



Annual Report 2014

Huon Valley Financial
Services Limited

ABN 34 101 469 854

Geeveston **Community Bank**[®] Branch
Dover **Community Bank**[®] Branch
Huonville **Community Bank**[®] Branch
Cygnet & District **Community Bank**[®] Branch

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Chairman's report

For year ending 30 June 2014

This year marks the 10th year of my involvement with the **Community Bank**[®] network. Reflecting back over the last decade, it is easy to see how far we have come as a company but much harder to select highlights as there have been so many. If I was pushed, I would have to mention the Geeveston Medical Centre, as that really made us come of age as an entity and show the wider community just what the **Community Bank**[®] branch would be capable of in the future. More recently we have been involved with the Eddie Rice Foundation and Beacon Foundation that are doing wonderful things with our youth in the Huon Valley. They are by no means the only highlights and I know the Board and staff have had much satisfaction by way of funding events in our region and quietly helping out families in hardship.

Of course this year marked the opening of the Cygnet & District **Community Bank**[®] Branch thus completing our aim of four branches in the Huon. Now we will consolidate, grow the business and work with community groups to help meet the needs of our community. Congratulations to the staff, Board and particularly the Cygnet Steering Committee for such a fantastic campaign to open the branch, as I mentioned last year, you are widely quoted and mentioned throughout Australia as an example of how to open a new branch properly.

Community Contributions of \$155,000! That's the figure we gave out in this year's Community Grants Program, and by far the largest amount we have ever given away in the program. If you couple this with almost another \$100,000 in donations and sponsorship it can't be ignored any more. The Huon Valley **Community Bank**[®] branches are a major source of funding within the Huon area! Some recipients this year have included the Geeveston Development Association for a fun park, The Living boat trust to build a St Ayles skiff for racing against other communities that have done the same and Huon Eldercare for ultra sound equipment so that patients don't have to travel for the service. We also helped Eldercare purchase a new, user friendly, bus so if you see a bus driving the roads, decked out in our colours, it is not for driving our staff to work, it is in fact used by Eldercare and their residents.

Welcome to Ellice Direen, Fran Duggan, Phil Woolley and Sophie Brouwer as the newest members of our team. They have readily fitted in and embraced the **Community Bank**[®] model, hopefully they can all see long careers in banking and build rapport with our customers leading to the role of managing their own branch one day. That's one of our aims, to retain, train and offer a long career for our employees.

Thanks to our four Managers, Colleen, Danny, Andrew and Tony. It is still a difficult climate for banking but you all are leading your teams extremely well and exceeding growth figures set by Bendigo and Adelaide Bank. That's awesome guys and I know you all have huge respect and faith in the staff you work with to make this happen. The Board and wider community thank you for your hard work and long hours, it really is making a difference.

We have had four retirements from the Board this year. Monte Golding was a valued member and cared for the community, unfortunately due to family obligations he retired. Kel Aldred retired to pursue his passion for having a great time. Kel was instrumental in getting the Cygnet & District **Community Bank**[®] Branch up and is a legend throughout the Australian **Community Bank**[®] network. Tammy Price and Denise Bowden also retired and we thank them for their service. On the brighter side we gained four new Board members. Lydia Eastley, John Synott, Brent Hardy and Karen Cooper are all enthusiastic new Directors. Lydia, John and Brent all attended the National Conference in Darwin and will have plenty of ideas to keep us working for at least 12 months. I hope they get a lot out of the **Community Bank**[®] ideals and values that aim to make a difference in our region.

Once again thanks to our shareholders. We have more shareholders now that Cygnet & District **Community Bank**[®] Branch is open but we endeavour to increase shareholder value whilst returning significant funds to the community. The next 12 months will be tough until the Cygnet & District **Community Bank**[®] Branch reaches profitability but we are well placed to absorb any shortfall while still living up to our obligations.

Chairman's report (continued)

Thanks also to the Regional Team. Rob Hanley, Russ Carrick and Stewart Nankervis have always been ready to help, no doubt with the aid of their own teams. Also thanks to the wider Tasmanian **Community Bank**[®] network. We are starting to reach a point where it is possible to do collaborative marketing throughout Tasmania, which will be a huge benefit to the **Community Bank**[®] network and the Tasmanian regional communities in general.

Here's to another good year

A handwritten signature in black ink, appearing to read 'Simon Burgess', with a stylized, cursive script.

Simon Burgess
Chairman

Area Manager & Branch Managers' report

For year ending 30 June 2014

We have now completed our 11th full year of operation and we are extremely pleased to report that our business has continued to grow, with total business as at 30 June 2014 now standing at \$202.508 million, with 7,681 accounts opened. This represents growth of \$16.511 million (8.88%) and 769 accounts (11.13%) during the past 12 months.

Our deposits totalled \$84.118 million (15.44% growth) and our Lending Portfolio \$118.39 million (4.65% growth), with a further \$3.481million in loans pending settlement.

