Homebush Financial Services Limited

ABN 55 097 923 807

Annual Report 2015

Homebush **Community Bank**® Branch

Bendigo Bank

Bigger than a bank.

Contents

Chairman's report

For year ending 30 June 2015

It is again my pleasure on behalf of the Board to provide this report to shareholders on the performance of the company Homebush Financial Services Limited, for the year ended 30 June 2015.

Overview

The company generated a positive cash flow from operating activities of $10,514 during the full year compared with a cash usage of $22,586 the year before.

This allowed us to pay the third instalment of the franchise renewal fee due to Bendigo and Adelaide Bank during the year of $38,610 in full, leaving us with a cash balance of $13,931 as at 30 June.

We also set-up a cash overdraft facility with Bendigo Bank should its use be necessary to cover us for short term cash needs between monthly income receipts. However, it was not used at all during the year.

The company's audited financial statements as at 31 December 2014 had a profit before income tax of $3,924 compared to a loss $15,919 the year before. At that time the company's revenue of $274,117 was higher than the same period the year before of $269,642.

The company continued to be profitable, with an operating profit of $2,715 in the nine months to March 2015.

However, the company suffered significant declines in income compared to the previous year in each of the last four months of the year.

The company thus made a loss before income tax of $4,371 during the year, which however, more than halved the loss of $11,194 the year before.

The significant decline in incomes the company is facing is the result of interest rates lowered by the RBA. The Reserve Bank of Australia (RBA) has lowered interest rates by 0.25%, six times, from 3.5% on 5 June 2012 to what is currently the lowest rate on record of 2.0%.

This has made a material impact on the company's income which comes predominantly from term deposits comprising some 77% of the total portfolio. The term deposits renewed at progressively much lower rates as they matured.

The company's income is also affected by lower margins available under the Franchise Agreement following reductions under the 'Restoring The Balance' initiatives undertaken by Bendigo Bank.

Our portfolio generated a yield of some 0.78% in June 2015 compared to a yield of 1.43% in July 2014.

The Board has been working to counter the lowering margins from term deposits by seeking to significantly increase loans, increase business banking and other higher yield products in our portfolio, and to tightly control costs, conserve cash and manage investments prudently.

We do need to build our book and to do so in the areas that give us the yield so that we can maintain and grow income to run a successful and thriving **Community Bank**® branch.

The book grew to a peak of $96.3 million in April 2015 before large maturing term deposits were withdrawn by clients to retire debt. The book closed at $91 million as at 30 June.

The decrease in the company tax rate in the year from 30% to 28.5% caused a reduction in the company's deferred tax asset which was recognised as an income tax expense of $15,537. The company's loss after income tax was thus $19,908 as at 30 June 2015.

Achievements

In 2013/14 we began transforming our business to better meet the needs of our clients whom we serve, our shareholders who have invested with us and the wider community that support us.

We noted that the community looks to us for support; that we should assist them; and they in turn should invest with us to become a viable and thriving local financial services business.

We have seen revenues decline over the last two years with reduced margins available to us under the Franchise Agreement and we do note the need to grow our income, improve profitability and build our cash reserves.

The key achievements during the year were:

1. Built a strong skills-based Board with community affiliations
2. Improved cost control, governance, compliance and risk management
3. Developed a clear strategy for growth; and view of the future
4. Consolidated our financial accounting systems; moved to the latest MYOB platform and improved our reporting
5. Continued to deliver excellent service and improved operational performance.

As in the prior year, the Board is determined to return the company to profitability; to ensure that it continues to be a successful business and that it grows consistently and profitably.

I commend this Annual Report to shareholders.

Financial highlights

The company reported a loss before income tax of $4,371 to June 2015, compared to the loss of $11,194 for the prior year ended 30 June 2014.

The loss this year includes net contributions the company made in charitable donations, sponsorships, advertising and promotion of some $14,843.

Our bank book declined in value by some $203,000 to $91 million as at 30 June 2015 compared with $91.2 million the year before after maturing large term deposits were used to retire debt.

The book included $19.9 million in loans and $66.9 million in term deposits.

The company's revenue declined to $514,157 compared with $534,087 the year before.

Expenditures were lowered by $26,753 (-4.9%) to $518,528 from the sum of $545,281 the year before.

The company's cash on hand at year end was $13,931; with total assets of $594,161.

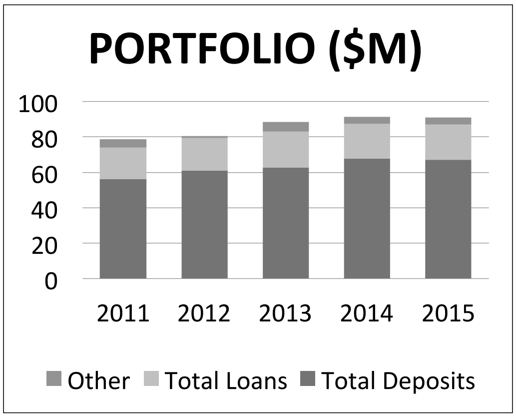
The company has 2,496 customers and 3,244 accounts.

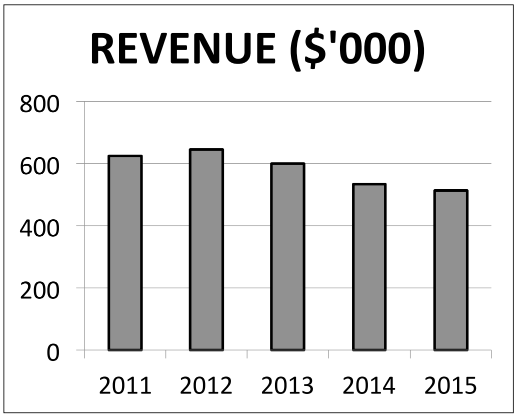
Table 1 Compares the company's performance over last year.

