Annual Report 2015

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

Contents

Chairman's report

For year ending 30 June 2015

It seems like a lifetime ago, but it was only in February 2012, when Janet Storan invited me to become a member of the Cygnet Steering Committee. Our group came together in the Red Velvet Lounge to meet with Tracy Wilson, the Senior Community Development Manager and our Chairman, Simon Burgess. The rest, as they say, is history.

Never in my wildest dreams did I imagine that less than three years later Simon would invite me to take over as Chairman of Huon Valley Financial Services Limited. My first thought at the time was how would I ever fill such enormous shoes. Simon promised however to stay on as a Director and along with Janet as Deputy Chair, I always have wise counsel to turn to on the many occasions that I need sound and considered advice.

For me, to be part of the Bendigo Bank's **Community Bank**® branch family is undoubtedly the most exciting and rewarding thing that one could hope to do. Sometimes, in the day-to-day business of running a **Community Bank**® company, I think we forget the unique values on which our business model is based. They are worth reflecting on and revisiting from time to time.

Firstly, we are one team with one vision; we work together, encourage diversity and respect the unique contribution of each individual. Secondly, we build a culture of trust and are open, honest and fair. Thirdly, we strive for sustainable success; we seek and provide feedback and find a better way. Fourthly, we listen, understand and deliver; we build our success through the success of others. Fifthly, we all lead by example; we show initiative, are accountable and empower others. Finally, we believe in what we do and are proud of our **Community Bank**® branch.

Our four **Community Bank**® branches, at Dover, Geeveston, Huonville and Cygnet are more than just banks. We are community development organisations that return the profits from our banking operations to the communities in which we live and work. We are part of a national family of over 310 **Community Bank**® branches that, since the first branch was established in country Victoria 17 years ago, has returned over $130 million to their communities.

We established our first **Community Bank**® branches in Dover and Geeveston over 12 years ago, and with the opening of our branches in Huonville and Cygnet, we have given back $1.3 million to community groups, organisations, enterprises, sporting clubs and individuals in the Huon Valley.

Bendigo Bank **Community Bank**® branches are unique in Australia. No other bank can provide the full range of banking services and at the same time, give back to the community the profits from those banking operations. The decisions about the sharing of those profits are made by our Board. We all live and work in the Huon Valley and understand the needs of our community.

Without a doubt the major task that has engaged the staff and Directors over the previous year has been Project Horizon. This was the first comprehensive review of the **Community Bank**® model and Bendigo Bank's partnership with 310 plus Australian communities in which it is represented. That representation began 17 years ago with a plea for help from several rural and metropolitan communities affected by the wave of big-bank closures then sweeping the nation. Most importantly the review found that the values and principles of the **Community Bank**® model are as sound and relevant today as when the model first started.

The achievements of the network of **Community Bank**® branches are enormous but they have not come without struggles. We are now experiencing historically low interest rates which are impacting significantly on our ability to return funds to our communities. Profit margins are being squeezed relentlessly and it is that margin that determines how much we can support our community organisations. Despite these challenges the **Community Bank**® model continues to thrive and at Huon Valley Financial Services Limited, we shall continue to share the benefits of our success with our wonderful customers and the community as a whole.

Chairman's report (continued)

The Project Horizon review also identified the importance of the role of the Directors of **Community Bank**® companies. This ensures local owners are making local decisions on local community investments and that Boards are well governed. I cannot thank enough the wonderful Directors of Huon Valley Financial Services Limited. Their commitment to our company, on a voluntary basis, is outstanding. Thank you to Janet Storan, Karen Cooper, Simon Burgess, Lydia Eastley, Brent Hardy, Nyal Merdivenci, Jillian Griggs and John Synnott.

Thank you also to the folks at our Bendigo Regional office, particularly Russ Carrick, Rob Hanley and Stewart Nankervis. Your commitment to support us is very much appreciated as is your professionalism and belief in the **Community Bank**® network in Tasmania.

