Annual Report 2015

Kew East Financial Services Limited

ABN 91 096 301 058

Kew East **Community Bank**® Branch
Kew **Community Bank**® Branch

Contents

Chairman's report

For year ending 30 June 2015

Dear Shareholder,

Your Board of Kew East Financial Services Limited (KEFSL) were aware that 2015 would be a very difficult year for the company, but unforeseen events have presented some more unexpected challenges. The loss of our Senior Manager to another **Community Bank**® branch and the redomiciling of a number of valuable accounts was unexpected. We have been assisted by Bendigo Bank in keeping these transfers to a minimum. After consultation Bendigo Bank have assigned Senior Lending Managers to us in order to gain new business and to help replace lost lending. There has also been a general downturn in economic activity nationwide applying negative pressure to margins and ultimately our profitability. This trend continues, with no early relief in sight.

Two projects that have had a substantial impact on the company are the establishment of the Kew **Community Bank**® Branch, and the purchase and development of the Kew East **Community Bank**® Branch. It was clear from the outset that both of these ventures would come at substantial cost, but on completion will be valuable community assets. The new Kew East **Community Bank**® Branch, in particular, will give us a permanent, secure and affordable home. This is consistent with the company's vision when it was established to provide an ongoing and long-term banking service to Kew East.

The company has made a significant contribution to the local community in Kew East and Kew over the past 15 years. This is both at a financial level in sponsorships and grants to many and varied local organisations, but also in its involvement and participation in local community events and activities.

The Board and staff of KEFSL are acutely aware of the continuing importance of community engagement and the pivotal role KEFSL should play in the community. We are proud to have been able to contribute close to $1.4 million to local organisations and community projects during this time.

The new Kew East **Community Bank**® Branch is expected to be completed early in the new year; construction is under way and is progressing well.

Community Contributions in 2014/15

13 sponsorships given worth $33,075

All Stars Babbles Netball Team	Kew Rovers Football Club
Kew Croquet Club	Kiwi-Hawthorn RUFC
Kew East Primary School	Rotary Club of Kew
Kew High School	Swinevents
Kew Football Club	Trinity Gift
Kew Junior Hockey Club	Zelman Orchestra
Kew Primary School	

Community grants worth $64,499 were given.

Fifteen community organisations received grants worth $55,999

Two community organisations received defibrillators worth $3,500

One youth scholarship was awarded for $5,000

Chairman's report (continued)

U3A	Boroondara Pre School	Kew High School
1st Kew Scout Group	Davis Street Kindergarten	Studley Park Kindergarten
1st North Balwyn Scout Group	Defib Program	TL Consult
4th Kew Scout Group	J J McMahon Memorial Kindergarten	Villa Maria Society
Andale School	KEPS Literacy program	Youth Scholarship
Bellevue Kindergarten	Kew Band Inc	

Progressive community contributions:

Financial year	Community grants $	Community Enterprise Foundation™ $	Sponsorships $	Donations $	Total* $
2002/03				6,000#	6,000
2003/04					0
2004/05			4,340		4,340
2005/06	6,400		15,170		21,570
2006/07	18,500	40,900	7,075		66,475
2007/08	26,552	50,000	36,750		86,750
2008/09	59,667	145,000	40,000		185,000
2009/10	121,630	272,727	17,672		290,399
2010/11	94,357	250,000	54,078		304,078
2011/12	156,751	200,000	27,183		227,183
2012/13	153,952	100,000	37,443		137,443
2013/14	170,006		28,364		28,364
2014/15	64,499		33,075		33,075
Total Paid to date	**872,314**	**1,058,627**	**301,150**	**6,000**	**1,390,677**

\# Donation by Bendigo and Adelaide Bank Limited in recognition of growth in the company's business in the first two years
Community grants paid in November 2005, 2006 through KEFSL account
Community grants paid through the Community Enterprise Foundation™ in November 2007, 2008, 2009, 2010, 2011,2012,2013,2014
Community Enterprise Foundation™ contributions paid in June 2007, 2008, 2009, 2010, 2011, 2012, 2013

* As reported in the Financial Statements – charitable donations and sponsorships
Community Enterprise Foundation™ balance as at 1/07/2015 - $228,736.25

Yours faithfully,

Allen Borella
Chairman

Managers' report

For year ending 30 June 2015

Welcome to the Kew and Kew East **Community Bank**® branches Managers' report for 2015.

Our "point of difference" sets us apart from all other financial institutions.

In addition to providing a full banking service, we are supporting our local community by returning up to 80% of our profits back into our community. This is a unique banking model and without the support of our customers and shareholders, our involvement in the many community projects and sponsorships would not happen.

Since the inception of KEFSL 14 years ago we have given back to the community in excess of $1.39 million.

This year has seen some changes to the group with new Managers appointed to both branches.

About us

Marie Briggs is the Manager at Kew East **Community Bank**® Branch. Marie has been with the branch since its inception and made a smooth transition into the role of Manager with her business experience and extensive knowledge of her customers.

Vikki Townsend is the Manager at Kew **Community Bank**® Branch and was new to Bendigo Bank, but brought with her over 25 years banking experience and some fresh and different ideas to the business.

We are both living locally in the Kew area and are working collaboratively to grow the reputation and business of the branches in the local surrounding communities.

The 2014/15 financial year has presented challenges related to continued low interest rates and strong competition from traditional and non-traditional financial businesses.