Key Indicators	2015	2014	Increase/ Decrease
	$000	**$000**	**%**
Revenue	514	534	-3.8
Net profit before tax	-4.4	-11.2	+60.7
Net profit after tax	-19.9	-7.8	-155.1
	$ million	**$ million**	**%**
Total portfolio	91.0	91.2	-0.2
Total loans	19.9	19.6	+1.5
Total deposits	66.9	67.7	-1.2
Other	4.2	3.9	+7.7
	No.	**No.**	**%**
Number of customers	2,496	2,328	+7.2
Number of accounts	3,244	3,220	+0.8
	$000	**$000**	**%**
Cash on hand	13.9	38.6	-64
	$000	**$000**	**%**
Sponsorship, donations, marketing	14.8	34.6	-57.2

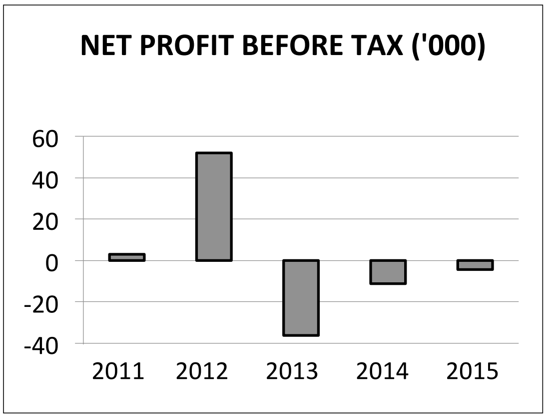
Performance trends

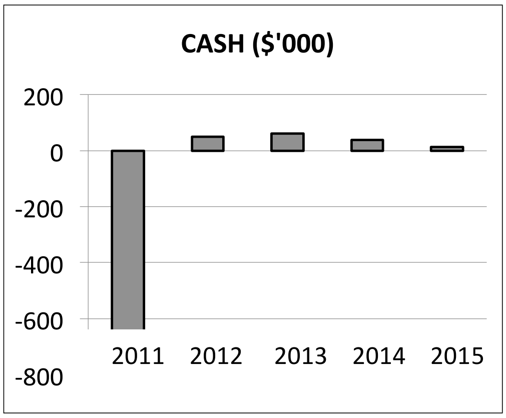
Revenues declined during the year due to lowered interest rates on term deposits and margins in place under the Franchise Agreement with Bendigo Bank.





During 2014/15, the company generated net cash inflow from operations of $10,514 and maintained a positive cash balance of $13,931 at year end after paying the franchise renewal fee of $38,610 to Bendigo Bank.





Dividend policy

As in the last year, the Board is determined to return the company to profitability and to adopt a dividend policy that is consistent with providing a commercial return.

However, in recognition of the company's net loss, the Directors have resolved to not pay a final dividend in respect of the year ended 30 June 2015.

Chairman’s report (continued)

Our strategy

A key objective of the Board is to guide and oversee the development of the company’s strategy. To this end, we had our annual strategy meetings in April and May 2015.

This year’s meetings had the theme “Going For Growth”; a strategic necessity as we work to build a thriving local **Community Bank**® branch.

Our vision is to be accepted by our local community as the bank of choice.

Our mission is to support our community, provide competitive banking services and a commercial return for our shareholders.

We continue to want to become a much bigger bank, that is seen by both the personal and business banking customers as one that they can in-fact rely on for comprehensive banking solutions.

Our strategy contains the following five major pillars:

1. Improve community engagement and encourage our local community to invest in us more
2. Grow income in both personal and business banking
3. Balance our book, increase yields, control costs, and return to profitability
4. Provide excellent customer service and solutions
5. Further improve operational performance and manage risks.

Outlook, aspirations and challenges

Our **Community Bank**® branch does have business opportunities to grow and be successful. Our challenge is to capitalise on these opportunities and to turn them into income.

We need to grow income to cover costs and increase cash reserves.

The company is working in a very competitive financial services environment where interest rates are likely to continue to remain low in the foreseeable future.

This coupled with the low margins available under the Franchise Agreement with Bendigo Bank means that the company has to further increase the book; particularly in areas such as home loans and business banking where the yields are much greater - and in which areas the book is currently deficient.

Chairman's report (continued)

While we continue to control our operating costs and manage our community investments, the challenge for the company going forward is one of growth. We need growth in the assets under management, growth in the yields achieved and growth in income.

We remain committed to portfolio growth, prudent management of our operating expenses and community investments as well as consistent and focused effort towards increasing income and generating profits.

Community engagement

Sponsorships and donations

The company continued to provide financial contributions in the form of sponsorship support and donations to a number of youth, sporting and other local community groups during the year.

Recipients included Strathfield Raiders FC, Strathfield Rotary Club, Homebush Boys High School, Greenlees Park Men's Bowling Club, Tamil Study Centre, Strathfield Croquet Club, Concord West Public School Parents & Citizens Association and Strathfield South Public School.

Community support

We are conscious that the branch would benefit from greater support by the wider communities in nearby areas including the local Indian and Sri Lankan communities and actions are being taken to improve community engagement.

The Board will be working to obtain greater community support that will be required to achieve the next phase of growth and see the branch flourish in the future.

The Board

The Board comprises of non executive Directors who participate on a volunteer basis in service of the community and are not remunerated.

The Board met on a monthly basis, with the exception of December 2014, to plan and monitor the operations of our small but complex business.

The Board had a Marketing and Business Development Committee and a Community Engagement Committee which also met monthly.

Chairman's report (continued)

Later during the year, the Board set up a Governance and Risk Committee with the task of overseeing our risk management procedures and the overall governance of the organisation.

Directors do have a workload as they take on the tasks of overseeing the ongoing development of the company and its move towards sustainable profitability, while also undertaking their occupations.

Changes in the composition of the Board were made during the year to bring in skills vital to the company's future.

We were delighted to welcome to the Board during the year Ross Dickson with accomplished company secretarial skills, Allan Peterson President of Strathfield Rotary, and Craig Townsend with senior executive expertise in building bank businesses. We also welcomed Chris Pursehouse a senior executive from Bendigo Bank with considerable expertise in the **Community Bank**® model of banking.

We thank each of Directors who left the Board for their individual contributions. I wish to extend my sincere thanks to each and every one of our past and continuing Directors for the time, expertise and energy that they have contributed, both individually and collectively.