Back in 2013, the Huon Valley **Community Bank**® branches were inducted into the national **Community Bank**® Hall of Fame. We are the first and only Tasmanian **Community Bank**® branches to be afforded this outstanding honour. Only one **Community Bank**® branch is inducted into the Hall of Fame each year. I raise this historical fact for a very special reason. One of the top criteria for the judging of the Hall of Fame nominees is the quality of our staff.

Our staff are the face of Huon Valley Financial Services Limited at all of our branches. They are the people that are the day-to-day contact we have with our community. Without these amazing folks there would be no **Community Bank**® branches in the Huon Valley. Whether they work at Dover, Geeveston, Huonville or Cygnet, they are part of the Huon Valley Financial Services Limited family and I am humbled by their commitment to our family.

Thank you to each and every one of you, for your belief in this amazing community development organisation, for your commitment to our community and most of all for bringing to work each day the values that make the **Community Bank**® model unique in Australia.

It is an honour and privilege to be part of this special family.

Michael Lynch
Chairman

Managers' report

For year ending 30 June 2015

We have now completed our 12th 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 2015 now standing at $232.941 million, with 8,573 accounts opened. This represents growth of $30.433 million (15.03%) and 892 accounts (11.61%) during the past 12 months.

Our deposits totaled $95.922 million, our Lending Portfolio $130.184 million and other Business $6.835 million, with a further $2.196 million in loans pending settlement.

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 branches have 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**® branches.

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**® branches.

The above results have not been achieved without a great deal of hard work, passion and dedication by a great team of staff and as such we would like to acknowledge and thank the following staff for their efforts: Andrew Melton, Sharee Burgess, Cathy Thomson, Cate Swan, Michelle Doyle, Kerrie-Lyn O'Neill, Kelly Hankin, Narelle Gane, Chris Wood, Tamara Jones, Claudia Pulko, John Collins, Phil Woolley, Ellice Direen, Sophie Brouwer and Fran Duggan for their commitment and on-going support.

Unfortunately, our Cygnet Branch Manager, Danny Buckingham, left us in February 2015 for personal reasons, returning to his home town of Burnie. We thank Danny for his support and commitment during his brief time with us.

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. It is always an enjoyable experience to work with you as we continue to grow and expand the business together.

We would like to take this opportunity to thank our outgoing Chairman, Simon Burgess, for his support and commitment to our success over many years, thanks Simon.

We would also like to congratulate our new Chairman, Michael Lynch, on his appointment. We have no doubt that Michael will continue the good work of Simon, and in doing so bring his own ideas and thoughts for the benefit of our company, community and **Community Bank**® branches.

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	**Colleen Shield**
Area Manager	**Huonville Community Bank® 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:

Michael Anthony Lynch
Chairman
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

Brent Andrew Hardy
Treasurer
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: Treasurer
Interest in shares: Nil

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

Simon Peter Burgess
Director
Occupation: Farmer
Qualifications, experience and expertise: Self employed business owner, who has been on the board for 10 years.
Special responsibilities: Marketing
Interest in shares: 11,820

Nyal Nizazi Merdivinci
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

Directors (continued)

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. Responsible 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 20 years.
Special responsibilities: Grants and Marketing Committee
Interest in shares: 3,000

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 11 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: Grants and Marketing Committee
Interest in shares: 4,000

Lydia Eastley
Director
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. Involved as a Councillor for the Huon Valley Council and a member of Dover South Action Group Inc Committee.
Special responsibilities: Grants and Marketing Committee
Interest in shares: Nil

John Patrick Synnott
Director
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 of a local Bendigo **Community Bank®** branch.
Special responsibilities: Community Liaison Officer
Interest in shares: 1,000

Directors (continued)

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

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 loss of the company for the financial year after provision for income tax was:

Year ended 30 June 2015 $	Year ended 30 June 2014 $
(30,115)	(1,905)