The combined footings of Kew and Kew East **Community Bank**® branches has increased to $196.41 million as follows:

- Kew East **Community Bank**® Branch footings as at 30 June 2015 was $145.33 million, made up of $46.86 million in lending and $98.47 million in deposits
- Kew **Community Bank**® Branch footings as at 30 June 2015 was $51.08 million, made up of $14.25 million in lending and $36.83 million in deposits.

Again, growth in lending has been slow but deposits have increased substantially. Our focus moving forward is to endeavour to have a balanced book for all banking products.

The other exciting development will be the imminent move of Kew East **Community Bank**® Branch to its newly renovated premises with state of the art technology and a more client friendly layout.

Together we would like to thank our great Board of Directors for their commitment to our common goals, our enthusiastic staff and our loyal shareholders. We look forward to an exciting year ahead.

Marie Briggs **Vikki Townsend**

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

Directors

The following persons were Directors of Kew East Financial Services Limited during or since the end of the financial year up to the date of this report:

Name and position held	Qualifications	Experience and other Directorships
Allen Borella Appointed 22 March 2001 Chairman from 1 January 2014 Chair of Personnel Committee to 31 December 2013	A Grade Mechanic	Runs own automotive business
Paula Davey Appointed 28 April 2010 Chair of Community Engagement Committee		Former local councillor, Member Victorian Board Medical Board of Australia, Mental Health Tribunal, extensive connections with community organisations.
Phillip Davies Appointed 24 March 2015 Appointed as Company Secretary 25 May 2015	LLM (Monash) LLB (Hons) BA (Hons) Melb GAICD	CEO General Counsel, non-executive Director in legal, property, health, financial and education services
Kenneth Franks Appointed 22 March 2001 Retired as a Director 19 November 2014	Land Surveyor	Property investor, past chair of Harp Village Business Association
Ric Hallgren Appointed 6 August 2013 Chair of Personnel Committee from 5 February 2014	Master of Science and Bachelor of Commerce	Semi retired, ex owner and General Manager/Sales Manager of a Professional Services Consulting Firm
Mark Heffernan Appointed 2 June 2008 Treasurer from 7 July 2008 Chair of Finance Committee	CPA	Certified Practising Accountant
Lilian Look Appointed 24 March 2015	B EC, LLB, GAICD FFinsia, ASA	Former KPMG Partner

Directors (continued)

Name and position held	Qualifications	Experience and other Directorships
Ross McDermott Appointed 10 March 2010 Company Secretary from 4 September 2010 Retired as Company Secretary 26 June 2015 Retired as a Director 19 November 2014	B Com CA	Chartered Accountant, Tax Agent, Company Liquidator
Diana Nelson Appointed 23 October 2013	B Civ Eng (Hons) Post grad Dip of Management MBA	Runs a boutique Project Management Consultancy Ex President JJ McMahon Memorial Kindergarten Board member of Tweddle Early Parenting Centre Founder and Director of Mwembe Foundation
Eric Thomas Appointed 3 May 2001 Chair of Audit and Governance Committee	FCA	Chartered Accountant

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

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

Principal activities

The principal activities of the company during the course of the financial year was to provide **Community Bank**® services under management rights to operate two franchised branches of Bendigo and Adelaide Bank Limited.

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

Review of operations

The financial loss incurred by the company for the financial year after provision for income tax was $46,629 (2014: profit of $10,678). A downturn in general economic conditions as well as a reduction in margins under a 'restoring the balance' program instigated by Bendigo and Adelaide Bank Limited have adversely affected the trading operations of the company during the financial year.

In addition, the 're-domiciling' of some loans and deposits to another Bendigo and Adelaide Bank Limited franchise due to the departure of a former Manager has temporarily negatively affected our trading margins.

The net assets of the company have decreased to $1,306,645 (2014: $1,389,121). The decrease is largely due to the loss from operations during the period.

Directors' report (continued)

Dividends

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

	Year ended 30 June 2015	
	Cents Per Share	**$**
Final dividends recommended:	1	17,923
Dividends paid in the year:		
- As recommended in the prior year report	2	35,847

Options

No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report.

Significant changes in the state of affairs

No significant changes in the company's state of affairs occurred during the financial year.

Events subsequent to the end of the reporting period

In July 2015 the company contracted to rebuild 643 High Street, Kew East which is expected to be completed in early 2016.

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

Operating and financial review

Results for the year have suffered as a result of three primary factors:

- The company opened a branch at Kew, which has not yet achieved a positive financial result. The company is supporting the branch at Kew via profits from the Branch at East Kew and from reserves.
- Bendigo and Adelaide Bank Limited has adjusted the profit share contribution pursuant to the franchise agreement, so that the company receives less income from banking activities.
- the 're-domiciling' of some loans and deposits to another Bendigo and Adelaide Bank Limited franchise due to the departure of a former Manager leaving the company.

Whilst the revenue and expenses have been affected by the foregoing, the asset position of the company has been strengthened by acquisition of real estate at 643 High Street, Kew East. The Kew East Branch will ultimately operate from this site, saving rental costs. In addition capital growth from the property is anticipated.

The major issue confronting the company in the immediate term involves ensuring that the Kew branch becomes profitable.

Remuneration report

Remuneration policy

The Board believe the remuneration policy to be appropriate and effective.

The Board's policy is to remunerate Directors for time, commitment and responsibilities. There is no relationship between the remuneration policy and the company performance. The policy is developed by the Board and reviewed annually.