In particular I would like to thank Messrs Chris Bone and Chris Naylor who moved to other duties in Bendigo Bank during the year for their dedication to the company.

Our staff

Our Branch Manager Poonam Lata has been in the role for over a year. She has a team of both experienced and competent staff who are dedicated to serving the community.

During the year our staff have worked hard and achieved excellence in managing branch operations, serving customers and reducing risk.

Going forward, the branch needs to increase the loans and business banking components of the portfolio.

I would like to thank our staff past and present for their many contributions to the company.

Bendigo Bank

We continued to enjoy a close relationship with Bendigo Bank at the operational, regional and state levels and we participated in both the State and National Conferences held during the year. Chris Pursehouse from Bendigo Bank has replaced Chris Bone on the Board.

Conclusion

The company has many opportunities for growth and success and has access to Bendigo Bank's portfolio of banking services and solutions.

We have an excellent Board, very capable staff and the full support of Bendigo Bank who is both our Franchisee and also our largest shareholder.

I am due to retire as Director under the Constitution at this Annual General Meeting but will not be seeking re-election having had the privilege of serving the Homebush community and also Bendigo Bank as a volunteer since early 2013.

Given the start of the new year, I have decided to hand over to our new Chair Ian Albertson whom I am confident will lead the company ably. Please provide him with every assistance as he and the Board continue to develop your **Community Bank®** branch.

I would like to thank the community, all our shareholders including Bendigo Bank, our staff and our Directors for their ongoing support and contributions.

Our 14th Annual General Meeting is to be held at 7.00pm, on Monday 10 November at the Burwood RSL Club.
We look forward to your attendance.

Bernie Seth
Chairman

Manager's report

For year ending 30 June 2015

It is my pleasure to deliver the Manager's report for Homebush Financial Services Limited for the year ended 30 June 2015.

I am now approaching my 14th month of employment since talking on the role as Branch Manager. This is not only exciting but also rewarding and challenging.

Our business portfolio as at 30 June 2015 was $91 million.

Our engagement with our local community continues to flourish. We have a number of community groups such as non-profit organisations, educational, and sporting clubs which we have supported with grants and sponsorships during the 2014/15 financial year.

We are focussed on growing the company's income and building our overall book; and in particular our business banking and loans portfolio.

We look forward to deliver pleasing outcomes for our community in 2015/16 and beyond, through new focus and initiatives such as:

- Employee engagement and staff training
- Community engagement
- Developing business alliances and distribution networks
- New approaches and offerings to provide significantly higher levels of reliability, flexibility, convenience and speed in delivery when it comes to our products, services and pricing
- Building trust and mutually beneficial relationships with all of our interactions
- Having a positive and constantly improving mindset.

I would like to thank all our shareholders and customers for your support of our **Community Bank**® branch. Our success relies on your success.

We look forward to your continued support during our rebuilding phase in 2015/16.

Your referrals are our greatest compliment – we offer a full range of competitive banking services, better yet with a community minded twist. We are **Bigger than a bank**! It is our community that makes us **Bigger than a bank**.

I also extend my thanks to our Directors, the Bendigo Bank staff particularly our Regional Manager, and most importantly our branch staff for the hard work that they provide on a daily basis, their flexibility, their focus and their commitment to help our customers succeed, so that in turn our **Community Bank**® branch's success follows.

All parties have been providing great support while we rebuild and grow our business.

Together, our future is brighter!

Poonam Lata
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2015

In the 2015 financial year, the **Community Bank**® 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**® 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**® network, undertook a comprehensive review of the **Community Bank**® 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**® 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**® development, the **Community Bank**® 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**® 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**® 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**® 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**® 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**® 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**® 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**® (and company) branches.

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

Bendigo and Adelaide Bank report (continued)

Interest in the **Community Bank®** model remains strong, with 20 **Community Bank®** sites currently in development and a further six **Community Bank®** 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®** network achieved the following:

- Returns to community – over $130 million since the model's inception
- **Community Bank®** branches – 310
- **Community Bank®** branch staff – more than 1,500
- **Community Bank®** 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® Australia (telecommunications solution), tertiary education scholarships and community enterprises that provide **Community Bank®** companies with further development options.

In Bendigo and Adelaide Bank, your **Community Bank®** 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®** 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®** 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®** 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®** branch.

Robert Musgrove
Executive Community Engagement

Directors' report

For the financial year ended 30 June 2015

Your directors submit the financial statements of the company for the financial year ended 30 June 2015.

Directors

The names and details of the company's directors who held office during or since the end of the financial year:

Bernie Seth
Chairman
Company Director
MBA, M Eng Sc, B (Eng) Hons
Interest in shares: Nil

Ian Stanley Albertson
Director
Occupation: Teacher
B.A Grad. Dip. Ed. M. ED. Admin, M.Mus.Tech. Strathfield Rotary club. M.C for local Council events. Strathfield Council Australia Day Committee. Strathfield Council Carols by Candlelight Committee Trustee, Strathfield Libraries and Museum Foundation.
Interest in shares: 1,000

Peter Campbell Pengilley
Director (Appointed 22 July 2014)
Occupation: Director
Peter's original profession was a mechanical engineer and naval architect and worked for BHP Co. Pty Ltd, and various shipbuilders and naval architects in London, Holland and Montreal and on returning to Sydney TNT Bulkships Ltd. He gained an MBA from Macquarie University majoring in investment and financial analysis. In a change of career he left the shipbuilding industry for the world of capital markets and merchant banking for the next 17 years. Initially joining Peko Wallsend Ltd, a diversified mining and industrial company, as Treasurer then commencing his career in merchant banking initially with CIBC Australia Ltd in capital markets before moving to Capel Court Investment Bank/ANZ Bank. He left ANS Bank to establish the capital markets division for HSBC Australia and was a director of Wardley James Capel. He was then recruited by Westpac to re-establish an international capital markets department as Chief Manager, Head of Global Capital Markets. Following that assignment Peter moved to CitiGroup as Vice President for corporate finance. On leaving CitiGroup Peter joined the financial advisory group Barrington Corporate Finance and then established Investment Dynamics Pty Ltd advising companies and banks on corporate finance, debt capital market, IPO's and restructuring in the industrial, agricultural and property sectors. He has also acted as the consultant CEO for a family office and as a consultant restructuring as accounting/wealth management business with offices in Australia and UK. He is currently involved in companies in the pharmaceutical sector and commercial and industrial property sector. Peter is a fellow of the Finance and Treasurers Association and MRINA, a Member of the Australian Institute of Company Directors. Peter's community duties are a Justice of the Peace (NSW), Councillor for Ku-ring-gai Little Athletics Association, Honorary Treasurer NSW Rod Fishers Society.
Interest in shares: Nil