Directors' report (continued)

Remuneration report

Directors' remuneration

For the year ended 30 June 2015 the directors received total remuneration including superannuation, as follows:

Transactions with directors

	$
Director, Karen Cooper performed the role of company secretary and was paid $6,499 (2014: Nil) for her duties during the financial year.	6,499
John Patrick Synnott performed the role of Community Liaison Officer and was paid $16,020 (2014: Nil) for his duties during the financial year	16,020

Directors' shareholdings

	Balance at start of the year	Changes during the year	Balance at end of the year
Michael Anthony Lynch	-	-	-
Brent Andrew Hardy	-	-	-
Karen Valma Cooper (Appointed 20 August 2014)	-	-	-
Simon Peter Burgess	11,820	-	11,820
Nyal Nizazi Merdivinci	2,700	-	2,700
Janet Ann Storan	3,000	-	3,000
Jillian Kay Griggs	4,000	-	4,000
Lydia Eastley	-	-	-
John Patrick Synnott	1,000	-	1,000
Denise Hilary Bowden (Resigned 28 August 2014)	-	-	-
Tammy Peta Price (Resigned 15 August 2014)	-	-	-

Dividends

	Year ended 30 June 2015	
	Cents	$
- Dividends paid in the year	2	38,280

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		Committee Meetings Attended Marketing & Grants	
	Eligible	Attended	Eligible	Attended
Michael Anthony Lynch	12	11	-	-
Brent Andrew Hardy	12	8	-	-
Karen Valma Cooper (Appointed 20 August 2014)	9	8	-	-
Simon Peter Burgess	12	9	-	-
Nyal Nizazi Merdivinci	12	9	8	6
Janet Ann Storan	12	9	4	4
Jillian Kay Griggs	12	11	12	12
Lydia Eastley	12	10	12	12
John Patrick Synnott	12	11	12	12
Denise Hilary Bowden (Resigned 28 August 2014)	2	2	-	-
Tammy Peta Price (Resigned 15 August 2014)	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 audit 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 audit 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 15 September 2015.

Michael Anthony Lynch,
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 Huon Valley Financial Services Limited

As lead auditor for the audit of Huon Valley 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: 15 September 2015

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

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Financial statements

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

	Note	2015 $	2014 $
Revenue from ordinary activities	4	1,959,643	1,850,902
Employee benefits expense		(1,213,690)	(1,055,583)
Charitable donations, sponsorship, advertising and promotion		(96,211)	(184,797)
Occupancy and associated costs		(167,101)	(147,032)
Systems costs		(101,016)	(78,833)
Depreciation and amortisation expense	5	(91,958)	(72,753)
Finance costs	5	(2,185)	(4,506)
General administration expenses		(318,881)	(307,041)
Profit/(loss) before income tax		**(31,399)**	**357**
Income tax (expense)/credit	6	1,284	(2,262)
Loss after income tax		**(30,115)**	**(1,905)**
Total comprehensive income for the year		**(30,115)**	**(1,905)**
Earnings per share for profit/(loss) attributable to the ordinary shareholders of the company:		**¢**	**¢**
Basic earnings per share	23	(1.57)	(0.20)

The accompanying notes form part of these financial statements.

Balance Sheet
as at 30 June 2015

	Note	2015 $	2014 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	371,590	383,653
Trade and other receivables	8	158,056	145,086
Current tax asset	12	9,000	9,936
Total Current Assets		**538,646**	**538,675**
Non-Current Assets			
Property, plant and equipment	9	504,467	547,913
Financial assets	10	2,000	2,000
Intangible assets	11	96,948	140,485
Deferred tax asset	12	52,821	51,537
Total Non-Current Assets		**656,236**	**741,935**
Total Assets		**1,194,882**	**1,280,610**
LIABILITIES			
Current Liabilities			
Trade and other payables	13	85,816	82,497
Borrowings	14	19,668	36,565
Provisions	15	142,796	135,619
Total Current Liabilities		**248,280**	**254,681**
Non-Current Liabilities			
Borrowings	14	14,134	31,623
Provisions	15	19,727	13,170
Total Non-Current Liabilities		**33,861**	**44,793**
Total Liabilities		**282,141**	**299,474**
Net Assets		**912,741**	**981,136**
Equity			
Issued capital	16	1,166,334	1,166,334
Accumulated losses	17	(253,593)	(185,198)
Total Equity		**912,741**	**981,136**