Remuneration benefits and payments

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

Director Remuneration for the year ended 30 June 2015

	Primary Benefits Fees & Superannuation	
	2015 $	**2014 $**
Rod Albury	-	7,042
Allen Borella	10,000	7,042
Paula Davey	4,334	4,084
Phillip Davies (Appointed 24 March 2015)	1,167	-
Kenneth Franks (Resigned 19 November 2014)	1,667	4,084
Ric Hallgren	4,333	3,141
Mark Heffernan	4,333	4,084
Lilian Look (Appointed 24 March 2015)	1,167	-
Ross McDermott (Resigned 19 November 2014)	4,333	4,084
Diana Nelson	4,333	2,355
Eric Thomas	4,333	4,084
	40,000	**40,000**

The company has accepted the Bendigo and Adelaide Bank Limited's **Community Bank**® Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. For the year ended 30 June 2015 there have been very limited benefits received by the Directors from the Directors Privilege Package.

Indemnifying Officers or Auditor

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

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

Directors' meetings

The number of Directors' meetings held during the year was 13. Attendances by each Director during the year were as follows:

Director	Board meetings #	Audit and Governance Committee meetings #
Allen Borella	13 (13)	N/A
Paula Davey	12 (13)	N/A
Phillip Davies (Appointed 24 March 2015)	4 (5)	4 (4)
Kenneth Franks (Resigned 19 November 2014)	4 (4)	N/A
Ric Hallgren	11 (13)	N/A
Mark Heffernan	9 (13)	N/A
Lilian Look (Appointed 24 March 2015)	4 (5)	4 (4)
Ross McDermott (Resigned 19 November 2014)	4 (4)	4 (4)
Diana Nelson	13 (13)	4 (5)
Eric Thomas	10 (13)	10 (10)

The first number is the meetings attended while in brackets is the number of meetings eligible to attend.
N/A - not a member of that committee.

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Directors’ report (continued)

Company Secretary

Ross McDermott retired as a Director of Kew East Financial Services Limited on 19 November 2014 and as Company Secretary on 26 June 2015. Phillip Davies was appointed as Company Secretary on 25 May 2015. Refer above for Phillip’s qualifications and experience.

Auditor independence declaration

A copy of the Auditor’s independence declaration as required under section 307C of the Corporations Act 2001 is set at page 12 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Signed in accordance with a resolution of the Board of Directors at Kew East on 24 September 2015.

Allen Borella
Chairman

Auditor's independence declaration

Richmond Sinnott & Delahunty
Chartered Accountants

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

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

Auditor's Independence Declaration under section 307C of the Corporations Act 2001 to the Directors of Kew East Financial Services Limited

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

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

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

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

Kathie Teasdale
Partner
Bendigo
Dated at Bendigo, 24th September 2015

Financial statements

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

	Note	2015 $	2014 $
Revenue	2	1,240,652	1,352,300
Employee benefits expense	3	(732,455)	(811,978)
Depreciation and amortisation expense	3	(42,088)	(46,254)
Finance costs	3	(31,846)	(13,678)
Bad and doubtful debts expense	3	(50)	(136)
Occupancy expense		(157,683)	(147,619)
Other expenses	3	(301,623)	(286,124)
Operating profit/(loss) before charitable donations and sponsorships		**(25,093)**	**46,511**
Charitable donations and sponsorships		(33,075)	(28,364)
Profit/(loss) before income tax		**(58,168)**	**18,147**
Tax expense	4	(11,540)	7,469
Profit/(loss) for the year		**(46,628)**	**10,678**
Total comprehensive income for the year		**(46,628)**	**10,678**
Total comprehensive income attributable to:			
Members of the company		**(46,628)**	**10,678**
Earnings per share (cents per share)			
- basic earnings per share	24	(2.60)	0.60

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2015

	Note	2015 $	2014 $
Assets			
Current assets			
Cash and cash equivalents	6	144,117	821,848
Trade and other receivables	7	96,336	100,801
Investments and other financial assets	8	535,974	19,386
Current tax receivable	14	10,000	15,889
Total current assets		**786,427**	**957,924**
Non-current assets			
Property, plant and equipment	9	1,133,773	1,110,041
Deferred tax assets	14	54,273	42,733
Intangible assets	10	55,500	81,500
Total non-current assets		**1,243,546**	**1,234,274**
Total assets		**2,029,973**	**2,192,198**
Liabilities			
Current liabilities			
Trade and other payables	11	56,265	72,237
Borrowings	12	43,560	43,560
Provisions	13	79,232	135,058
Total current liabilities		**179,057**	**250,855**
Non current liabilities			
Borrowings	12	540,868	552,222
Provisions	13	3,403	-
Total non current liabilities		**544,271**	**552,222**
Total liabilities		**723,328**	**803,077**
Net assets		**1,306,645**	**1,389,121**
Equity			
Issued capital	15	798,218	798,218
Retained earnings	16	508,428	590,903
Total equity		**1,306,646**	**1,389,121**

The accompanying notes form part of these financial statements.