Directors (continued)

Craig John Townsend
Director (Appointed May 2015)
Occupation: General Manager
Craig is an experienced financial services professional with extensive experience in Treasury, Wholesale Markets and Retail Banking both domestically and throughout Asia Pacific. He has worked for a number of financial institutions including Westpac, Deustche Bank, Merril Lynch and Credit Lyonnais. Craig is also very active in the Junior rugby community holding committee positions with both Sylvania and Southern Districts clubs over many years. Craig is also managing elite squads for NSQ rugby union and Australian rugby union.
Interest in shares: Nil

Allan Frederick Peterson
Director (Appointed 26 May 2015)
Occupation: Retired
Allan's experience and expertise include NSW Department of education school principal, presently the President of Strathfield Golf Club. Allan's qualifications include Med, Bed, Grad DipEd Studies.
Interest in shares: Nil

Ross Lindsay Dickson
Director (Appointed 26 May 2015)
Occupation: Company Secretary
Ross is currently the Chief Forester and Company Secretary for the Forestry Corporation of NSW. He has had twenty one years of cross functional experience in land and resource management in both the private and public sectors underpinned by a PhD in forestry science. Ross' experience includes corporate governance, industrial relations, forestry, agriculture and intellectual property management. A director on two unlisted Boards and two Government Advisory Councils with sound governance knowledge supported by training at both Company Directors and the Governance Institute of Australia. Ross has accountability for significant financial budgets and during the last ten years been actively engaged in business change and transformation.
Interest in shares: Nil

Richard Baini
Director (Appointed 22 July 2014 - Resigned 5 July 2015)
Occupation: Real Estate Director
21 years selling Real Estate. Prominent Inner West Auctioneer/Salesman. Currently Director Richard Matthews Real Estate. Educated at St. Patricks College Strathfield. Husband to Linda and Father to Jessica and Stella.
Interest in shares: Nil

Christian Naylor
Director (Resigned 21 January 2015)
Bank Officer
Over 25 years of banking experience/experienced lender. He has been an employee with Bendigo and Adelaide Bank Limited for 10 years. He has been and remains involved in various sporting clubs.
Interest in shares: Nil

Christopher Bone
Director (Resigned 19 May 2015)
Occupation: Senior Manager Bendigo Bank
Chris is a career banker and has been working with Bendigo for over 25 years. He has worked in both the Victorian and NSW/ACT markets and brings a strong mix of retail, business banking and wealth experience. Chris has participated in numerous community and sporting groups.
Interest in shares: Nil

Directors (continued)

Larina Tcherkezian
Director (Appointed 22 July 2014 - Resigned 23 September 2014)
Occupation: Company Secretary/Financial Controller
Larnia is a Financial Controller and Chartered Secretary with extensive experience in commercial finance and administrative roles. Providing Company Secretarial and Financial Accounting services to a number of listed and unlisted companies from 2008 to present.
Interest in shares: Nil

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

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

Company Secretary

The Company Secretary is Ross Dickson. Ross was appointed to the position of Secretary on 26 May 2015 when Christian Naylor resigned as Company Secretary.

He has had twenty one years of cross functional experience in land and resource management in both the private and public sectors underpinned by a PhD in forestry science.

Principal Activities

The principal activities of the company during the financial year were facilitating **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.

Operating results

Operations have continued to perform in line with expectations. The loss of the company for the financial year after provision for income tax was:

Year ended 30 June 2015 $	Year ended 30 June 2014 $
(19,908)	(7,835)

Remuneration report

Directors' shareholdings

	Balance at start of the year	Changes during the year	Balance at end of the year
Bernie Seth	-	-	-
Ian Stanley Albertson	1,000	-	1,000
Peter Campbell Pengilley (Appointed 22 July 2014)	-	-	-
Craig John Townsend (Appointed 26 May 2015)	-	-	-
Allan Frederick Peterson (Appointed 26 May 2015)	-	-	-
Ross Lindsay Dickson (Appointed 26 May 2015)	-	-	-

Remuneration report (continued)

Directors' shareholdings (continued)

	Balance at start of the year	Changes during the year	Balance at end of the year
Richard Baini (Appointed 22 July 2014 - Resigned 5 July 2015)	-	-	-
Christian Naylor (Resigned 21 January 2015)	-	-	-
Christopher Bone (Resigned 19 May 2015)	-	-	-
Larina Tcherkezian (Appointed 22 July 2014 - Resigned 23 September 2014)	-	-	-

Dividends

No dividends were declared or paid for the previous year and the directors recommend that no dividend be paid for the current year.

Significant changes in the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Indemnification and insurance of directors and officers

The company has indemnified all directors and the manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or manager of the company except where the liability arises out of conduct involving the lack of good faith.

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 or a related body corporate.

Directors' meetings

The number of directors' meetings attended by each of the directors of the company during the year were:

	Board Meetings Attended	
	Eligible	Attended
Bernie Seth	10	9
Ian Stanley Albertson	10	10
Peter Campbell Pengilley (Appointed 22 July 2014)	10	8
Craig John Townsend (Appointed 26 May 2015)	1	1
Allan Frederick Peterson (Appointed 26 May 2015)	1	1
Ross Lindsay Dickson (Appointed 26 May 2015)	1	1
Richard Baini (Appointed 22 July 2014 - Resigned 5 July 2015)	10	9
Christian Naylor (Resigned 27 January 2015)	8	4
Christopher Bone (Resigned 19 May 2015)	9	5
Larina Tcherkezian (Appointed 22 July 2014 - Resigned 23 September 2014)	2	1

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

Non audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non audit services provided during the year are set out in the notes to the accounts.