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	**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**
Balance at 1 July 2014	**1,166,334**	**(185,198)**	**981,136**
Total comprehensive income for the year	**-**	**(30,115)**	**(30,115)**
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(38,280)	(38,280)
Balance at 30 June 2015	**1,166,334**	**(253,593)**	**912,741**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2015

	Note	2015 $	2014 $
Cash flows from operating activities			
Receipts from customers		2,113,076	1,936,536
Payments to suppliers and employees		(2,053,482)	(1,838,726)
Interest received		8,020	8,058
Interest paid		(2,185)	(4,506)
Income taxes paid		936	(39,672)
Net cash provided by operating activities	**18**	**66,365**	**61,690**
Cash flows from investing activities			
Payments for property, plant and equipment		(5,762)	(208,212)
Payments for investments		-	(1,000)
Payments for intangible assets		-	(80,000)
Net cash provided by/(used in) investing activities		**(5,762)**	**(289,212)**
Cash flows from financing activities			
Proceeds of share issues		-	650,000
Proceeds from borrowings		-	(54,020)
Repayment of borrowings		(34,386)	(31,862)
Dividends paid		(38,280)	(37,920)
Net cash provided by/(used in) financing activities		**(72,666)**	**526,198**
Net increase/(decrease) in cash held		**(12,063)**	**298,676**
Cash and cash equivalents at the beginning of the financial year		383,653	84,977
Cash and cash equivalents at the end of the financial year	**7(a)**	**371,590**	**383,653**

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

Notes to the financial statements (continued)

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**® 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.

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**® 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:

- 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.

Notes to the financial statements (continued)

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 B+A467alance 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.

	2015 $	**2014 $**

Note 4. Revenue from ordinary activities

Operating activities:		
- services commissions	1,951,623	1,842,581
Total revenue from operating activities	**1,951,623**	**1,842,581**
Non-operating activities:		
- interest received	8,020	8,321
Total revenue from non-operating activities	**8,020**	**8,321**
Total revenues from ordinary activities	**1,959,643**	**1,850,902**

Note 5. Expenses

Depreciation of non-current assets:		
- plant and equipment	18,304	18,423
- motor vehicle	4,656	4,656
- leasehold improvements	25,461	16,803

	2015 $	2014 $

Note 5. Expenses (continued)

	2015 $	2014 $
Amortisation of non-current assets:		
- franchise agreement	6,307	4,975
- establishment fee	28,000	18,666
- franchise renewal fee	9,230	9,230
	91,958	**72,753**
Finance costs:		
- interest paid	**2,185**	**4,506**
Bad debts	**5,667**	**1,436**
Loss on disposal of asset	**787**	**-**

Note 6. Income tax expense/(credit)

	2015 $	2014 $
The components of tax expense/(credit) comprise:		
- Current tax	-	873
- Future income tax benefit attributable to losses	(680)	-
- Movement in deferred tax	(3,385)	1,389
- Adjustment to deferred tax to reflect change to tax rate in future periods	2,781	-
	(1,284)	**2,262**
The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense/(credit) as follows		
Operating profit/(loss)	(31,399)	357
Prima facie tax on profit/(loss) from ordinary activities at 30%	(9,420)	107
Add tax effect of:		
- non-deductible expenses	9,600	6,400
- timing difference expenses	3,385	(1,389)
- other deductible expenses	(4,245)	(4,245)
	(680)	**873**
Movement in deferred tax	(3,385)	1,389
Adjustment to deferred tax to reflect change of tax rate in future periods	2,781	-
	(1,284)	**2,262**