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

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2013		**798,218**	**580,225**	**1,378,443**
Profit for the year		-	10,678	10,678
Total comprehensive income for the year		**-**	**10,678**	**10,678**
Transactions with owners, in their capacity as owners				
Dividends paid or provided	25	-	-	-
Balance at 30 June 2014		**798,218**	**590,903**	**1,389,121**
Balance at 1 July 2014		**798,218**	**590,903**	**1,389,121**
Loss for the year		-	(46,628)	(46,628)
Total comprehensive income for the year		**-**	**(46,628)**	**(46,628)**
Transactions with owners, in their capacity as owners				
Dividends paid or provided	25	-	(35,847)	(35,847)
Balance at 30 June 2015		**798,218**	**508,428**	**1,306,646**

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		1,360,699	1,464,989
Payments to suppliers and employees		(1,425,059)	(1,368,769)
Interest paid		(31,846)	(13,678)
Interest received		14,189	39,453
Income tax refunded/(paid)		5,889	(38,554)
Net cash provided by/(u9sed in) operating activities	**17**	**(76,128)**	**83,441**
Cash flows from investing activities			
Purchase of property, plant and equipment		(39,820)	(936,171)
Investment in short-term bank deposits		(514,582)	-
Net cash flows provided by/(used in) investing activities		**(554,402)**	**(936,171)**
Cash flows from financing activities			
Proceeds from borrowings		-	600,000
Repayment of borrowings		(11,354)	(4,218)
Dividends paid	25	(35,847)	(71,693)
Net cash provided by/(used in) financing activities		**(47,201)**	**524,089**
Net increase/(decrease) in cash held		**(677,731)**	**(328,641)**
Cash and cash equivalents at beginning of financial year		821,848	1,150,489
Cash and cash equivalents at end of financial year	**6**	**144,117**	**821,848**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2015

These financial statements and notes represent those of Kew East Financial Services Limited.

Kew East Financial Services Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 17 September 2015.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

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

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

Economic dependency

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

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

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

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

- Advice and assistance in relation to the design, layout and fit out of the **Community Bank**® branch;
- Training for the Branch Managers and other employees in banking, management systems and interface protocol;

Note 1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Economic dependency (continued)

- Methods and procedures for the sale of products and provision of services;
- Security and cash logistic controls;
- Calculation of company revenue and payment of many operating and administrative expenses;
- The formulation and implementation of advertising and promotional programs; and
- Sale techniques and proper customer relations.

(b) Income tax

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

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

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

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

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

(c) Fair value of assets and liabilities

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

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

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

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

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

Note 1. Summary of significant accounting policies (continued)

(d) Property, plant and equipment

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

Property

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

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

Plant and equipment

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

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

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

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of asset	Depreciation rate
Buildings	2.5%
Office furniture and equipment	5-33%
Fixtures and fittings	5-33%

Note 1. Summary of significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Depreciation (continued)

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

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

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

(e) Leases

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

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

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

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

(f) Impairment of assets

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

(g) Goods and services tax (GST)

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

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

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

Note 1. Summary of significant accounting policies (continued)

(h) Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

(i) Intangible assets and franchise fees

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the Statement of Profit or Loss and Other Comprehensive Income.

(j) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

(k) Revenue and other income

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

Interest, dividend and fee revenue is recognised when earned.

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

Note 1. Summary of significant accounting policies (continued)

(l) Trade and other receivables

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

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

(m) Trade and other payables

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

(n) Borrowing costs

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

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

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

(p) New accounting standards for application in future periods

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

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

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

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

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

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

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

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

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

Note 1. Summary of significant accounting policies (continued)

(p) New accounting standards for application in future periods (continued)

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

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

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

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

(q) Loans and borrowings

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

(r) Provisions

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

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

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

(s) Share capital

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

(t) Comparative figures

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

(u) Critical accounting estimates and judgements

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

Note 1. Summary of significant accounting policies (continued)

(u) Critical accounting estimates and judgements (continued)

Estimation of useful lives of assets

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

Fair value assessment of non-current physical assets

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

Employee benefits provision

Assumptions are required for wage growth and CPI movements. The likelihood of employees reaching unconditional service is estimated. The timing of when employee benefit obligations are to be settled is also estimated.

Income tax

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

Impairment

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

(v) Financial instruments

Initial recognition and measurement

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

Classification and subsequent measurement

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

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

Note 1. Summary of significant accounting policies (continued)

(v) Financial instruments (continued)

Classification and subsequent measurement (continued)

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

(i) Loans and receivables

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

(ii) Financial liabilities

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

Impairment

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

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

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

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

Derecognition

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

Notes to the financial statements (continued)

	2015 $	2014 $

Note 2. Revenue and other income

Revenue		
- services commissions	1,220,901	1,319,433
	1,220,901	**1,319,433**
Other revenue		
- interest received	17,745	30,593
- other revenue	2,006	2,274
	19,751	**32,867**
Total revenue	**1,240,652**	**1,352,300**

Note 3. Expenses

Employee benefits expense		
- wages and salaries	637,457	693,996
- superannuation costs	49,378	61,607
- workers compensation	2,153	1,663
- other costs	43,467	54,712
	732,455	**811,978**
Depreciation of non-current assets:		
- fixtures and fittings	13,151	17,047
- office furniture and equipment	2,937	3,207
	16,088	**20,254**
Amortisation of non-current assets:		
- intangible assets	26,000	26,000
Total depreciation and amortisation expense	**42,088**	**46,254**
Finance costs:		
- interest paid	31,846	13,678
Bad debts	50	136
Other Expenses		
- accounting fees	46,650	45,685
- IT costs	54,142	55,369
- marketing	36,913	23,588
- insurance	16,849	22,590
- other	147,069	138,892
	301,623	**286,124**

	2015 $	2014 $

Note 4. Income tax expense

	2015 $	2014 $
a. The components of tax expense comprise		
- current tax expense	(32,761)	16,420
- deferred tax expense relating to the origination and reversal of temporary differences	18,365	(8,951)
- adjustment to deferred tax to reflect change of tax rate in future periods	2,856	-
	(11,540)	**7,469**
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 30% (2014: 30%)	(17,451)	5,444
Add tax effect of:		
- non-deductible expenses	4,800	4,800
- other deductible expenses	(1,745)	(2,775)
- adjustment to deferred tax to reflect change of tax rate in future periods	2,856	-
Current income tax expense	**(11,540)**	**7,469**
Income tax attributable to the entity	**(11,540)**	**7,469**
The applicable weighted average effective tax rate is	19.84%	41.16%

The applicable income tax rate is the Australian Federal tax rate of 30% (2014: 30%) applicable to Australian resident companies.

