
Profit attributable to members of the company:			
Total comprehensive income attributable to members of the company		14,988	39,721
Earnings per share (cents per share)			
- basic for profit for the year	21	2.42	6.42

The accompanying notes form part of these financial statements

Hillston & District Financial Services Limited
ABN 44 107 725 977
Statement of financial position
As at 30 June 2015

	Notes	2015 $	2014 $
Assets			
Current Assets			
Cash and cash equivalents	6	16,519	38,340
Trade and other receivables	7	57,291	55,839
Investments and other financial assets	8	28,781	67,200
Total current assets		102,591	161,379
Non-Current Assets			
Property, plant and equipment	9	236,470	210,647
Intangible assets	10	56,712	-
Deferred tax asset	14	164,262	176,964
Total Non-Current Assets		457,444	387,611
Total Assets		560,035	548,990
Liabilities			
Current Liabilities			
Trade and other payables	11	36,936	32,068
Loans and borrowings	12	133,202	123,473
WRCFS Interest		145,553	163,557
Provisions	13	51,691	45,569
Franchise fee payable		64,245	-
Total Current Liabilities		431,627	364,667
Non Current Liabilities			
Loans and borrowings	12	97,494	146,738
Total Non Current Liabilities		97,494	146,738
Total Liabilities		529,121	511,405
Net Assets		30,914	37,585
Equity			
Issued capital	15	618,830	618,830
Accumulated losses	16	(587,916)	(581,245)
Total Equity		30,914	37,585

The accompanying notes form part of these financial statements

Hillston & District Financial Services Limited
ABN 44 107 725 977
Statement of changes in equity
for the year ended 30 June 2015

	Note	Issued Capital $	Retained Earnings $	Total Equity $
Balance at 1 July 2013		**618,830**	**(620,966)**	**(2,136)**
Profit for the year		-	39,721	39,721
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		**-**	**39,721**	**39,721**
Transactions with owners, in their capacity as owners				
Dividends paid or provided	22	-	-	-
Balance at 30 June 2014		**618,830**	**(581,245)**	**37,585**
Balance at 1 July 2014		**618,830**	**(581,245)**	**37,585**
Profit for the year		-	**14,988**	**14,988**
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		**-**	**14,988**	**14,988**
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	22	-	(21,659)	(21,659)
Balance at 30 June 2015		**618,830**	**(587,916)**	**30,914**

The accompanying notes form part of these financial statements

Hillston & District Financial Services Limited
ABN 44 107 725 977
Statement of Cash Flows
For the year ended 30 June 2015

	Notes	2015 $	2014 $
Cash Flows From Operating Activities			
Receipts from customers		577,726	556,424
Payments to suppliers and employees		(508,809)	(500,881)
Dividend revenue received		2,130	1,658
Interest received		1,728	3,901
Borrowing Costs		(8,068)	(8,874)
Net cash provided by operating activities	17b	64,707	52,228
Cash Flows From Investing Activities			
Purchase of intangibles		(3,809)	-
Purchase of property, plant and equipment		(41,960)	(91,357)
Proceeds/(purchase) of investments		38,419	8,136
Dividends paid		(21,659)	
Net cash flows used in investing activities		(29,009)	(83,221)
Cash Flows From Financing Activities			
Proceeds from borrowings		12,910	70,000
Repayment of borrowings		(59,754)	(23,108)
Net movement WRCFS investment		(18,004)	(9,406)
Net cash used by financing activities		(64,848)	37,486
Net increase/(decrease) in cash held		(29,150)	6,493
Cash and cash equivalents at beginning of financial year		(68,696)	(75,189)
Cash and cash equivalents at end of financial year	17a	(97,846)	(68,696)

The accompanying notes form part of these financial statements

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

Hillston & District 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 22nd September 2015.

1. Summary of significant accounting policies

(a) Basis of preparation

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

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

Economic Dependency

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

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.

1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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

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

(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 measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

(c) Fair value of assets and liabilities

The company 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 (i.e. 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.

1. Summary of significant accounting policies (continued)

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

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. 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 (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

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

(d) Property, plant and equipment

Property
Freehold land and buildings are measured at cost and therefore are carried at cost less accumulated depreciation and any accumulated impairment. In the even the carrying amount of land and buildings is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

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

Plant and equipment
Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised 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 on a diminishing method over the estimated asset's useful life to the company commencing from the time the asset is held ready for use.