	2015 $	2014 $

Note 7. Cash and cash equivalents

	2015 $	2014 $
Cash at bank and on hand	167,076	75,906
Term deposits	204,514	307,747
	371,590	**383,653**

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:

	2015 $	2014 $
Cash at bank and on hand	167,076	75,906
Term deposits	204,514	307,747
	371,590	**383,653**

Note 8. Trade and other receivables

	2015 $	2014 $
Trade receivables	153,862	138,663
Prepayments	4,194	3,742
Other receivables and accruals	-	2,681
	158,056	**145,086**

Note 9. Property, plant and equipment

	2015 $	2014 $
Leasehold improvements (Geeveston/Dover)		
At cost	159,361	159,361
Less accumulated depreciation	(53,993)	(48,103)
	105,368	**111,258**
Plant and equipment (Geeveston/Dover)		
At cost	131,579	130,248
Less accumulated depreciation	(109,369)	(98,984)
	22,210	**31,264**
Leasehold improvements (Huonville)		
At cost	154,836	154,836
Less accumulated depreciation	(36,443)	(28,458)
	118,393	**126,378**
Plant and equipment (Huonville)		
At cost	42,787	45,141
Less accumulated depreciation	(26,586)	(25,012)
	16,201	**20,129**

	2015 $	2014 $
Note 9. Property, plant and equipment (continued)		
Leasehold improvements (Boardroom Huonville)		
At cost	36,735	36,735
Less accumulated depreciation	(3,475)	(2,216)
	33,260	**34,519**
Leasehold improvements (Cygnet)		
At cost	165,514	162,165
Less accumulated depreciation	(12,031)	(1,704)
	153,483	**160,461**
Plant and equipment (Cygnet)		
At cost	40,987	40,987
Less accumulated depreciation	(9,073)	(4,447)
	31,914	**36,540**
Motor vehicles		
At cost	37,250	37,250
Less accumulated depreciation	(14,542)	(9,886)
	22,708	**27,364**
Plant and equipment (Boardroom)		
At cost	1,082	-
Less accumulated depreciation	(152)	-
	930	**-**
Total written down amount	**504,467**	**547,913**
Movements in carrying amounts:		
Leasehold improvements (Geeveston/Dover)		
Carrying amount at beginning	111,258	115,415
Additions	-	1,698
Less: depreciation expense	(5,890)	(5,855)
Carrying amount at end	**105,368**	**111,258**
Plant and equipment (Geeveston/Dover)		
Carrying amount at beginning	31,264	38,518
Additions	1,331	3,052
Less: depreciation expense	(10,385)	(10,306)
Carrying amount at end	**22,210**	**31,264**

	2015 $	2014 $
Note 9. Property, plant and equipment (continued)		
Leasehold improvements (Huonville)		
Carrying amount at beginning	126,378	134,363
Additions	-	-
Less: depreciation expense	(7,985)	(7,985)
Carrying amount at end	**118,393**	**126,378**
Plant and equipment (Huonville)		
Carrying amount at beginning	20,129	23,489
Additions	-	310
Disposals	(787)	-
Less: depreciation expense	(3,141)	(3,670)
Carrying amount at end	**16,201**	**20,129**
Leasehold improvements (Boardroom Huonville)		
Carrying amount at beginning	34,519	35,778
Additions	-	-
Less: depreciation expense	(1,259)	(1,259)
Carrying amount at end	**33,260**	**34,519**
Leasehold improvements (Cygnet)		
Carrying amount at beginning	160,461	-
Additions	3,349	162,165
Less: depreciation expense	(10,327)	(1,704)
Carrying amount at end	**153,483**	**160,461**
Plant and equipment (Cygnet)		
Carrying amount at beginning	36,540	-
Additions	-	40,987
Less: depreciation expense	(4,626)	(4,447)
Carrying amount at end	**31,914**	**36,540**
Motor vehicles		
Carrying amount at beginning	27,364	32,020
Additions	-	-
Less: depreciation expense	(4,656)	(4,656)
Carrying amount at end	**22,708**	**27,364**