Note 5. Auditors' remuneration

Remuneration of the Auditor for:

	2015 $	2014 $
- Audit or review of the financial report	**4,667**	**4,620**

Note 6. Cash and cash equivalents

	2015 $	2014 $
Cash at bank and on hand	144,117	80,505
Short-term bank deposits	-	741,343
	144,117	**821,848**

Short-term bank deposits have been reclassified to investments and other financial assets in the current period in accordance with the requirements of Australian Accounting Standards.

	2015 $	2014 $

Note 7. Trade and other receivables

Current

Trade receivables	82,217	95,334
Other assets	14,119	5,467
	96,336	**100,801**

Credit risk

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

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be high credit quality.

	Gross amount	Past due and impaired	Past due but not impaired			Not past due
			< 30 days	31-60 days	> 60 days	
2015						
Trade receivables	82,217	-	-	-	-	82,217
Other receivables	14,119	-	-	-	-	14,119
Total	**96,336**	**-**	**-**	**-**	**-**	**96,336**
2014						
Trade receivables	95,334	-	-	-	-	95,334
Other receivables	5,467	-	-	-	-	5,467
Total	**100,801**	**-**	**-**	**-**	**-**	**100,801**

	2015 $	2014 $

Note 8. Investments and other financial assets

	2015 $	2014 $
Units in managed funds - at cost	17,729	16,304
Gain in value	3,663	3,082
	21,392	**19,386**
Short-term bank deposits	514,582	-
	535,974	**19,386**

The effective interest rate on the short-term bank deposit was 3.15% (2014: 3.76%), with a term of six months maturing on 25 September 2015. Short-term bank deposits have been reclassified from cash and cash equivalents in the current period in accordance with the requirements of Australian Accounting Standards.

Note 9. Property, plant and equipment

	2015 $	2014 $
Land		
At cost	667,000	667,000
Buildings		
At cost	308,991	269,171
Office furniture and equipment		
At cost	65,502	65,502
Less accumulated depreciation	(49,757)	(46,820)
	15,745	**18,682**
Fixtures and fittings		
At cost	252,350	252,350
Less accumulated depreciation	(110,313)	(97,162)
	142,037	**155,188**
Total written down amount	**1,133,773**	**1,110,041**
Movements in carrying amounts		
Land		
Balance at the beginning of the reporting period	667,000	-
Additions	-	667,000
Balance at the end of the reporting period	**667,000**	**667,000**

	2015 $	2014 $

Note 9. Property, plant and equipment (continued)

	2015 $	2014 $
Buildings		
Balance at the beginning of the reporting period	269,171	-
Additions	39,820	269,171
Balance at the end of the reporting period	**308,991**	**269,171**
Office furniture and equipment		
Balance at the beginning of the reporting period	18,682	21,889
Depreciation expense	(2,937)	(3,207)
Balance at the end of the reporting period	**15,745**	**18,682**
Fixtures and fittings		
Balance at the beginning of the reporting period	155,188	172,235
Depreciation expense	(13,151)	(17,047)
Balance at the end of the reporting period	**142,037**	**155,188**

Note 10. Intangible assets

	2015 $	2014 $
Franchise fee		
At cost	70,000	70,000
Less accumulated amortisation	(62,000)	(58,000)
	8,000	**12,000**
Establishment/renewal processing fee		
At cost	110,000	110,000
Less accumulated amortisation	(62,500)	(40,500)
	47,500	**69,500**
Total intangible assets	**55,500**	**81,500**
Movements in carrying amounts		
Franchise fee		
Balance at the beginning of the reporting period	12,000	16,000
Amortisation expense	(4,000)	(4,000)
Balance at the end of the reporting period	**8,000**	**12,000**
Establishment/renewal processing fee		
Balance at the beginning of the reporting period	69,500	91,500
Amortisation expense	(22,000)	(22,000)
Balance at the end of the reporting period	**47,500**	**69,500**

	2015 $	2014 $

Note 11. Trade and other payables

Current		
Unsecured liabilities:		
Trade creditors	15,375	23,898
Other creditors and accruals	40,890	48,339
	56,265	**72,237**

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

Note 12. Borrowings

Current		
Business loans	43,560	43,560
Non-current		
Business loans	540,868	552,222
Total borrowings	**584,428**	**595,782**

The company has entered into two loan facilities, both secured by first registered mortgage over the property at 643 High Street, Kew East. The original terms of each loan facility is as follows:

- Facility Limit: $400,000 $200,000
- Term: 180 months 180 months
- Facility Type: Interest only Principal and interest

Interest has been incurred at an average rate of 5.40% (2014: 5.50%) across the two facilities during the year.