The 2013/14 year saw us further expand our **Community Bank**[®] branch network through the successful opening of our Cygnet & District **Community Bank**[®] Branch on 1 May 2014. Congratulations must go to the Cygnet Steering Committee who worked tirelessly to obtain their own **Community Bank**[®] branch. The work they did during the preceding 12 months enabled the branch to open with a 'Book' of over \$20 million which has since grown to \$25.294 million as at 30 June 2014.

These results only confirm the support of the community for 'their' **Community Bank**[®] branch which in turn enables our **Community Bank**[®] company to return profits back into the community for the benefit of all.

The continued positive manner in which our **Community Bank**[®] branch has been accepted and supported by people from both within and outside our immediate area has been beyond our expectations (and continues to amaze us) and only goes to show that there still is a need for good old fashioned, face to face banking services where you can build a relationship with your **Community Bank**[®] branch.

We continue to generate regular monthly profits which are being distributed back into the community in many shapes and forms and it is this distribution of profits back to the community that gives us (the staff) a great deal of pride and satisfaction in the role that we play within your **Community Bank**[®] branch.

The above results have not been achieved without a great deal of hard work, passion and dedication by a great team of staff. It gives us a great deal of pleasure to welcome aboard and acknowledge our new team members: Ellice Direen, Phil Woolley, Sophie Brouwer and Fran Duggan, whilst also acknowledging and thanking our existing team members: Sharee Burgess, Cathy Thomson, Cate Swan, Michelle Doyle, Kerrie-Lyn O'Neill, Kelly Hankin, Narelle Gane, Chris Wood, Tamara Jones, Claudia Pulko and John Collins for their commitment and on-going support.

Congratulations and welcome aboard also to Danny Buckingham for his appointment as Branch Manager of Cygnet & District **Community Bank**[®] Branch during the year!

The 2013/14 year also saw Huon Valley Financial Services Limited inducted into the **Community Bank**[®] Hall of Fame. What a great achievement and recognition for 10 years of commitment, hard work and passion by a lot of people (Board, staff, region, shareholders, customers). Congratulations to all concerned, take a well earned 'pat on the back'!

Thanks also to the Board of Directors for their support and guidance over the past 12 months. They are a passionate group of people who give freely of their own time, doing a thankless job for the benefit of the community. Whilst there have been some difficult times, it is always an enjoyable experience to work with you as we continue to grow and expand the business together.

Area Manager & Branch Managers' report (continued)

To our 'team' at Regional Office: Russ, Rob, Stewart, Jon, Toni, Kim, Janelle and Helena, thank you for your continued support once again, it truly is a pleasure to work with you. It is your contribution to the success of our **Community Bank**[®] branches which ensures that the value of our partnership with Bendigo and Adelaide Bank is maximised.

Finally, we wish to thank all of our customers and shareholders for their support and we trust that our personal service and commitment to the community will ensure the continued future success of the Geeveston, Dover, Huonville and Cygnet **Community Bank**[®] branches.



Tony Coulson
Area Manager



Andrew Melton
Branch Manager
Geeveston/Dover



Colleen Shield
Branch Manager
Huonville



Danny Buckingham
Branch Manager
Cygnet

Directors' report

For the financial year ended 30 June 2014

Your directors submit the financial statements of the company for the financial year ended 30 June 2014.

Directors

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

Simon Peter Burgess

Chairman

Occupation: Farmer

Qualifications, experience and expertise: Self employed business owner, who has been on the board for 7 years.

Special responsibilities: Marketing

Interest in shares: 11,820

Nyal Nizazi Merdivenci

Director

Occupation: Property Marketing Consultant

Qualifications, experience and expertise: Former local business owner, qualified property consultant and involved in local community groups.

Special responsibilities: Nil

Interest in shares: 2,700

Karen Valma Cooper

Secretary (Appointed 20 August 2014)

Occupation: Conveyancing Clerk

25 years experience in Conveyancing industry in Tasmania. Past involvement in Badminton , Little Athletics and Huon Valley Relay for Life. Karen is currently a volunteer at the Huon Valley PCYC.

Special responsibilities: Company Secretary

Interest in shares: Nil

Janet Ann Storan

Director

Occupation: Retired

Qualifications, experience and expertise: Over 40 year's administration experience including accounting and general administration. Previous employment includes managing the Flight Crew Licensing section for the Civil Aviation Safety Authority in Brisbane, and general accounting in an advertising agency. Responsibly for the setting up and administration for a period 10 years of a \$1 million Welfare Fund for the benefit of local government employees in Tasmania. Experience as a Leader in Scouting and Guiding organisations for over 15 years and Secretary of the Cygnet Football Club for 3 years and a member of the Cygnet RSL Women's auxiliary for 17 years.

Special responsibilities: Governance Committee

Interest in shares: 3,000

Directors' report (continued)

Directors (continued)

Jillian Kay Griggs

Director

Occupation: Retired

Qualifications, experience and expertise: Staff Representative on the Board of the Huon District Hospital for 6 years, and volunteer for the Kiosk at Huon Eldercare for the past 10 years and continue to do so, previously on the Board of HVFS for over 2 years before being re-elected in 2010. Secretary of Huonville Football Club Ladies Committee for 5 years.