	2015 $	2014 $
Note 9. Property, plant and equipment (continued)		
Plant and Equipment (Boardroom)		
Carrying amount at beginning	-	-
Additions	1,082	-
Less: depreciation expense	(152)	-
Carrying amount at end	**930**	**-**
Total written down amount	**504,467**	**547,913**

Note 10. Financial Assets

	2015 $	2014 $
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	1,000
Total Financial Assets	**2,000**	**2,000**

Note 11. Intangible assets

	2015 $	2014 $
Franchise fee (Geeveston/Dover)		
At cost	73,021	73,021
Less: accumulated amortisation	(66,428)	(64,121)
	6,593	**8,900**
Renewal processing fee (Geeveston/Dover)		
At cost	92,089	92,089
Less: accumulated amortisation	(65,733)	(56,504)
	26,356	**35,585**
Franchise fee (Huonville)		
At cost	10,000	10,000
Less: accumulated amortisation	(9,334)	(7,333)
	666	**2,667**
Establishment fee (Huonville)		
At cost	70,000	70,000
Less: accumulated amortisation	(65,333)	(51,333)
	4,667	**18,667**

	Note	2015 $	2014 $

Note 11. Intangible assets (continued)

	Note	2015 $	2014 $
Franchise fee (Cygnet)			
At cost		10,000	10,000
Less: accumulated amortisation		(2,667)	(667)
		7,333	**9,333**
Establishment fee (Cygnet)			
At cost		70,000	70,000
Less: accumulated amortisation		(18,667)	(4,667)
		51,333	**65,333**
Total written down amount		**96,948**	**140,485**

Note 12. Tax

	Note	2015 $	2014 $
Current:			
Income tax refundable		**(9,000)**	**(9,936)**
Non-Current:			
Deferred tax assets			
- accruals		1,012	
- employee provisions		51,164	51,537
- tax losses carried forward		646	-
Net deferred tax asset		**52,821**	**51,537**
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income		**(1,284)**	**1,389**

Note 13. Trade and other payables

	Note	2015 $	2014 $
Current:			
Other creditors and accruals		**85,816**	**82,497**

Note 14. Borrowings

	Note	2015 $	2014 $
Current:			
Chattel mortgage	19	6,994	6,565
Bank loans		12,674	30,000
		19,668	**36,565**

	Note	2015 $	2014 $

Note 14. Borrowings (continued)

	Note	2015 $	2014 $
Non-Current:			
Chattel mortgage	19	14,134	21,128
Bank loans		-	10,495
		14,134	**31,623**

The bank loan's final instalment is due on 14 September 2025. The company has paid down the loan in advance and has approximatelty $126,000 available for redraw.

Note 15. Provisions

		2015 $	2014 $
Current:			
Provision for annual leave		71,299	70,555
Provision for long service leave		71,497	65,064
		142,796	**135,619**
Non-Current:			
Provision for long service leave		**19,727**	**13,170**

Note 16. Contributed equity

		2015 $	2014 $
1,914,000 ordinary shares fully paid (2014: 1,914,000)		1,282,000	1,282,000
Less: equity raising expenses		(115,666)	(115,666)
		1,166,334	**1,166,334**

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 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.