The board of directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Directors’ report (continued)

Auditor’s independence declaration

A copy of the auditor’s independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 19.

Signed in accordance with a resolution of the board of directors at Homebush, New South Wales on 27 August 2015.

Bernie Seth,
Chairman

Auditor's independence declaration

Partners in success

Chartered Accountants

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Homebush Financial Services Limited

As lead auditor for the audit of Homebush Financial Services Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

i) no contraventions of the auditor independence requirements of 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.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550

David Hutchings
Lead Auditor

Dated: 27 August 2015

P: (03) 5443 0344 | F: (03) 5443 5304 | 61-65 Bull St./PO Box 454 Bendigo Vic. 3552 | afs@afsbendigo.com.au | www.afsbendigo.com.au

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Financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2015

	Notes	2015 $	2014 $
Revenue from ordinary activities	4	514,157	534,087
Employee benefits expense		(309,705)	(311,673)
Charitable donations, sponsorship, advertising and promotion		(14,843)	(34,625)
Occupancy and associated costs		(57,468)	(59,940)
Systems costs		(31,038)	(32,128)
Depreciation and amortisation expense	5	(23,129)	(23,762)
Finance costs	5	-	(578)
General administration expenses		(82,345)	(82,575)
Loss before income tax		**(4,371)**	**(11,194)**
Income tax (expense)/credit	6	(15,537)	3,359
Loss after income tax		**(19,908)**	**(7,835)**
Total comprehensive income for the year		**(19,908)**	**(7,835)**
Earnings per share for loss attributable to the ordinary shareholders of the company:		**¢**	**¢**
Basic earnings per share	20	(1.55)	(0.61)

The accompanying notes form part of these financial statements.

Balance Sheet
as at 30 June 2015

	Notes	2015 $	2014 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	13,931	38,518
Trade and other receivables	8	34,027	49,139
Total Current Assets		**47,958**	**87,657**
Non-Current Assets			
Property, plant and equipment	9	209,656	221,231
Intangible assets	10	21,181	32,735
Deferred tax asset	11	315,366	330,903
Total Non-Current Assets		**546,203**	**584,869**
Total Assets		**594,161**	**672,526**
LIABILITIES			
Current Liabilities			
Trade and other payables	12	17,080	64,310
Provisions	13	6,851	14,197
Total Current Liabilities		**23,931**	**78,507**
Non-Current Liabilities			
Provisions	13	3,315	7,196
Total Non-Current Liabilities		**3,315**	**7,196**
Total Liabilities		**27,246**	**85,703**
Net Assets		**566,915**	**586,823**
Equity			
Issued capital	14	1,372,954	1,372,954
Accumulated losses	15	(806,039)	(786,131)
Total Equity		**566,915**	**586,823**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
for the year ended 30 June 2015

	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2013	**1,372,954**	**(778,296)**	**594,658**
Total comprehensive income for the year	**-**	**(7,835)**	**(7,835)**
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2014	**1,372,954**	**(786,131)**	**586,823**
Balance at 1 July 2014	**1,372,954**	**(786,131)**	**586,823**
Total comprehensive income for the year	**-**	**(19,908)**	**(19,908)**
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2015	**1,372,954**	**(806,039)**	**566,915**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2015

	Notes	2015 $	2014 $
Cash flows from operating activities			
Receipts from customers		579,056	583,523
Payments to suppliers and employees		(568,558)	(605,571)
Interest received		16	40
Interest paid		-	(578)
Net cash provided by/(used in) operating activities	**16**	**10,514**	**(22,586)**
Cash flows from investing activities			
Payments for intangible assets		(35,101)	-
Net cash provided by/(used in) investing activities		**(35,101)**	**-**
Net decrease in cash held		**(24,587)**	**(22,586)**
Cash and cash equivalents at the beginning of the financial year		38,518	61,104
Cash and cash equivalents at the end of the financial year	**7(a)**	**13,931**	**38,518**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2015

Note 1. Summary of significant accounting policies

a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standard Boards and the Corporations Act 2001. The company is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

These financial statements and notes comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. These areas involving a higher degree of judgement or complexities, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Historical cost convention

The financial statements have been prepared under the historical cost convention on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Comparative figures

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

Application of new and amended accounting standards

The following amendments to accounting standards and a new interpretation issued by the Australian Accounting Standards Board (AASB) became mandatorily effective for accounting periods beginning on or after 1 July 2014, and are therefore relevant for the current financial year.

- AASB 2012-3 Amendments to Australian Accounting Standards (AASB 132) – Offsetting Financial Assets and Financial Liabilities.
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets.
- AASB 2013-4 Amendments to Australian Accounting Standards (AASB 139) – Novation of Derivatives and Continuation of Hedge Accounting.
- AASB 2013-5 Amendments to Australian Accounting Standards (AASB 10) – Investment Entities.
- AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles).
- AASB 2014-1 Amendments to Australian Accounting Standards (Part B: Defined Benefit Plans: Employee Contributions Amendments to AASB 119).

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Application of new and amended accounting standards (continued)

- Interpretation 21 Levies.
- AASB 1031 Materiality, AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part B: Materiality), AASB 2014-1 Amendments to Australian Accounting Standards (Part C: Materiality).

None of the amendments to accounting standards or the new interpretation issued by the Australian Accounting Standards Board (AASB) that became mandatorily effective for accounting periods beginning on or after 1 July 2014, materially affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

The following accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) become effective in future accounting periods.

	Effective for annual reporting periods beginning on or after
AASB 9 Financial Instruments, and the relevant amending standards.	1 January 2018
AASB 15 Revenue from Contracts with Customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15.	1 January 2017
AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations.	1 January 2016
AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation.	1 January 2016
AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants.	1 January 2016
AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements.	1 January 2016
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.	1 January 2016
AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle.	1 January 2016
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101.	1 January 2016
AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality.	1 July 2015
AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent.	1 July 2015
AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception.	1 January 2016

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Application of new and amended accounting standards (continued)

The company has not elected to apply any accounting standards or interpretations before their mandatory operative date for the annual reporting period beginning 1 July 2014. Therefore the abovementioned accounting standards or interpretations have no impact on amounts recognised in the current period or any prior period.