Special responsibilities:

Interest in shares: 2,000

Michael Anthony Lynch

Director

Occupation: Small Business Owner

Qualifications, experience and expertise: Retired Naval Officer, previous General Manager of a electronics manufacturing plant, previous General Manager of Tasmanian University Research Company, Head of Office: Tasmanian Greens, Director: Tasmanian Conservation Trust, Chairperson: Tasmanian Heritage Council.

Special responsibilities: Governance

Interest in shares: Nil

Directors (continued)

Lydia Eastley

Director (Appointed 29 January 2014)

Occupation: Pharmacy Assistant

Qualifications, experience and expertise: Cert III Telecommunications Intelligence, Advanced Diploma in Arabic. Past occupation as a Cryptologic Linguist for the Royal Australian Navy.

Special responsibilities: Marketing Committee

Interest in shares: Nil

John Synnott

Director (Appointed 25 June 2014)

Occupation: Electrical Contracting, Building & Construction Industry

Qualifications, experience and expertise: Educated to High Schools Certificate level, also the Tasmanian Technical College with an apprenticeship and accreditation as an A Grade Electrical Mechanic. Worked in the Electrical Contracting Industry for 33 years as a supervisor, Estimator and general administration, also State Divisional Manager for a Tasmanian Electrical contracting Company for 7 years responsible for financial budgets, staff engagement and apprenticeship employment & training. Contracts administrator & Domestic Building company for 7 years, participation with Engineers, Architects, Building Surveyor, Land Surveyors, Soil Scientists & local Government Planning requirements for design assessment criteria, preparation of building contracts for clients in conjunction with final building costs also land pre-purchase inspection / assessment & evaluation. Participation with various committees over many years both as a committee member also Vice President, for both the Cygnet Football Club & Cygnet Tennis Club; an active member of the Port Cygnet Sailing Club. Currently involved with the Cygnet Football Club as an adviser, sub-committee member and player Tribunal Advocate also club match manager. Past Board Member St James College School in association with the Tasmanian Catholic Education Office. Active member in a current steering committee formed for the evaluation and the recent successful establishment a local **Community Bank**[®] branch.

Special responsibilities: Nil

Interest in shares: 1,000

Directors' report (continued)

Directors (continued)

Brent Andrew Hardy

Director (Appointed 25 June 2014)

Occupation: General Manager

Qualifications, experience and expertise: Brent has been the divisional manager and then the general manager of Duggans Pty Ltd. Aust/Asian Logistics Manager Erico Pty Ltd. Company Director of National Precast Association of Australia

Special responsibilities: Nil

Interest in shares: Nil

Denise Hilary Bowden

Treasurer (Resigned 28 August 2014)

Occupation: Assistant Director - Public Service

Qualifications, experience and expertise: 30 years professional and management experience in National Health Service (UK) and in State, Commonwealth and Local Government sectors in Tasmania. Holds Degree in Management with experience in strategic, business, personnel and financial planning.

Special responsibilities: Treasurer

Interest in shares: Nil

Tammy Peta Price

Director (Resigned 15 August 2014)

Occupation: Finance Manager

Qualifications, experience and expertise: Extensive experience with Public & Community Relations. Qualified as a Plantations Forester and was responsible for over 20,000ha of plantation management. Event Secretary for the Tasmanian Forest Festival. Involvement with the P&F and Fair Committee at the St. Aloysius Catholic College. Financial Management and Administration of family farming and forestry business

Special responsibilities: Governance and Marketing

Interest in shares: Nil

Kelvin Aldred

Director (Resigned 25 June 2014)

Occupation: Retired

Qualifications, experience and expertise: Retired General Manager of Australian listed ASX 200 Company. Member of Huon Valley Council Economic Development Committee. Member Australian Investors Association. LISM, Melbourne University Summer School.

Special responsibilities:

Interest in shares: Nil

Montague Ernest Roland Goulding

Director (Resigned 6 February 2014)

Occupation: Software Developer

Qualifications, experience and expertise: 13 years experience in small business, former Vice-President of Geeveston Community Centre, and holds a bachelor of computer science and a bachelor of applied science (Hons).

Special responsibilities: Marketing

Interest in shares: Nil

Directors' report (continued)

Directors (continued)

Anthony John Clark

Director (Resigned 9 August 2013)

Occupation: Retired

Qualifications, experience and expertise: Former small business owner and presently secretary/treasurer of three community groups.

Special responsibilities:

Interest in shares: 1,000

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 Karen Valma Cooper. Karen was appointed to the position of secretary on 20 August 2014.

The company secretary for the period was Tammy Price. Tammy was appointed to the position of secretary on 19 January 2011 and resigned on 15 August 2014.

Principal Activities

The principal activities of the company during the financial year were facilitating **Community Bank**[®] services under management rights to operate franchised branches 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 profit/(loss) of the company for the financial year after provision for income tax was:

Year ended 30 June 2014 \$	Year ended 30 June 2013 \$
(1,905)	61,383

Remuneration report

Directors' remuneration

No director of the company receives remuneration for services as a company director or committee member.

Director, Tammy Price performed the role of Company Secretary and was paid \$10,000 (2013: \$8,999) for her duties during the financial year.