	2015 $	2014 $

Note 13. Provisions

Current		
Employee benefits	79,232	135,058
Non-current		
Employee benefits	3,403	-
Total provisions	**82,635**	**135,058**
Movement in employee benefits		
Opening balance	135,058	115,191
Additional provisions recognised	63,321	62,071
Amounts utilised during the year	(115,744)	(42,204)
Closing balance	**82,635**	**135,058**

	2015 $	2014 $
Note 13. Provisions (continued)		
Current		
Annual leave	36,205	75,825
Long-service leave	43,027	59,233
	79,232	**135,058**
Non-current		
Long-service leave	3,403	-

Provision for employee benefits

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

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

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

	2015 $	2014 $
Note 14. Tax		
(a) Tax Assets		
Current		
Income tax receivable	**10,000**	**15,889**
Non-current		
Deferred tax asset comprises:		
- timing differences	23,150	42,733
- losses carried forward	31,123	-
	54,273	**42,733**
Note 15. Share capital		
1,792,327 Ordinary shares fully paid	827,307	827,307
Less: Equity raising costs	(29,089)	(29,089)
	798,218	**798,218**

	2015 $	2014 $

Note 15. Share capital (continued)

Movements in share capital

	2015 $	2014 $
Fully paid ordinary shares:		
At the beginning of the reporting period	1,792,327	1,792,327
At the end of the reporting period	**1,792,327**	**1,792,327**

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

Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Statement of Financial Position.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the Distribution Limit.

(i) the Distribution Limit is the greater of:

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

  (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

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

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

Note 16. Retained earnings

	2015 $	2014 $
Balance at the beginning of the reporting period	590,903	580,225
Dividends paid and payable	(35,847)	-
Profit after income tax	(46,628)	10,678
Balance at the end of the reporting period	**508,428**	**590,903**

Note 17. Statement of cash flows

Reconciliation of cash flow from operations with profit after income tax

	2015 $	2014 $
Profit/(loss) after income tax	(46,628)	10,678
Non cash flows in profit		
- Depreciation	16,088	20,254
- Amortisation	26,000	26,000
- Gain in value of investment	(2,006)	(2,275)
Changes in assets and liabilities		
- (Increase) decrease in receivables	4,465	21,275
- (Increase) decrease in current tax asset	5,889	(15,889)
- (Increase) decrease in deferred tax asset	(11,540)	(8,951)
- Increase (decrease) in payables	(15,972)	18,727
- Increase (decrease) in provisions	(52,423)	19,867
- Increase (decrease) in current tax payable	-	(6,245)
Net cash flows from operating activities	**(76,127)**	**83,441**

Credit standby arrangement and loan facilities

The company has loan facilities amounting to $600,000 (2014: $600,000). This may be terminated at any time at the option of the bank. At 30 June 2015, $584,428 of this facility was used (2014: $595,782). Variable interest rates apply to these loan facilities.

Note 18. Leases

	2015 $	2014 $
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the Statement of Financial Position		
Payable - minimum lease payments		
- no later than 12 months	112,153	112,475
- between 12 months and 5 years	36,231	143,940
	148,384	**256,415**

The company has two property leases which are non-cancellable with 5 year terms, and rent payable monthly in advance and annual cpi increases each year. The leases have 5-year extension options available.

Note 19. Related party transactions

The company's main related parties are as follows:

(a) Key management personnel

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

The totals of remuneration paid to key management personnel of the company during the year are as follows:

	2015 $	2014 $
Short-term employee benefits	39,132	38,808
Post-employment benefits	868	1,192
Total key management personnel compensation	**40,000**	**40,000**

<u>Short-term employee benefits</u>

These amounts include fees and benefits paid to the non-executive Chairman and non-executive Directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive Directors and other Key Management Personnel.

<u>Post-employment benefits</u>

These amounts are the current year's estimated cost of providing the company's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits

(b) Other related parties

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

(c) Transactions with key management personnel and related parties

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

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

The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. For the year ended 30 June 2015 there have been limited benefits received by the Directors from the Directors Privilege Package.

Note 19. Related party transactions (continued)

(d) Key management personnel shareholdings

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

	2015	2014
Rod Albury (Resigned 30 June 2014)	10,000	10,000
Allen Borella	12,503	12,503
Paula Davey	2,500	2,500
Phillip Davies (Appointed 24 March 2015)	-	-
Kenneth Franks (Resigned 19 November 2014)	15,000	15,000
Ric Hallgren	-	-
Mark Heffernan	4,000	4,000
Lilian Look (Appointed 24 March 2015)	-	-
Ross McDermott (Resigned 19 November 2014)	6,000	6,000
Diana Nelson	-	-
Eric Thomas	3,003	3,003

There was no movement in key management personnel shareholdings during the year. Each share held has a paid up value of $1 and is fully paid.

(e) Other key management transactions

There has been no other transactions involving equity instruments other than those described above.

Note 20. Events after the reporting period

In July 2015 the company contracted to rebuild 643 High Street, Kew which is expected to be completed in early 2016.

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

Note 21. Contingent liabilities and contingent assets

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

Note 22. Operating segments

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

Note 23. Company details

The registered office and principle place of business is: 661A High Street
Kew East, Victoria 3102

	2015 $	2014 $

Note 24. Earnings per share

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

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

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2015 $	2014 $
Profit/(loss) after income tax expense	**(46,628)**	**10,678**
Weighted average number of ordinary shares for basic and diluted earnings per share	**1,792,327**	**1,792,327**

Note 25. Dividends paid or provided for on ordinary shares

	2015 $	2014 $
(a) Dividends paid during the year		
(i) Previous year final		
Franked dividends - 2 cents per share (2014: 4 cents per share)	**35,847**	**71,693**
(b) Dividends proposed and not recognised as a liability		
(i) Current year final		
Franked dividends - 1 cent per share (2014: 2 cents per share)	**17,923**	**35,847**

The tax rate at which dividends have been franked is 30% (2014: 30%).
Dividends proposed will be franked at a rate of 30% (2014: 30%).