1. Summary of significant accounting policies (continued)

(d) Property, plant and equipment (continued)

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

Class of asset	*Depreciation rate*
Buildings	2.5%
Furniture & Equipment	2.5 - 40%
Plant & equipment	2.5 - 40%
Motor Vehicle	25 - 30%

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

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

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

(e) Leases

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

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

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

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

(f) Impairment of assets

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

1. Summary of significant accounting policies (continued)

(g) Goods and services tax (GST)

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

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

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

(h) Employee benefits

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

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.

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

(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.

1. Summary of significant accounting policies (continued)

(j) Revenue

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

Interest, dividend and fee revenue is recognised when earned.

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

(k) Trade and other receivables

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

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

(l) Trade and other payables

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

(m) Borrowing costs

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

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

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

(o) New accounting standards for application in future periods

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

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

(i) AASB 9 *Financial Instruments* and associated Amending Standards (applicable for annual reporting periods 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.

1. Summary of significant accounting policies (continued)

(o) New accounting standards for application in future periods

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.

(p) Loans and borrowings

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

(q) Provisions

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

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

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

1. Summary of significant accounting policies (continued)

(r) Share capital

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

(s) Comparative figures

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

(t) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

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

Fair value assessment of non-current physical assets

The new AASB 13 Fair Value standard requires fair value assessments that may involve 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.

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.

1. Summary of significant accounting policies (continued)

(u) Financial instruments

Initial recognition and measurement

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

Classification and subsequent measurement

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

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

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

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

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

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.

1. Summary of significant accounting policies (continued)

(u) Financial instruments (continued)

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.

2. Revenue and other income	2015 $	2014 $
Revenue		
- services commissions	577,672	510,920
	577,672	510,920
Other revenue		
- interest received	1,728	3,901
- other revenue	3,636	3,484
	5,364	7,385
Total revenue	583,036	518,305

3. Expenses

Employee benefits expense		
- wages and salaries	279,630	235,830
- superannuation costs	34,863	28,356
- other costs	6,122	4,459
	320,615	268,645
Depreciation of non-current assets:		
- plant and equipment	3,965	4,574
- buildings	2,712	2,482
- property Improvements	831	412
- motor vehicles	8,629	7,471
Amortisation of non-current assets		
- intangible assets	11,342	
	27,479	14,939

3. Expenses (continued)	2015 $	2014 $
Finance Costs:		
- Interest paid	8,068	8,874
Bad debts	72	7
Other expenses		
- Audit fees	5,120	6,944
- Commissions paid	24,579	19,831
- Computer software and supplies	15,918	14,725
- Financial accounting services	12,000	11,784
- Freight & cartage	14,762	16,495
- Insurance	10,114	8,559
- Legal fees	5,264	5,919
- Motor vehicle expenses	9,372	7,192
- Postage, printing & stationary	6,693	7,475
- Travel expenses	323	6,120
- other	54,904	56,037
	159,049	161,081

4. Tax Expense

	2015 $	2014 $
a. The components of tax expense/(income) comprise		
- current tax expense/(income)	-	-
- deferred tax expense/(income) relating to the origination and reversal of temporary differences	(1,836)	(13,671)
- recoupment of prior year tax losses	14,538	20,040
- adjustments for under/(over)-provision of current income tax of previous years	-	-
	12,702	6,369
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%)	8,307	13,827
Add tax effect of:		
- Non-deductible expenses and timing differences	4,395	(7,458)
Current income tax expense	12,702	6,369
Income tax attributable to the entity	**12,702**	**6,369**
The applicable weighted average effective tax rate is	45.87%	13.82%

	2015	2014
5. Auditors' remuneration	$	$
Remuneration of the Auditor for:		
- Audit or review of the financial report	5,120	6,944
	5,120	6,944

	2015	2014
6. Cash and cash equivalents		
Cash at bank and on hand	80	80
Short-term bank deposits	16,439	38,260
	16,519	38,340

	2015	2014
7. Trade and other receivables		
Current		
Trade receivables	52,802	49,801
Other assets	4,489	6,038
	57,291	55,839