No other director or related entity has entered into a material contract with the company. No director's fees other than those reported above have been paid as the positions are held on a voluntary basis.

Directors' report (continued)

Remuneration report (continued)

Directors' shareholdings

	Balance at start of the year	Changes during the year	Balance at end of the year
Simon Peter Burgess	11,820	11,820	23,640
Nyal Nizazi Merdivenci	2,700	1,900	4,600
Karen Valma Cooper (Appointed 20 August 2014)	-	-	-
Janet Ann Storan	700	2,300	3,000
Jillian Kay Griggs	2,000	-	2,000
Michael Anthony Lynch	-	-	-
Lydia Eastley (Appointed 29 January 2014)	-	-	-
John Synnott (Appointed 25 June 2014)	-	1,000	1,000
Brent Andrew Hardy (Appointed 25 June 2014)	-	-	-
Denise Hilary Bowden (Resigned 28 August 2014)	-	2,000	2,000
Tammy Peta Price (Resigned 15 August 2014)	-	-	-
Kelvin Aldred (Resigned 25 June 2014)	-	5,000	5,000
Montague Ernest Roland Goulding (Resigned 6 February 2014)	-	-	-
Anthony John Clark (Resigned 9 August 2013)	1,000	1,000	2,000

Dividends

	Year ended 30 June 2014	
	Cents	\$
Dividends paid in the year	6	37,920

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.

Directors' report (continued)

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		Committee Meetings Attended					
			Governance		Marketing		Human Resources	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Simon Peter Burgess	12	11	-	-	12	11	7	6
Nyal Nizazi Merdivenci	12	10	-	-	12	10	-	-
Karen Valma Cooper (Appointed 20 August 2014)	-	-	-	-	-	-	-	-
Janet Ann Storan	12	10	-	-	-	-	-	-
Jillian Kay Griggs	12	9	-	-	12	9	-	-
Michael Anthony Lynch	12	11	1	1	-	-	-	-
Lydia Eastley (Appointed 29 January 2014)	6	5	-	-	-	-	-	-
John Synnott (Appointed 25 June 2014)	1	1	-	-	-	-	-	-
Brent Andrew Hardy (Appointed 25 June 2014)	1	1	-	-	-	-	-	-
Denise Hilary Bowden (Resigned 28 August 2014)	12	11	1	1	-	-	7	7
Tammy Peta Price (Resigned 15 August 2014)	12	12	1	1	12	12	7	7
Kelvin Aldred (Resigned 25 June 2014)	12	11	-	-	12	11	7	5
Montague Ernest Roland Goulding (Resigned 6 February 2014)	7	3	-	-	7	3	-	-
Anthony John Clark (Resigned 9 August 2013)	1	1	-	-	-	-	-	-

Directors' report (continued)

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, in accordance with the advice received from the governance committee 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 governance committee 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.

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 13.

Signed in accordance with a resolution of the board of directors at Geeveston, Tasmania on 27 September 2014.



Simon Peter Burgess,
Chairman

Auditor's independence declaration



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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been no contraventions of:

- the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review
- any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read 'David Hutchings', is positioned above the printed name.

David Hutchings
Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550

Dated: 27 September 2014

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

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Financial statements

Statement of Comprehensive Income for the year ended 30 June 2014

	Note	2014 \$	2013 \$
Revenue from ordinary activities	4	1,850,902	1,816,064
Employee benefits expense		(1,055,583)	(825,131)
Charitable donations, sponsorship, advertising and promotion		(184,797)	(338,988)
Occupancy and associated costs		(147,032)	(120,783)
Systems costs		(78,833)	(78,499)
Depreciation and amortisation expense	5	(72,753)	(63,020)
Finance costs	5	(4,506)	(6,605)
General administration expenses		(307,041)	(288,491)
Profit before income tax expense		357	94,547
Income tax expense	6	(2,262)	(33,164)
Profit/(loss) after income tax expense		(1,905)	61,383
Total comprehensive income for the year		(1,905)	61,383
Earnings per share for profit/(loss) attributable to the ordinary shareholders of the company:			
		¢	¢
Basic earnings per share	23	(0.2)	9.71

The accompanying notes form part of these financial statements.

Financial statements (continued)

Balance Sheet as at 30 June 2014

	Note	2014 \$	2013 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	383,653	84,977
Trade and other receivables	8	145,086	145,575
Current tax asset	12	9,936	-
Total Current Assets		538,675	230,552
Non-Current Assets			
Property, plant and equipment	9	547,913	379,583
Financial Assets	10	2,000	1,000
Intangible assets	11	140,485	93,356
Deferred tax assets	12	51,537	52,926
Total Non-Current Assets		741,935	526,865
Total Assets		1,280,610	757,417
LIABILITIES			
Current Liabilities			
Trade and other payables	13	59,497	26,839
Current tax liabilities	12	-	28,863
Borrowings	14	36,565	36,162
Provisions	15	158,619	146,405
Total Current Liabilities		254,681	238,269
Non-Current Liabilities			
Borrowings	14	31,623	63,888
Provisions	15	13,170	30,279
Total Non-Current Liabilities		44,793	94,167
Total Liabilities		299,474	332,436
Net Assets		981,136	424,981
Equity			
Issued capital	16	1,166,334	570,354
Accumulated losses	17	(185,198)	(145,373)
Total Equity		981,136	424,981

The accompanying notes form part of these financial statements.