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**® branch at Homebush, New South Wales.

The branch operates 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**® branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank**® branch 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.

The company promotes and sells the products and services, but is not a party to the transaction.

The credit risk (i.e. the risk that a customer will not make repayments) is for the relevant Bendigo and Adelaide Bank Limited entity to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

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 manager 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
- sales techniques and proper customer relations.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

Note 1. Summary of significant accounting policies (continued)

b) Revenue

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the company and any specific criteria have been met. Interest and fee revenue is recognised when earned. The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue. All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue calculation

Over the period from September 2013 to February 2015, Bendigo and Adelaide Bank Limited conducted a review of the **Community Bank**® model, known as 'Project Horizon'. This was conducted in consultation with the **Community Bank**® network. The objective of the review was to develop a shared vision of the **Community Bank**® model that positions it for success now and for the future.

The outcome of that review is that the fundamental franchise model and community participation remain unchanged. Changes to be implemented over a three year period reflect a number of themes, including a culture of innovation, agility and flexibility, network collaboration, director and staff development and a sustainable financial model. This will include changes to the financial return for **Community Bank**® companies from 1 July 2016. A funds transfer pricing model will be used for the method of calculation of the cost of funds, deposit return and margin. All revenue paid on core banking products will be through margin share. Margin on core banking products will be shared on a 50/50 basis.

The franchise agreement provides that three forms of revenue may be earned by the company – margin, commission and fee income. Bendigo and Adelaide Bank Limited decides the form of revenue the company earns on different types of products and services.

The revenue earned by the company is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

Core banking products

Bendigo and Adelaide Bank Limited has identified some Bendigo Bank Group products and services as 'core banking products'. It may change the products and services which are identified as core banking products by giving the company at least 30 days' notice. Core banking products currently include Bendigo Bank branded home loans, term deposits and at call deposits.

Margin

Margin is arrived at through the following calculation:

- Interest paid by customers on loans less interest paid to customers on deposits,
- plus any deposit returns i.e. interest return applied by Bendigo and Adelaide Bank Limited for a deposit,
- minus any costs of funds i.e. interest applied by Bendigo and Adelaide Bank Limited to fund a loan.

Note: In very simplified terms, currently, deposit return means the interest Bendigo and Adelaide Bank Limited gets when it invests the money the customer deposits with it. The cost of funds means the interest Bendigo and Adelaide Bank Limited pays when it borrows the money to give a customer a loan. From 1 July 2016, both will mean the cost for Bendigo and Adelaide Bank Limited to borrow the money in the market.

Products and services on which margin is paid include variable rate deposits and variable rate home loans. From 1 July 2016, examples include Bendigo Bank branded at call deposits, term deposits and home loans.

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Margin (continued)

For those products and services on which margin is paid, the company is entitled to a share of the margin earned by Bendigo and Adelaide Bank Limited (i.e. income adjusted for Bendigo and Adelaide Bank Limited's interest expense and interest income return). However, if this reflects a loss, the company incurs a share of that loss.

Commission

Commission is a fee paid for products and services sold. It may be paid on the initial sale or on an ongoing basis. Commission is payable on the sale of an insurance product such as home contents. Examples of products and services on which ongoing commissions are paid include leasing and Sandhurst Trustees Limited products. This currently also includes Bendigo Bank branded fixed rate home loans and term deposits of more than 90 days, but these will become margin products from 1 July 2016.

Fee income

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo Bank Group entities including fees for loan applications and account transactions.

Ability to change financial return

Under the franchise agreement, Bendigo and Adelaide Bank Limited may change the form and amount of financial return that the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo and Adelaide Bank Limited earns revenue.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the company receives on a particular product or service. The effect of the change on the revenue earned by the company is entirely dependent on the change.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the company receives on a particular product or service. The effect of the change on the revenue earned by the company is entirely dependent on the change.

If Bendigo and Adelaide Bank Limited makes a change to the margin or commission on core banking products and services, it must not reduce the margin and commission the company receives on core banking products and services Bendigo and Adelaide Bank Limited attributes to the company to less than 50% (on an aggregate basis) of Bendigo and Adelaide Bank Limited's margin at that time. For other products and services, there is no restriction on the change Bendigo and Adelaide Bank Limited may make.

Bendigo and Adelaide Bank Limited must give the company 30 days' notice before it changes the products and services on which margin, commission or fee income is paid, the method of calculation of margin and the amount of margin, commission or fee income.

Monitoring and changing financial return

Bendigo and Adelaide Bank Limited monitors the distribution of financial return between **Community Bank®** companies and Bendigo and Adelaide Bank Limited on an ongoing basis.

Overall, Bendigo and Adelaide Bank Limited has made it clear that the **Community Bank®** model is based on the principle of shared reward for shared effort. In particular, in relation to core banking products and services, the aim is to achieve an equal share of Bendigo and Adelaide Bank Limited's margin.

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Monitoring and changing financial return (continued)

As discussed above in relation to Project Horizon, among other things, there will be changes in the financial return for **Community Bank**® companies from 1 July 2016. This includes 50% share of margin on core banking products, all core banking products become margin products and a funds transfer pricing model will be used for the method of calculation of the cost of funds, deposit return and margin.

c) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the balance sheet liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the company entity intends to settle its tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Statement of Profit or Loss and Other Comprehensive Income, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

d) Employee entitlements

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

The company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

e) Cash and cash equivalents

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. Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet.

f) Trade receivables and payables

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

g) Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

• leasehold improvements	40 years
• plant and equipment	2.5 - 40 years
• furniture and fittings	4 - 40 years

h) Intangibles

The franchise fee paid to Bendigo and Adelaide Bank Limited has been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

The renewal processing fee paid to Bendigo and Adelaide Bank Limited when renewing the franchise agreement has also been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

Note 1. Summary of significant accounting policies (continued)

i) Payment terms

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

j) Borrowings

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

k) Financial instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires 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.