Credit risk

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

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered

	Gross Amount	Past Due and Impaired	Past Due but Not Impaired			Not Past Due
			< 30 days	31-60 days	> 60 days	
	$	$	$	$	$	$
2015						
Trade receivables	52,802	-	-	-	-	52,802
Other receivables	-	-	-	-	-	-
Total	52,802	-	-	-	-	52,802
2014						
Trade receivables	49,801	-	-	-	-	49,801
Other receivables	-	-	-	-	-	-
Total	49,801	-	-	-	-	49,801

	2015	2014
8. Investments and other financial assets	$	$
Current		
- Australia term deposits > 3 months	-	39,994
- Listed shares at market value	28,781	27,206
	28,781	67,200

9. Property, plant and equipment

	2015	2014
Land - 1 Brolga Place	16,000	16,000
Land - 33 Brolga Place	20,000	20,000
	36,000	36,000
Buildings		
At cost valuation in 2015	108,466	108,466
Less accumulated depreciation	(6,294)	(3,582)
	102,172	104,884
Property improvements		
At cost	49,054	20,783
Less accumulated depreciation	(3,545)	(2,714)
	45,509	18,069
Plant and equipment		
At cost	94,233	93,006
Less accumulated depreciation	(67,773)	(63,808)
	26,460	29,198
Motor Vehicles		
At cost	60,323	47,861
Less accumulated depreciation	(33,994)	(25,365)
	26,329	22,496
Total written down amount	236,470	210,647

Movements in carrying amounts

	2015	2014
Land		
Balance at the beginning of the reporting period	36,000	16,000
Additions	-	20,000
Balance at the end of the reporting period	36,000	36,000
Buildings		
Balance at the beginning of the reporting period	104,884	42,900
Additions	-	64,466
Depreciation expense	(2,712)	(2,482)
Balance at the end of the reporting period	102,172	104,884

9. Property, plant and equipment (continued)

	2015 $	2014 $
Property improvements		
Balance at the beginning of the reporting period	18,069	16,490
Additions	28,271	1,991
Disposals	-	-
Depreciation expense	(831)	(412)
Balance at the end of the reporting period	45,509	18,069
Plant and equipment		
Balance at the beginning of the reporting period	29,198	29,335
Additions	1,227	4,437
Disposals	-	-
Depreciation expense	(3,965)	(4,574)
Balance at the end of the reporting period	26,460	29,198
Motor Vehicles		
Balance at the beginning of the reporting period	22,496	29,504
Additions	12,658	463
Disposals	-	-
Depreciation expense	(8,825)	(7,471)
Balance at the end of the reporting period	26,329	22,496

10. Intangible assets

	2015 $	2014 $
Franchise Fee		
At cost	68,054	-
Less accumulated amortisation	(11,342)	-
	56,712	-

Movements in carrying amounts

	2015 $	2014 $
Franchise Fee		
Balance at the beginnning of the reporting period	-	-
Additions	68,054	-
Amortisation expense	(11,342)	-
Balance at the end of the reprtoing period	56,712	-

11. Trade and other payables

Current

	2015 $	2014 $
Unsecured liabilities:		
Trade creditors	8,295	10,832
GST payable	9,367	7,795
Other creditors and accruals	19,274	13,441
	36,936	32,068

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

12. Borrowings

Current		
Chattel mortgage	18,081	10,816
Less: Unexpired charges	(1,127)	(1,089)
	16,954	9,727
Bank overdraft	114,365	107,036
Bank loan	1,883	6,710
	116,248	113,746
The company has an overdraft facility of $130,700 which is subject to normal commercial terms and conditions		
	133,202	123,473
Non Current		
Bank Loan	32,311	84,666
Bank Loan	65,183	62,072
	97,494	146,738

The Motor Vehicle Finance is a portion of Western Riverina Community Financial Services which is secured by a charge over the motor vehicle and a company guarantee.

The term loan $32,311 (2014:$84,666) is currently on interest only at a rate of 4.22% (2014: 4.695%) and is secured by a general security deed.

The term loan $65,183 (2014: $62,072) is currently on fixed principal & interest only at a rate of 7.29% and is secured by mortgage over land & buildings.

13. Provisions	2015 $	2014 $
Employee benefits	51,691	45,569
Movement in employee benefits		
Opening balance	45,569	41,111
Additional provisions recognised	21,510	18,141
Amounts utilised during the year	(15,388)	(13,683)
Closing balance	51,691	45,569
Current		
Annual leave	19,436	19,396
Long-service leave	32,255	26,173
	51,691	45,569

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.