Financial statements (continued)

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

	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2012	587,085	(168,836)	418,249
Total comprehensive income for the year	-	61,383	61,383
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	(16,731)		(16,731)
Dividends provided for or paid	-	(37,920)	(37,920)
Balance at 30 June 2013	570,354	(145,373)	424,981
Balance at 1 July 2013	570,354	(145,373)	424,981
Total comprehensive income for the year	-	(1,905)	(1,905)
Transactions with owners in their capacity as owners:			
Shares issued during period	650,000	-	650,000
Costs of issuing shares	(54,020)	-	(54,020)
Dividends provided for or paid	-	(37,920)	(37,920)
Balance at 30 June 2014	1,166,334	(185,198)	981,136

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2014

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Receipts from customers		1,936,536	1,892,465
Payments to suppliers and employees		(1,838,726)	(1,724,848)
Interest received		8,058	3,166
Interest paid		(4,506)	(6,605)
Income taxes paid		(39,672)	(7,503)
Net cash provided by operating activities	18	61,690	156,675
Cash flows from investing activities			
Payments for property, plant and equipment		(208,212)	(59,244)
Payments for investments		(1,000)	-
Payments for intangible assets		(80,000)	(57,684)
Net cash used in investing activities		(289,212)	(116,928)
Cash flows from financing activities			
Proceeds of share issues (Cygnet)		650,000	-
Costs of shares to be issued		(54,020)	(16,731)
Repayment of borrowings		(31,862)	(29,104)
Dividends paid		(37,920)	(37,920)
Net cash provided by/(used in) financing activities		526,198	(83,755)
Net increase/(decrease) in cash held		298,676	(44,008)
Cash and cash equivalents at the beginning of the financial year		84,977	128,985
Cash and cash equivalents at the end of the financial year	7(a)	383,653	84,977

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2014

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.

Adoption of new and amended accounting standards

The company adopted the following standards and amendments, mandatory for the first time for the annual reporting period commencing 1 July 2013:

- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements.
- AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, AASB 128 Investments in Associates and Joint Ventures, AASB 127 Separate Financial Statements and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards.
- AASB 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039.
- AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and other Amendments which provides an exemption from the requirement to disclose the impact of the change in accounting policy on the current period.
- AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Adoption of new and amended accounting standards (continued)

- AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011).
- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle.
- AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities.

AASB 2011-4 removes the individual key management personnel disclosure requirements in AASB 124 Related Party Disclosures. As a result the company now only discloses the key management personnel compensation in total and for each of the categories required in AASB 124. Detailed key management personnel compensation is outlined in the remuneration report, included as part of the directors' report.

The adoption of revised standard AASB 119 has resulted in a change to the accounting for the company's annual leave obligations. As the entity does not expect all annual leave to be taken within 12 months of the respective service being provided, annual leave obligations are now classified as long-term employee benefits in their entirety. This changes the measurement of these obligations, as the entire obligation is now measured on a discounted basis and no longer split into a short-term and a long-term portion. However, the impact of this change is considered immaterial on the financial statements overall as the majority of the annual leave is still expected to be taken within 12 months after the end of the reporting period.

None of the remaining new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2013 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

The company has not elected to apply any pronouncements before their mandatory operative date in the annual reporting period beginning 1 July 2013.

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**[®] branches at Huonville, Geeveston, Dover and Cygnet, Tasmania.

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

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

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank**[®] branches 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:

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

- advice and assistance in relation to the design, layout and fit out of the **Community Bank**[®] branches
- 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.

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

The franchise agreement with Bendigo and Adelaide Bank Limited provides for three types of revenue earned by the company. First, the company is entitled to 50% of the monthly gross margin earned by Bendigo and Adelaide Bank Limited on products and services provided through the company that are regarded as “day to day” banking business (i.e. ‘margin business’). This arrangement also means that if the gross margin reflects a loss (that is, the gross margin is a negative amount), the company effectively incurs, and must bear, 50% of that loss.

The second source of revenue is commission paid by Bendigo and Adelaide Bank Limited on the other products and services provided through the company (i.e. ‘commission business’). The commission is currently payable on various specified products and services, including insurance, financial planning, common fund, Sandhurst Select, superannuation, commercial loan referrals, products referred by Rural Bank, leasing referrals, fixed loans and certain term deposits (>90 days). The amount of commission payable can be varied in accordance with the Franchise Agreement (which, in some cases, permits commissions to be varied at the discretion of Bendigo and Adelaide Bank Limited). This discretion has been exercised on several occasions previously. For example in February 2011 and February 2013 Bendigo and Adelaide Bank Limited reduced commissions on two core banking products to ensure a more even distribution of income between Bendigo and Adelaide Bank Limited and its **Community Bank**[®] partners. The revenue share model is subject to regular review to ensure that the interests of Bendigo and Adelaide Bank Limited and **Community Bank**[®] companies remain balanced.