Classification and subsequent measurement

(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 using the effective interest rate method.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in the Statement of Profit or Loss and Other Comprehensive Income. Available-for-sale financial assets are included in non-current assets except where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

(iv) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Note 1. Summary of significant accounting policies (continued)

k) Financial instruments (continued)

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

l) 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 recording 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 charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

m) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions of other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

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.

n) Contributed equity

Ordinary shares are 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.

o) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

p) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet. Cash flows are included in the Statement of Cash Flows on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Note 2. Financial risk management

The company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the board of directors.

(i) Market risk

The company has no exposure to any transactions denominated in a currency other than Australian dollars.

(ii) Price risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The company is not exposed to commodity price risk.

(iii) Credit risk

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank Limited.

(iv) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo and Adelaide Bank Limited and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

(vi) 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 Balance Sheet.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the distribution limit:

The distribution limit is the greater of:

(a) 20% of the profit or funds of the franchisee otherwise available for distribution to shareholders in that 12 month period; and

(b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the franchisee over that 12 month period where 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%.

Note 2. Financial risk 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 for the year ended 30 June 2015 can be seen in the Statement of Profit or Loss and Other Comprehensive Income.

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

Note 3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Taxation

Judgement is required in assessing whether deferred tax assets and certain tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

These judgements and assumptions are subject to risk and uncertainty. There is therefore a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in corresponding credit or charge to the Statement of Profit or Loss and Other Comprehensive Income.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and the condition of the asset is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Note 3. Critical accounting estimates and judgements (continued)

Impairment of assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Note 4. Revenue from ordinary activities

	2015 $	2014 $
Operating activities:		
- services commissions	464,127	484,047
- other revenue	50,000	50,000
Total revenue from operating activities	**514,127**	**534,047**
Non-operating activities:		
- interest received	16	40
- other revenue	14	-
Total revenue from non-operating activities	**30**	**40**
Total revenues from ordinary activities	**514,157**	**534,087**

	Note	2015 $	2014 $

Note 5. Expenses

	Note	2015 $	2014 $
Depreciation of non-current assets:			
- plant and equipment		5,169	5,780
- leasehold improvements		6,406	6,428
Amortisation of non-current assets:			
- franchise agreement		2,311	2,312
- franchise renewal fee		9,243	9,242
		23,129	**23,762**
Finance costs:			
- interest paid		**-**	**578**
Bad debts		**828**	**775**

Note 6. Income tax expense/(credit)

	Note	2015 $	2014 $
The components of tax expense/(credit) comprise:			
- Future income tax benefit attributable to losses		(5,157)	(6,990)
- Adjustment to deferred tax to reflect change of tax rate in future periods		16,598	-
- Movement in deferred tax		4,096	3,631
		15,537	**(3,359)**
The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax expense/(credit) as follows			
Operating loss		(4,371)	(11,194)
Prima facie tax on loss from ordinary activities at 30%		(1,311)	(3,359)
Add tax effect of:			
- non-deductible expenses		251	-
- timing difference expenses		(4,097)	(3,632)
		(5,157)	**(6,991)**
Movement in deferred tax		4,096	3,632
Adjustment to deferred tax to reflect change of tax rate in future periods		16,598	-
	11	**15,537**	**(3,359)**

The deferred tax asset relating to carried forward losses and temporary timing differences has been adjusted to reflect the decrease in company tax rate from 30% to 28.5%, applicable from 1 July 2015, as announced in the 2015 Federal Budget. Deferred tax assets are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled. The adjustment to the deferred tax asset has been recognised through income tax expense for the current period.

	2015 $	2014 $

Note 7. Cash and cash equivalents

	2015 $	2014 $
Cash at bank and on hand	**13,931**	**38,518**
Note 7.(a) Reconciliation to cash flow statement		
The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:		
Cash at bank and on hand	**13,931**	**38,518**

Note 8. Trade and other receivables

	2015 $	2014 $
Trade receivables	27,362	39,558
Prepayments	6,665	9,330
Other receivables and accruals	-	251
	34,027	**49,139**

Note 9. Property, plant and equipment

	2015 $	2014 $
Leasehold improvements		
At cost	297,026	297,026
Less accumulated depreciation	(115,159)	(108,731)
	181,867	**188,295**
Plant and equipment		
At cost	68,902	68,902
Less accumulated depreciation	(61,296)	(58,701)
	7,606	**10,201**
Furniture and fittings		
At cost	64,567	64,567
Less accumulated depreciation	(44,384)	(41,832)
	20,183	**22,735**
Total written down amount	**209,656**	**221,231**
Movements in carrying amounts:		
Leasehold improvements		
Carrying amount at beginning	188,295	194,723
Additions	-	-
Disposals	-	-
Less: depreciation expense	(6,428)	(6,428)
Carrying amount at end	**181,867**	**188,295**

	2015 $	2014 $
Note 9. Property, plant and equipment (continued)		
Plant and equipment		
Carrying amount at beginning	10,201	13,065
Additions	-	-
Disposals	-	-
Less: depreciation expense	(2,595)	(2,864)
Carrying amount at end	**7,606**	**10,201**
Furniture and fittings		
Carrying amount at beginning	22,735	25,651
Additions	-	-
Disposals	-	-
Less: depreciation expense	(2,552)	(2,916)
Carrying amount at end	**20,183**	**22,735**
Total written down amount	**209,656**	**221,231**

Note 10. Intangible assets

Franchise fee		
At cost	71,554	71,554
Less: accumulated amortisation	(67,318)	(65,007)
	4,236	**6,547**
Renewal processing fee		
At cost	86,214	86,214
Less: accumulated amortisation	(69,269)	(60,026)
	16,945	**26,188**
Total written down amount	**21,181**	**32,735**

Note 11. Tax

Non-Current:		
Deferred tax assets		
- accruals	698	1,463
- employee provisions	2,898	6,418
- tax losses carried forward	311,770	323,022
	315,366	**330,903**

	2015 $	2014 $
Note 11. Tax (continued)		
Net deferred tax asset	**315,366**	**330,903**
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	**15,537**	**(3,359)**

Note 12. Trade and other payables

	2015 $	2014 $
Current:		
Trade creditors	4,558	47,013
Other creditors and accruals	12,522	17,297
	17,080	**64,310**

Note 13. Provisions

	2015 $	2014 $
Current:		
Provision for annual leave	**6,851**	**14,197**
Non-Current:		
Provision for long service leave	**3,315**	**7,196**

Note 14. Contributed equity

	2015 $	2014 $
1,286,098 ordinary shares fully paid (2013: 1,286,098)	1,419,343	1,419,343
Less: equity raising expenses	(46,389)	(46,389)
	1,372,954	**1,372,954**

Rights attached to shares

(a) Voting rights

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the **Community Bank**® branch have the same ability to influence the operation of the company.