14. Tax balances	2015 $	2014 $
(a) Tax Assets		
NON-CURRENT		
Deferred tax asset comprises:		
- carried forward losses	148,755	163,293
- provisions	15,507	13,671
	164,262	176,964
15. Share capital		
618,830 Ordinary shares fully paid	618,830	618,830
Less: Equity raising costs	-	-
	618,830	618,830
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	618,830	618,830
Shares issued during the year	-	-
At the end of the reporting period	618,830	618,830

15. Share capital (continued)

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

Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. 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%.

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.

16. Accumulated losses

	2015 $	2014 $
Balance at the beginning of the reporting period	(581,245)	(620,966)
Profit after income tax	14,988	39,721
Dividends provided for or paid	(21,659)	-
Balance at the end of the reporting period	(587,916)	(581,245)

17. Statement of cash flows

(a) *Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows*

	2015 $	2014 $
As per the Statement of Financial Position	16,519	38,340
less Bank overdraft	(114,365)	(107,036)
As per the statement of cash flow	(97,846)	(68,696)

17. Statement of cash flows (continued)	2015 $	2014 $
(b) *Reconciliation of cash flow from operations with profit after income tax*		
Profit after income tax	14,988	39,721
Non cash items		
- Depreciation and amortisation	27,479	14,939
Changes in assets and liabilities		
- (Increase) decrease in receivables	(1,452)	(7,530)
- (Increase) decrease in deferred tax asset	12,702	6,369
- Increase (decrease) in payables	4,869	(5,729)
- Increase (decrease) in provisions	6,121	4,458
Net cash flows from/(used in) operating activities	64,707	52,228

(c) Credit standby arrangement and loan facilities

The company has a bank overdraft amounting to $326,751 (2014: $326,751). This may be terminated at any time at the option of the Bank. At 30 June 2015, $114,365 of this facility was used (2014: $107,036). Variable interest rates apply to these overdraft and bill facilities.

18. 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. No director of the company receives remuneration for services as a company director or committee member. There are no executives within the company whose remuneration as required to be disclosed.

(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.

18. Related party transactions (continued)

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

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

The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be $NIL for the year ended 30 June 2015. The estimated benefits per Director is as follows:

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

	2015	2014
Graeme May	8,000	8,000
Michael Brettschneider	2,000	2,000
David Fensom	6,000	6,000
Keith Horneman	2,000	2,000
Graeme Lyons	8,000	-
Natasha Mahy	-	-
Peter Storrier	2,000	2,000
Sally Redpath	500	500
Cassandra Sheridan	1,000	1,000
Tanya Ellis	7,500	7,500

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.

19. Events after the reporting period

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

20. Contingent liabilities and assets

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

21. Operating segments

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

22. Company details

The registered office and principle place of business is: 174 High Street, Hillston, NSW 2675

	2015	2014
23. Earnings per share	$	$

Basic earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares). There were no options or preference shares on issue during the year.

The following reflects the income and share data used in the basic and

	2015	2014
Profit after income tax expense	14,988	39,721
Weighted average number of ordinary shares for basic and diluted earnings per share	618,830	618,830

24. Dividends paid during the year

	2015	2014
An unfranked dividend of 0.035 cents per share (2014: NIL).	21,659	-

25. Fair value measurements

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

- shares

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

a. Fair value hierarchy

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

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

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

25. 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:

		30 June 2015			
		Level 1	Level 2	Level 3	Total
	Note	$	$	$	$
Recurring fair value measurements					
Securities held for trading (fair value through profit or loss)					
- financial sector		28,781	-	-	28,781
Total non-financial assets recognised		28,781	-	-	28,781

		30 June 2014			
		Level 1	Level 2	Level 3	Total
	Note	$	$	$	$
Recurring fair value measurements					
Securities held for trading (fair value through profit or loss)					
- financial sector		27,206	-	-	27,206
Total non-financial assets recognised		27,206	-	-	27,206

25. Financial risk management

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

	Note	2015 $	2014 $
Financial Assets			
Cash and cash equivalents	6	16,519	38,340
Trade and other receivables	7	57,291	55,839
Investments and other financial assets	8	28,781	67,200
Total Financial Assets		102,591	161,379
Financial liabilities			
Trade and other payables	10	36,936	32,068
Borrowings	11	116,331	163,175
Bank overdraft	11	114,365	107,036
Total financial liabilities		267,632	302,279

Financial Risk Management Policies

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

Specific Financial Risk Exposure and Management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk 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 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.