The third source of revenue is a proportion of the fees and charges (i.e. what are commonly referred to as ‘bank fees and charges’) charged to customers. This proportion, determined by Bendigo and Adelaide Bank Limited, may vary between products and services and may be amended by Bendigo and Adelaide Bank Limited from time to time.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

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 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.

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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

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.

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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

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 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.

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 comprehensive income.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

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 or 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.

Notes to the financial statements (continued)

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%.

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 2014 can be seen in the statement of comprehensive income.

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

Notes to the financial statements (continued)

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 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.

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.

Notes to the financial statements (continued)

Note 3. Critical accounting estimates and judgements (continued)

Impairment of assets (continued)

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.

	2014 \$	2013 \$
Note 4. Revenue from ordinary activities		
Operating activities:		
- services commissions	1,842,581	1,812,634
Total revenue from operating activities	1,842,581	1,812,634
Non-operating activities:		
- interest received	8,321	3,430
Total revenue from non-operating activities	8,321	3,430
Total revenues from ordinary activities	1,850,902	1,816,064

Note 5. Expenses

Depreciation of non-current assets:

- plant and equipment	18,423	16,777
- leasehold improvements	16,803	14,103
- motor vehicle	4,656	4,656

Amortisation of non-current assets:

- franchise agreement	4,975	4,296
- franchise renewal fee	9,230	9,188
- Establishment fee	18,666	14,000
	72,753	63,020

Finance costs:

- interest paid	4,506	6,605
Bad debts	1,436	127

Notes to the financial statements (continued)

	Note	2014 \$	2013 \$
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Note 6. Income tax expense

The components of tax expense comprise:

- Current tax		873	41,997
- Movement in deferred tax		1,389	(8,833)
		2,262	33,164

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

Operating profit		357	94,547
Prima facie tax on profit from ordinary activities at 30%		107	28,364
Add tax effect of:			
- non-deductible expenses		6,400	4,800
- timing difference expenses		(1,389)	8,833
- other deductible expenses		(4,245)	-
		873	41,997
Movement in deferred tax	12	1,389	(8,833)
		2,262	33,164

Note 7. Cash and cash equivalents

Cash at bank and on hand		75,906	84,977
Term deposits		307,747	-
		383,653	84,977

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		75,906	84,977
Term deposits		307,747	-
		383,653	84,977

Note 8. Trade and other receivables

Trade receivables		138,663	133,596
Prepayments		3,742	11,715
Other receivables and accruals		2,681	264
		145,086	145,575

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 9. Property, plant and equipment		
Leasehold improvements (Geeveston/Dover)		
At cost	159,361	157,663
Less accumulated depreciation	(48,103)	(42,248)
	111,258	115,415
Plant and equipment (Geeveston/Dover)		
At cost	130,248	127,196
Less accumulated depreciation	(98,984)	(88,678)
	31,264	38,518
Leasehold improvements (Huonville)		
At cost	154,836	154,836
Less accumulated depreciation	(28,458)	(20,473)
	126,378	134,363
Plant and equipment (Huonville)		
At cost	45,141	44,831
Less accumulated depreciation	(25,012)	(21,342)
	20,129	23,489
Leasehold improvements (Boardroom Huonville)		
At cost	36,735	36,735
Less accumulated depreciation	(2,216)	(957)
	34,519	35,778
Leasehold improvements (Cygnet)		
At cost	162,165	-
Less accumulated depreciation	(1,704)	-
	160,461	-
Plant and equipment (Cygnet)		
At cost	40,987	-
Less accumulated depreciation	(4,447)	-
	36,540	-
Motor vehicle		
At cost	37,250	37,250
Less accumulated depreciation	(9,886)	(5,230)
	27,364	32,020
Total written down amount	547,913	379,583

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 9. Property, plant and equipment (continued)		
Movements in carrying amounts:		
Leasehold improvements (Geeveston/Dover)		
Carrying amount at beginning	115,415	111,025
Additions	1,698	9,551
Disposals	-	-
Less: depreciation expense	(5,855)	(5,161)
Carrying amount at end	111,258	115,415
Plant and equipment (Geeveston/Dover)		
Carrying amount at beginning	38,518	40,088
Additions	3,052	8,801
Disposals	-	-
Less: depreciation expense	(10,306)	(10,371)
Carrying amount at end	31,264	38,518
Leasehold improvements (Huonville)		
Carrying amount at beginning	134,363	142,348
Additions	-	-
Disposals	-	-
Less: depreciation expense	(7,985)	(7,985)
Carrying amount at end	126,378	134,363
Plant and equipment (Huonville)		
Carrying amount at beginning	23,489	25,739
Additions	310	4,157
Disposals	-	-
Less: depreciation expense	(3,670)	(6,407)
Carrying amount at end	20,129	23,489
Leasehold improvements (Boardroom Huonville)		
Carrying amount at beginning	35,778	-
Additions	-	36,735
Disposals	-	-
Less: depreciation expense	(1,259)	(957)
Carrying amount at end	34,519	35,778