Note 17. Accumulated losses

	2015 $	2014 $
Balance at the beginning of the financial year	(185,198)	(145,373)
Net loss from ordinary activities after income tax	(30,115)	(1,905)
Dividends paid or provided for	(38,280)	(37,920)
Balance at the end of the financial year	**(253,593)**	**(185,198)**

	2015 $	2014 $

Note 18. Statement of cash flows

Reconciliation of loss from ordinary activities after tax to net cash provided by operating activities

	2015 $	2014 $
Loss from ordinary activities after income tax	(30,115)	(1,905)
Non cash items:		
- depreciation	48,421	39,882
- amortisation	43,537	32,871
- loss on disposal of asset	787	-
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(12,970)	489
- (increase)/decrease in other assets	(348)	(8,547)
- increase/(decrease) in payables	3,319	32,658
- increase/(decrease) in provisions	13,734	(4,895)
- increase/(decrease) in current tax liabilities	-	(28,863)
Net cash flows provided by operating activities	**66,365**	**61,690**

Note 19. Leases

Finance lease commitments

	2015 $	2014 $
Payable - minimum lease payments:		
- not later than 12 months	6,994	6,565
- between 12 months and 5 years	14,134	21,128
Minimum lease payments	**21,128**	**27,693**
Less future finance charges	-	-
Present value of minimum lease payments	**21,128**	**27,693**

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% (2014: 6.35%).

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	78,698	116,194
- between 12 months and 5 years	147,432	226,130
- greater than 5 years	-	-
	226,130	**342,324**

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.

	2015 $	**2014 $**

Note 20. Auditor's remuneration

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

	2015 $	**2014 $**
- audit and review services	5,050	5,250
- share registry services	7,553	7,117
- non audit services	4,587	2,292
- prospectus	-	6,000
	17,190	**20,659**

Note 21. Director and related party disclosures

Detailed remuneration disclosures are provided in the remuneration report, included as part of the directors' report.

Transactions with Key Management Personnel

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

John Patrick Synnott performed the role of Community Liaison Officer and was paid $16,020 (2014: Nil) for his 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.

Note 22. Dividends paid or provided

	2015 $	**2014 $**
a. Dividends paid during the year		
Current year dividend		
100% (2014: 100%) franked dividend - 2 cents (2014: 6 cents) per share	**38,280**	**37,920**

The tax rate at which dividends have been franked is 30% (2014: 30%).

	2015 $	2014 $

Note 22. Dividends paid or provided (continued)

b. Franking account balance

	2015 $	2014 $
Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	53,408	67,147
- franking debits that will arise from refund of income tax as at the end of the financial year	(9,000)	(9,936)
- 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:	**44,408**	**57,211**
- 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	**44,408**	**57,211**

Note 23. Earnings per share

		2015 $	2014 $
(a)	Loss attributable to the ordinary equity holders of the company used in calculating earnings per share	(30,115)	(1,905)
		Number	**Number**
(b)	Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,914,000	972,165

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.

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
5/13 Main Road Huonville TAS 7109	5/13 Main Road Huonville TAS 7109

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					
	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $	2015 %	2014 %
Financial assets												
Cash and cash equivalents	166,018	75,156	204,514	307,747	-	-	-	-	1,058	750	2.21	2.11
Receivables	-	-	-	-	-	-	-	-	153,862	138,663	N/A	N/A
Financial liabilities												
Interest bearing liabilities	-		19,668	36,565	14,134	31,623	-	-	-	-	4.4	5.43

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.

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 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%	3,367	3,147
Decrease in interest rate by 1%	3,367	3,147
Change in equity		
Increase in interest rate by 1%	3,367	3,147
Decrease in interest rate by 1%	3,367	3,147

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 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.

Michael Anthony Lynch,
Chairman

Signed on the 15th of September 2015.

Independent audit report

Partners in success

Chartered Accountants

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

Report on the financial report

We have audited the accompanying financial report of Huon Valley 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.

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 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 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 Huon Valley 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: 15 September 2015

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www.bendigobank.com.au/dover

Huonville **Community Bank®** Branch
11 Main Street, Huonville TAS 7109
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www.bendigobank.com.au/huonville

Cygnet & District **Community Bank®** Branch
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