	2015 $	2014 $
(c) Franking account balance		
Franking credits available for subsequent reporting periods are:		
Franking account balance as at the end of the financial year	355,074	376,326
Franking credits/(debits) that will arise from payment/(refund) of income tax as at the end of the financial year	(10,000)	(15,889)
Franking credits available for future financial reporting periods:	345,074	360,437
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	(7,681)	(15,363)
Net franking credits available	**337,393**	**345,074**

Note 26. Fair value measurements

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

- investments

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

a. Fair value hierarchy

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

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

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

<u>Valuation techniques</u>

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

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

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

Note 26. Fair value measurements (continued)

a. Fair value hierarchy (continued)

Valuation techniques (continued)

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

	Note	30 June 2015			
		Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements					
Financial assets					
Managed investments (fair value through profit or loss):					
- financial sector		21,392	-	-	21,392
Total financial assets recognised at fair value on a recurring basis		**21,392**	**-**	**-**	**21,392**
	Note	**30 June 2014**			
		Level 1 $	**Level 2 $**	**Level 3 $**	**Total $**
Recurring fair value measurements					
Financial assets					
Managed investments (fair value through profit or loss):					
- financial sector		19,386	-	-	19,386
Total financial assets recognised at fair value on a recurring basis		**19,386**	**-**	**-**	**19,386**

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

Note 27. Financial risk management

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

	Note	2015 $	2014 $
Financial assets			
Cash and cash equivalents	6	144,117	821,848
Trade and other receivables	7	96,336	100,801
Investments	8	535,974	19,386
Total financial assets		**776,427**	**942,035**
Financial liabilities			
Trade and other payables	11	56,265	72,237
Borrowings	12	584,428	595,782
Total financial liabilities		**640,693**	**668,019**

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit and Governance Committee which reports regularly to the Board.

Specific financial risk exposure and management

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

(a) Credit risk

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

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

Credit risk exposures

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

Note 27. Financial risk management (continued)

(a) Credit risk (continued)

Credit risk exposures (continued)

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

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

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

	2015 $	2014 $
Cash and cash equivalents:		
A rated	144,117	821,848

(b) Liquidity risk

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

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

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

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

Financial liability and financial asset maturity analysis:

30 June 2015	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial liabilities due for payment					
Trade and other payables	11	56,265	56,265	-	-
Loans and borrowings	12	584,428	43,560	174,240	366,628
Total expected outflows		**640,693**	**99,825**	**174,240**	**366,628**

Note 27. Financial risk management (continued)

(b) Liquidity risk (continued)

30 June 2015	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets - cash flows realisable					
Cash and cash equivalents	6	144,117	144,117	-	-
Trade and other receivables	7	96,336	96,336	-	-
Investments	8	535,974	535,974	-	-
Total anticipated inflows		**776,427**	**776,427**	**-**	**-**
Net inflow/(outflow) on financial instruments		**135,734**	**676,602**	**(174,240)**	**(366,628)**

30 June 2014	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial liabilities due for payment					
Trade and other payables	11	72,237	72,237	-	-
Loans and borrowings	12	595,782	43,560	174,240	377,982
Total expected outflows		**668,019**	**115,797**	**174,240**	**377,982**
Financial assets - cash flows realisable					
Cash and cash equivalents	6	821,848	821,848		
Trade and other receivables	7	100,801	100,801	-	-
Investments	8	19,386	19,386	-	-
Total anticipated inflows		**942,035**	**942,035**	**-**	**-**
Net inflow on financial instruments		**274,016**	**826,238**	**(174,240)**	**(377,982)**

(c) Market risk

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

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

Note 27. Financial risk management (continued)

(c) Market risk (continued)

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

Sensitivity analysis

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

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

	Profit $	Equity $
Year ended 30 June 2015		
+/- 1% in interest rates (interest income)	6,801	6,801
+/- 1% in interest rates (interest expense)	(5,844)	(5,844)
	957	**957**
Year ended 30 June 2014		
+/- 1% in interest rates (interest income)	8,218	8,218
+/- 1% in interest rates (interest expense)	(5,958)	(5,958)
	2,260	**2,261**

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

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Fair values

- Fair value estimation

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

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

Note 27. Financial risk management (continued)

(d) Price risk (continued)

Fair values (continued)

- Fair value estimation (continued)

	Note	2015		2014	
		Carrying amount $	Fair value $	Carrying amount $	Fair value $
Financial assets					
Cash and cash equivalents (i)	6	144,117	144,117	821,848	821,848
Trade and other receivables (i)	7	96,336	96,336	100,801	100,801
Investments	8	535,974	535,974	19,386	19,386
Total financial assets		**776,427**	**776,427**	**942,035**	**942,035**
Financial liabilities					
Trade and other payables (i)	11	56,265	56,265	72,237	72,237
Loans and borrowings	12	584,428	584,428	595,782	595,782
Total financial liabilities		**640,693**	**640,693**	**668,019**	**668,019**

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.

Directors' declaration

In accordance with a resolution of the Directors of Kew East Financial Services Limited, the Directors of the company declare that:

1 the financial statements and notes, as set out on pages 14 to 45 are in accordance with the Corporations Act 2001 and:

   (i) comply with Australian Accounting Standards which, as stated in accounting policy Note 1(a) to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

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

2 In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This resolution is made in accordance with a resolution of the Board of Directors.