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.

25. Financial risk management (continued)

(a) Credit Risk (continued)

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

	2015	2014
	$	$
Cash and cash equivalents:		
A rated	16,519	38,340

(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.

In addition the company has established an overdraft facility of $130,700 with Bendigo and Adelaide Bank Limited.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities. Bank overdrafts have been deducted in the analysis as management does not consider there is any material risk the Bank will terminate such facilities. The Bank does however maintain the right to terminate the facilities without notice and therefore the balances of overdrafts outstanding at year end could become repayable within 12 months.

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

Financial liability and financial asset maturity analysis:

30 June 2015	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial Liabilities due					
Trade and other payables	10	36,936	36,936	-	-
Bank overdraft	11	114,365 *	114,365	-	-
Loans and borrowings	11	116,331	-	116,331	-
Total expected outflows		267,632	151,301	116,331	-
Financial Assets - realisable					
Cash and cash equivalents	6	16,519	16,519	-	-
Trade and other receivables	7	57,291	57,291	-	-
Investment and other financial asse	8	28,781	28,781		
Total anticipated inflows		102,591	102,591	-	-
Net (Outflow)Inflow on financial instruments		(165,041)	(48,710)	116,331	-

25. Financial risk management (continued)

(b) Liquidity risk (continued)

30 June 2014		Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial Liabilities due					
Trade and other payables	10	32,068	32,068	-	-
Bank overdraft	11	107,036	* 107,036	-	-
Loans and borrowings	11	163,175	9,727	153,448	-
Total expected outflows		302,279	148,831	153,448	-
Financial Assets - realisable					
Cash and cash equivalents	6	38,340	38,340	-	-
Trade and other receivables	7	55,839	55,839	-	-
Investments and other financial ass	8	67,200	67,200		
Total anticipated inflows		161,379	161,379	-	-
Net (Outflow)/Inflow on financial instruments		(140,900)	12,548	153,448	-

* The Bank overdraft has no set repayment period and as such all has been included as current.

(c) Market risk

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

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

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

Sensitivity analysis

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

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

	Profit $	Equity $
Year ended 30 June 2015		
+/- 1% in interest rates (interest income)	(978)	(978)
+/- 1% in interest rates (interest expense)	(774)	(774)
	(1,752)	(1,752)
Year ended 30 June 2014		
+/- 1% in interest rates (interest income)	(687)	(687)
'+/- 1% in interest rates (interest expense)	(750)	(750)
	(1,437)	(1,437)

25. Financial risk management (continued)

(c) Market risk (continued)

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

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Fair values

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. Refer to Note 23 for detailed disclosures regarding the fair value measurement of the company's financial assets and liabilities.

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

		2015		2014	
	Note	Carrying Amount $	Fair Value $	Carrying Amount $	Fair Value $
Financial assets					
Cash and cash equivalents (i)	6	16,519	16,519	38,340	38,340
Trade and other receivables (i)	7	57,291	57,291	55,839	55,839
Investments and other financial assets	8	28,781	28,781	67,200	67,200
Total financial assets		102,591	102,591	161,379	161,379
Financial liabilities					
Trade and other payables (i)	10	27,569	27,569	24,273	24,273
Bank overdraft	11	114,365	114,365	107,036	107,036
Loans and borrowings	11	116,331	116,331	163,175	163,175
Total financial liabilities		258,265	258,265	294,484	294,484

(d) Price risk

(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.

Hillston & District Financial Services Limited
ACN 44 107 725 977
Directors' Declaration

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

1. The financial statements and notes, as set out on pages 6 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.

Graeme Lyons
Director

Signed at Hillston on 25th September 2015.

Richmond
Sinnott &
Delahunty

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HILLSTON & DISTRICT FINANCIAL SERVICES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Hillston & District Financial Services Limited, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company.

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 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 Hillston & District 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 Hillston & District Financial Services Limited is in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards 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 of September 2015