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 9. Property, plant and equipment (continued)		
Plant and equipment (Cygnet)		
Carrying amount at beginning	-	-
Additions	40,987	-
Disposals	-	-
Less: depreciation expense	(4,447)	-
Carrying amount at end	36,540	-
Leasehold improvements (Cygnet)		
Carrying amount at beginning	-	-
Additions	162,165	-
Disposals	-	-
Less: depreciation expense	(1,704)	-
Carrying amount at end	160,461	-
Motor vehicle		
Carrying amount at beginning	32,020	36,676
Additions	-	-
Disposals	-	-
Less: depreciation expense	(4,656)	(4,656)
Carrying amount at end	27,364	32,020
Total written down amount	547,913	379,583

Note 10. Financial Assets

Available-for-sale financial assets

Unlisted investments at cost		
South East District Financial Services Limited (Sorell)	1,000	1,000
Tasman Community Financial Services Limited (Nubeena)	1,000	-
Total Financial Assets	2,000	1,000

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 11. Intangible assets		
Franchise fee (Geeveston-Dover)		
At cost	73,021	73,021
Less: accumulated amortisation	(64,121)	(61,813)
	8,900	11,208
Renewal processing fee (Geeveston-Dover)		
At cost	92,089	92,089
Less: accumulated amortisation	(56,504)	(47,274)
	35,585	44,815
Franchise fee (Huonville)		
At cost	10,000	10,000
Less: accumulated amortisation	(7,333)	(5,334)
	2,667	4,666
Establishment fee (Huonville)		
At cost	70,000	70,000
Less: accumulated amortisation	(51,333)	(37,333)
	18,667	32,667
Franchise fee (Cygnet)		
At cost	10,000	-
Less: accumulated amortisation	(667)	-
	9,333	-
Establishment fee (Cygnet)		
At cost	70,000	-
Less: accumulated amortisation	(4,667)	-
	65,333	-
Total written down amount	140,485	93,356

Notes to the financial statements (continued)

	Note	2014 \$	2013 \$
Note 12. Tax			
Current:			
Income tax payable/(refundable)		(9,936)	28,863
Non-Current:			
Deferred tax assets			
- employee provisions		51,537	53,005
		51,537	53,005
Deferred tax liability			
- accruals		-	79
		-	79
Net deferred tax asset		51,537	52,926
Movement in deferred tax charged to statement of comprehensive income		1,389	(8,833)

Note 13. Trade and other payables

Trade creditors	-	10,900
Other creditors and accruals	59,497	15,939
	59,497	26,839

Note 14. Borrowings

Current:			
Lease liability	19	6,565	6,162
Bank loans		30,000	30,000
		36,565	36,162
Non-Current:			
Lease liability	19	21,128	27,693
Bank loans		10,495	36,195
		31,623	63,888

Bank loans are repayable monthly with the final instalment due on 14 September 2025. Interest is recognised at an average rate of 5.81%. The loans are secured by a fixed and floating charge over the company's assets.

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 15. Provisions		
Current:		
Provision for annual leave	70,555	65,515
Provision for long service leave	65,064	55,890
Provision for sponsorship	23,000	25,000
	158,619	146,405
Non-Current:		
Provision for long service leave	13,170	15,279
Provision for sponsorship	-	15,000
	13,170	30,279

Note 16. Contributed equity

1,914,000 ordinary shares fully paid (2013: 632,000)	1,282,000	632,000
Less: equity raising expenses (Geeveston/Dover)	(44,915)	(44,915)
Less: equity raising expenses (Cygnet)	(70,751)	(16,731)
	1,166,334	570,354
Shares on issue 1 July 2013		
Opening balance	632,000	632,000
Bonus shares issued	632,000	-
Shares issued under the Cygnet prospectus	650,000	-
Closing balance at 30 June 2014	1,914,000	632,000

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**[®] branches have the same ability to influence the operation of the company.

Notes to the financial statements (continued)

Note 16. 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.

	2014	2013
	\$	\$
Note 17. Accumulated losses		
Balance at the beginning of the financial year	(145,373)	(168,836)
Net profit/(loss) from ordinary activities after income tax	(1,905)	61,383
Dividends paid or provided for	(37,920)	(37,920)
Balance at the end of the financial year	(185,198)	(145,373)

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 18. Statement of cash flows		
Reconciliation of profit/(loss) from ordinary activities after tax to net cash provided by operating activities		
Profit/(Loss) from ordinary activities after income tax	(1,905)	61,383
Non cash items:		
- depreciation	39,882	35,536
- amortisation	32,871	27,484
Changes in assets and liabilities:		
- (increase)/decrease in receivables	489	(10,789)
- increase in other assets	(8,547)	(3,202)
- increase/(decrease) in payables	32,658	(12,306)
- increase/(decrease) in provisions	(4,895)	29,706
- increase/(decrease) in current tax liabilities	(28,863)	28,863
Net cash flows provided by operating activities	61,690	156,675

Note 19. Leases

Finance lease commitments

Payable - minimum lease payments:

- not later than 12 months	6,565	6,162
- between 12 months and 5 years	21,128	27,693
- greater than 5 years	-	-
Minimum lease payments	27,693	33,855

Less future finance charges

	-	-
Present value of minimum lease payments	27,693	33,855

The finance lease is for a motor vehicle, which commenced in May 2012, is a 5-year lease. Interest is recognised at an average rate of 6.35% (2013: 6.35%).