Allen Borella
Chairman

Signed at Kew East on 24 September 2015.

Richmond Sinnott & Delahunty
Chartered Accountants
Level 2, 10-16 Forest Street
Bendigo, VICTORIA
PO Box 30, Bendigo VICTORIA 3552
Ph: (03) 5445 4200
Fax: (03) 5444 4344
rsd@rsdadvisors.com.au
www.rsdadvisors.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEW EAST FINANCIAL SERVICES LIMITED

Report on the Financial Report

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

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Kew East Financial Services Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

Auditor's Opinion

In our opinion:

(a) the financial report of Kew East Financial Services Limited is in accordance with the Corporations Act 2001, including:

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

(ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

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

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

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

Kathie Teasdale
Partner

Dated at Bendigo, 24th September 2015

NSX report

Kew East Financial Services Limited is a public company incorporated in Australia and was listed on the National Stock Exchange of Australia (NSX) as at 30 June 2015.

Shareholding

The following table shows the number of shareholders, broken into various categories showing the total number of shares held.

Number of shares held	Number of shareholders	Number of shares held
1 to 1,000	38	25,603
1,001 to 5,000	171	457,712
5,001 to 10,000	40	287,506
10,001 to 100,000	50	1,021,506
100,001 and over	0	0
Total shareholders	**299**	**1,792,327**

Equity securities

Each of the above shareholders are entitled to 1 vote, irrespective of the number of shares held.

There are no substantial shareholders (holding more than 5% of voting rights) as each shareholder is entitled to 1 vote. Normally holding more than 5% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the company.

There are 3 shareholders holding less than a marketable parcel of shares ($500 in value).

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to $1 per share. There are no unquoted equity securities.

Largest shareholders

The following table shows the largest shareholders.

Shareholder	Number of fully paid shares held	Percentage of issued capital
Raymond Denis Clements	30,000	1.67%
Bruce Diggles	30,000	1.67%
Susan Diggles	30,000	1.67%
Christopher James Hall & Kathleen Margaret Hall <Estate Late James Michael Hall A/C>	30,000	1.67%
Fiona Margaret Cochrane <Ac 381638>	30,000	1.67%
James Raymond Smith <Avenel Super Fund No. 3>	30,000	1.67%
Phillip R Gibbs & Margaret A Gibbs <P & M Gibbs S/F A/C>	30,000	1.67%
Charles Raymond & Judith Ann Searle	30,000	1.67%

Largest shareholders (continued)

Shareholder	Number of fully paid shares held	Percentage of issued capital
Longbourne Pty Ltd	32,000	1.79%
Richard Everritt Thorne	33,003	1.84%
Marjorie Irene White	35,000	1.95%
Thomas Leigh Pty Ltd <The Waring Family Superannuation Fund Ac>	37,500	2.09%
Adrian Lawler & Karen Lawler	45,000	2.51%
	422,503	**23.54%**

Registered office and principal administrative office

The registered office of the company is located at:

661A High Street,
Kew East VIC 3102
Phone: (03) 9859 7699

The principal administrative office of the company is located at:

661A High Street,
Kew East VIC 3102
Phone: (03) 9859 7699

Security register

The security register (share register) is kept at:

AFS & Associates
61-65 Bull Street
Bendigo VIC 3550
Phone: (03) 5443 0344

Company Secretary

Ross McDermott was the Company Secretary of Kew East Financial Services Limited for more than three years. Ross McDermott's qualifications and experience includes Chartered Accountant, Tax Agent, and Company Liquidator. Ross resigned as Company Secretary on 26 June 2015.

Phillip Davies was appointed Company Secretary of Kew East Financial Services Ltd on 25 May 2015. Phillip's qualifications and experience includes LLM (Monash), LLB (Hons), BA(Hons) Melbourne GAICD.

Corporate governance

The company has implemented various corporate governance practices, which include:

(a) The establishment of an Audit & Governance committee. Members of the Audit & Governance committee during the income year were Eric Thomas, Phillip Davies, Lilian Look and Ross McDermott;

(b) Director approval of operating budgets and monitoring of progress against these budgets;

(c) Ongoing Director training; and

(d) Monthly Director meetings to discuss performance and strategic plans.

Annexure 3

There are no material differences between the information in the company's Annexure 3 and the information in the financial documents in its Annual Report.

5 Year summary of performance

		2011	2012	2013	2014	2015
Gross revenue	$	1,315,548	1,340,020	1,390,915	1,352,300	1,240,652
Net profit before tax	$	218,474	267,456	246,833	18,147	(58,168)
Total assets	$	1,067,469	1,204,984	1,625,082	2,192,198	2,029,973
Total liabilities	$	171,451	199,327	246,639	803,077	723,328
Total equity	$	896,018	1,005,657	1,378,443	1,389,121	1,306,646

Kew East **Community Bank**® Branch
661A High Street, Kew East VIC 3102
Phone: (03) 9859 7699 Fax: (03) 9859 6944

Kew **Community Bank**® Branch
3 Athenaeum Place, Kew VIC 3102
Phone: (03) 9852 9322 Fax: (03) 9852 9211

Franchisee: Kew East Financial Services Limited
661A High Street, Kew East VIC 3102
Phone: (03) 9859 7699 Fax: (03) 9589 6944
ABN: 91 096 301 058

www.bendigobank.com.au/kew_east
https://www.facebook.com/
KewAndKewEastCommunityBankBranches
(BMPAR15136) (10/15)

This Annual Report has been printed on 100% Recycled Paper