Note 14. Contributed equity (continued)

Rights attached to shares (continued)

(b) Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo and Adelaide Bank Limited contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

(c) Transfer

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the Corporations Act 2001.

Prohibited shareholding interest

A person must not have a prohibited shareholding interest in the company.

In summary, a person has a prohibited shareholding interest if They control or own 10% or more of the shares in the company (the "10% limit").

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

The board has the power to request information from a person who has (or is suspected by the board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the board in selling or otherwise dealing with those shares.

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

	2015 $	2014 $
Note 15. Accumulated losses		
Balance at the beginning of the financial year	(786,131)	(778,296)
Net loss from ordinary activities after income tax	(19,908)	(7,835)
Balance at the end of the financial year	**(806,039)**	**(786,131)**

	2015 $	2014 $

Note 16. Statement of cash flows

Reconciliation of loss from ordinary activities after tax to net cash provided by/(used in) operating activities

	2015 $	2014 $
Loss from ordinary activities after income tax	(19,908)	(7,835)
Non cash items:		
- depreciation	11,575	12,208
- amortisation	11,554	11,554
Changes in assets and liabilities:		
- (increase)/decrease in receivables	15,112	(3,964)
- (increase)/decrease in other assets	15,537	(3,359)
- increase/(decrease) in payables	(12,129)	(19,758)
- increase/(decrease) in provisions	(11,227)	(11,432)
Net cash flows provided by/(used in) operating activities	**10,514**	**(22,586)**

Note 17. Leases

Operating lease commitments

	2015 $	2014 $
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments:		
- not later than 12 months	40,029	40,029
- between 12 months and 5 years	120,087	160,116
- greater than 5 years	-	-
	160,116	**200,145**

The rental lease on the branch premises is a non-cancellable lease with a five-year term, commencing on 1 July 2014. Minimum rent payable is currently $40,029 per annum.

Note 18. Auditor's remuneration

Amounts received or due and receivable by the auditor of the company for:

	2015 $	2014 $
- audit and review services	5,050	4,950
- share registry services	1,750	1,500
- non audit services	2,500	2,050
	9,300	**8,500**

Note 19. Director and related party disclosures

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 is required to be disclosed.

Note 20. Earnings per share

		2015 $	2014 $
(a)	Loss attributable to the ordinary equity holders of the company used in calculating earnings per share	(19,908)	(7,835)
		Number	**Number**
(b)	Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,286,098	1,286,098

Note 21. Events occurring after the reporting date

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

Note 22. Contingent liabilities and contingent assets

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

Note 23. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank**® services in Homebush, New South Wales pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 24. Registered office/Principal place of business

The entity is a company limited by shares, incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office	Principal Place of Business
27 Rochester Street Homebush NSW 2140	27 Rochester Street Homebush NSW 2140

Note 25. Financial instruments

Financial Instrument Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for all financial instruments, as well as the settlement period for instruments with a fixed period of maturity and interest rate.

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $	2015 %	2014 %
Financial assets												
Cash and cash equivalents	13,931	38,518	-	-	-	-	-	-	-	-	0.05	0.1
Receivables	-	-	-	-	-	-	-	-	27,362	39,558	N/A	N/A
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	4,558	47,013	N/A	N/A

Net Fair Values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the balance sheet. The company does not have any unrecognised financial instruments at the year end.

Credit Risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the balance sheet and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from the interest bearing financial assets and liabilities in place subject to variable interest rates, as outlined above.

Sensitivity Analysis

The company has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in interest rates.

Note 25. Financial instruments (continued)

Sensitivity Analysis (continued)

As at 30 June 2015, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2015 $	2014 $
Change in profit/(loss)		
Increase in interest rate by 1%	139	385
Decrease in interest rate by 1%	139	385
Change in equity		
Increase in interest rate by 1%	139	385
Decrease in interest rate by 1%	139	385

Directors' declaration

In accordance with a resolution of the directors of Homebush Financial Services Limited, we state that:

In the opinion of the directors:

(a) the financial statements and notes of the company are 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 financial year ended on that date; and

  (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

(c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

This declaration is made in accordance with a resolution of the board of directors.

Bernie Seth,
Chairman

Signed on the 27th of August 2015.

AFS
Partners in success
Chartered Accountants

Independent auditor's report to the members of Homebush Financial Services Limited

Report on the financial report

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

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making fair accounting estimates that are reasonable in the circumstances. 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.

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. These standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our 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, we consider internal controls relevant to the entity's preparation and fair presentation 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 entity'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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the company's financial position and of its performance.

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

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337.

P: (03) 5443 0344 | F: (03) 5443 5304 | 61-65 Bull St./PO Box 454 Bendigo Vic. 3552 | afs@afsbendigo.com.au | www.afsbendigo.com.au

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Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written auditor's independence declaration, a copy of which is included in the directors' report.

Auditor's opinion on the financial report

In our opinion:

1. The financial report of Homebush Financial Services Limited is in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 30 June 2015 and of its financial performance and its cash flows for the year then ended and complying with Australian Accounting Standards and the Corporations Regulations 2001.
2. The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Homebush Financial Services Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550

David Hutchings
Lead Auditor

Dated: 27 August 2015

Bendigo Bank
Bigger than a bank.

Homebush **Community Bank**® Branch

Homebush **Community Bank**® Branch
27 Rochester Street, Homebush NSW 2140
Ph 02 9764 6616 Fax 02 9764 6737

Franchisee: Homebush Financial Services Limited
27 Rochester Street, Homebush NSW 2140
ABN 55 097 923 807