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable - minimum lease payments:

- not later than 12 months	116,194	68,681
- between 12 months and 5 years	226,130	142,905
- greater than 5 years	-	-
	342,324	211,586

Notes to the financial statements (continued)

Note 19. Leases (continued)

All four branch premises leases are non-cancellable leases with five-year terms. The Dover branch lease is due for renewal in November 2017 with an additional 5 year term available and Geeveston branch lease is due for review in May 2018 with an additional 5 year term available. The Huonville lease is due for renewal in August 2015 with two additional 5 year terms available. The Cygnet lease is due for renewal in February 2019 with two additional 5 year terms. Rent is payable monthly in advance.

	2014	2013
	\$	\$

Note 20. Auditor's remuneration

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

- audit and review services	5,250	5,920
- share registry services	7,117	3,056
- non audit services	2,292	4,186
- prospectus	6,000	-
- community survey	-	8,854
	20,659	22,016

Note 21. Director and related party disclosures

No director of the company receives remuneration for services as a company director or committee member.

Director, Tammy Price performed the role of Company Secretary and was paid \$10,000 (2013: \$8,999) for her duties during the financial year.

No other director or related entity has entered into a material contract with the company. No director's fees other than those reported above have been paid as the positions are held on a voluntary basis.

	2014	2013
	\$	\$

Note 22. Dividends paid or provided

a. Dividends paid during the year

Current year dividend		
100% (2013: 100%) franked dividend - 6 cents (2013: 6 cents) per share	37,920	37,920

The tax rate at which dividends have been franked is 30% (2013: 30%).

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 22. Dividends paid or provided (continued)		
b. Franking account balance		
Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	67,147	47,329
- franking credits that will arise from payment of income tax payable as at the end of the financial year	(9,936)	27,163
- franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	-	-
Franking credits available for future financial reporting periods:	57,211	74,492
- franking debits that will arise from payment of dividends proposed or declared before the financial report was authorised for use but not recognised as a distribution to equity holders during the period	-	-
Net franking credits available	57,211	74,492

Note 23. Earnings per share

		2014 \$	2013 \$
(a)	Profit/(Loss) attributable to the ordinary equity holders of the company used in calculating earnings per share	(1,905)	61,383
		Number	Number
(b)	Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	972,165	632,000

Note 24. 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 25. 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 26. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank**[®] services in Huonville, Geeveston, Cygnet and Dover districts of Tasmania pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Notes to the financial statements (continued)

Note 27. 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
Unit 13, 5 Main Road Huonville TAS 7109	19 Church Street Geeveston TAS 7116

Note 28. 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					
	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 %	2013 %
Financial assets												
Cash and cash equivalents	75,156	84,276	307,747	-	-	-	-	-	750	700	2.11	1.52
Receivables	-	-	-	-	-	-	-	-	138,664	133,596	N/A	N/A
Financial liabilities												
Interest bearing liabilities	61,623	93,888	6,565	6,162	-	-	-	-	-	-	5.43	5.81
Payables	-	-	-	-	-	-	-	-	59,497	23,403	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.

Notes to the financial statements (continued)

Note 28. Financial instruments (continued)

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.

As at 30 June 2014, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2014 \$	2013 \$
Change in profit/(loss)		
Increase in interest rate by 1%	135	(96)
Decrease in interest rate by 1%	135	(96)
Change in equity		
Increase in interest rate by 1%	135	(96)
Decrease in interest rate by 1%	135	(96)

Directors' declaration

In accordance with a resolution of the directors of Huon Valley 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 2014 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.



Simon Peter Burgess,
Chairman

Signed on the 27th of September 2014.

Independent audit report



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

Report on the financial report

I have audited the accompanying financial report of Huon Valley Financial Services Limited, which comprises the balance sheet as at 30 June 2014, statement of comprehensive income, statement of changes in equity and cash flow statement 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 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 the Accounting Standard AASB 101 Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

My responsibility is to express an opinion on the financial report based on the audit. I conducted the audit in accordance with Australian Auditing Standards. These auditing standards require that I 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 my 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, I consider internal controls relevant to the entity's preparation and 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.

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

I 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 my understanding of the company's financial position and of its performance.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

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

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Independent audit report (continued)

Independence

In conducting the audit I have complied with the independence requirements of the *Corporations Act 2001*. I 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 my opinion:

1. The financial report of Huon Valley 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 2014 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

I have audited the remuneration report included in the directors' report for the year ended 30 June 2014. 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*. My responsibility is to express an opinion on the remuneration report, based on the audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In my opinion, the remuneration report of Huon Valley Financial Services Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.



David Hutchings
Andrew Frewin Stewart
61 Bull Street Bendigo Vic 3550

Dated: 27 September 2014



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www.bendigobank.com.au/geeveston

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www.bendigobank.com.au/dover

Huonville **Community Bank**[®] Branch
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