



Annual Report 2015

Leopold Community
Enterprises Limited

ABN 39 133 061 800

Leopold **Community Bank**® Branch

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Chairman's report

For year ending 30 June 2015

It is with pleasure that I submit my Chairman's report for the financial year ending 30 June 2015.

Business growth

Our business growth for 2014/15 was \$15.013 million, our target budget was \$10 million. This is a pleasing result considering the current economic conditions and strong competition we are facing in the banking world. Profit for the year ending 30 June 2015 after company tax was \$102,208. Taking into account marketing and grant expenditure of \$104,725 our total profit is \$250,737.

Branch staff

As always, a major factor in the ongoing growth and achievement of the company has been the continuing high level of customer service and support provided by our team at the branch, and for this I would like to commend and thank Chris Stepins and his team for their efforts in this regard.

Staff movements

Chris Stepins was appointed Manager of the Geelong West branch for Bendigo Bank in June 2015. The Board thanks Chris for his work over the past six years and wishes him all the very best for his new role. Katie Hurnall has been appointed as Leopold **Community Bank**[®] Branch's new Branch Manager. Katie brings to the role of Manager a wealth of experience in both banking business and community engagement.

Pam Hammond (Board Support Officer) retired on 30 June 2015. Pam has been a valuable asset to our Board and we wish her all the best for her retirement.

Bronwyn Shearer has been appointed Board Support Officer and brings a wealth of Governance expertise to the role.

The **Community Bank**[®] network had returned an amazing \$130 million to the communities within which they operate. Our company, Leopold Community Enterprises Limited, is proud to be part of this network and our contributions have now past \$530,000 since we opened our doors in April 2009.

This coming year will see \$150,000 injected into our community through grants and sponsorships. \$50,000 in Bendigo and Adelaide Bank's Marketing Development Fund, \$100,000 in grants, \$50,000 granted to the Leopold Community Centre (2nd year funding), \$25,000 for Community Notice Board Bellarine Highway (School grounds) and \$25,000 in additional grants program.

Board membership

I wish to thank all Board members for their continued commitment to Leopold Community Enterprises Limited and the community of Leopold.

Board movements

Grant Cadwallander and Rhiannon Russell retired from the Board in early 2015. The Board acknowledges their contributions to our Board and community and wishes them all the best for their future endeavours.

Bronwyn Shearer joined the Board in June 2015. Bronwyn's background is governance and has added to the Board skills.

The Board continues to seek the services of people with the specific skills required to complete the composition of the Board, especially in the areas of Legal, Community Service, Marketing and Secretarial.

Chairman's report (continued)

Governance

Clearly, the Board's obligation first and foremost is to ensure that the company continues to prosper, and complies with all ASIC regulations and guidelines. In this regard, we are indebted to Paul Madden, Lily Reinert and Pam Hammond for ensuring that all matters are dealt with appropriately.

The Board have also undertaken a Governance evaluation in 2014/15. The results mapped out improvements in our Governance structure.

I also wish to acknowledge all Directors for their commitment to and management of Leopold Community Enterprises Limited.

Community support

As well as providing banking facilities to the community, the **Community Bank**[®] philosophy is to contribute funds to the community within which it operates.

Our grants and sponsorships for 2014/15 now total approximately \$149,479; shareholder dividends about \$40,000. This means that, even before we include staff wages, our Leopold **Community Bank**[®] Branch adds about \$189,479 of wealth to the local community that would otherwise either not exist or would go elsewhere.

We can be justifiably proud of our accomplishments and assured of the fact that our "little" **Community Bank**[®] branch makes a significant contribution to Leopold.

In closing I would like to acknowledge and thank you, our shareholders, without your support and belief in our own Leopold **Community Bank**[®] Branch we wouldn't be in existence today.

Our outlook is positive and with continued support and the support of our community, we can do wonderful things, now and into the future, for everyone within our community.

Thank you for your ongoing support,



Trevor McFarlane
Chairman

Manager's report

For year ending 30 June 2015

We have now completed our sixth full year of trading and I am pleased to announce that as at the 30 June 2015, we have over \$140 million of business and over 5,500 accounts on our books.

Our business growth target for this financial year was \$10 million, and through a persistent and positive approach we achieved growth of \$15.013 million. Considering the current economic climate, low interest rates being paid to depositors, new borrowings at a low and existing borrowers paying down debts at an accelerated rate, this was an excellent result.

The amount of business held on our books as at 30 June 2015 is as follows.

Deposits	\$66.076 million
Loans	\$75.644 million
Total	\$141.720 million

Our growth target for the 2015/2016 financial year is \$10 million.

Deposits	\$4 million
Loans	\$6 million
Total	\$10 million

A huge part of the success of our **Community Bank**[®] branch is due to the wonderful, dedicated staff we have and their skills and abilities that are put on display every day in the branch.

This year we have seen a myriad of positive change in not only staffing but also Board and community alike. We welcome fresh new faces in Xavier, Steve, Janelle and Tegan who have joined Robyn, Luke and I on the frontline and we are all looking forward to a strong and successful year.

A special thank you to Chris, Camilla, Alesha, Sharon and Chloe who have had a massive impact in the success of the business and I wish them all the best in their new adventures.

I would also like to thank the Board for the time, effort and support that they have given all of us over the past 12 months. Your commitment and encouragement is something that the branch is very lucky to have!

Lastly I would like to thank our customers, community partners, Bendigo Bank and our shareholders for being a part of our ongoing success and I hope that you'll continue to be a part of it over the coming year.



Katie Hurnall
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2015

In the 2015 financial year, the **Community Bank**[®] network opened its 310th branch and community contributions since the model's inception exceed \$130 million. Both of these achievements could not have been achieved without your ongoing support as a shareholder, customer and advocate of what is a truly unique way of banking for the benefit of your local community.

Local communities continue to embrace the **Community Bank**[®] model, a banking movement founded on the simple belief that successful customers and successful communities create a successful bank.

Seventeen years later communities are still approaching us and the model is as robust and relevant as ever, however a review of what we were doing, why and how we could do it better was timely.

During an 18 month period the Bank, in partnership with the **Community Bank**[®] network, undertook a comprehensive review of the **Community Bank**[®] model. Project Horizon was the largest single engagement process ever undertaken by our organisation.

As a result, a focus for the next 18 months will be the implementation of 64 recommendations. What was overwhelmingly obvious is that our **Community Bank**[®] network, and our Bank, care deeply about what has been developed and in what the future holds for the network.

In the early days of **Community Bank**[®] development, the **Community Bank**[®] model was seen as a way to restore branch banking services to rural towns, regional cities and metropolitan suburbs after the last of the banks closed their doors.

Today, although the focus is still about providing banking services, there is perhaps an even greater interest in the way in which the model creates a successful community enterprise used to effectively, and sustainably, build community capacity.

In October 2014, we welcomed **Community Bank**[®] branches in Bacchus Marsh, Kilmore, Maffra, Kwinana and Nubeena. All of these branches join a strong and mature banking network where valued partnerships enhance banking services, taking the profits their banking business generates and reinvesting that funding into initiatives to ultimately strengthen their community.

Following consultation with local residents and business owners responding to other banks reducing their branch presence, Aldinga Beach **Community Bank**[®] Branch opened the Willunga Customer Service Centre in April 2015, providing a full banking service to local people five days a week.

The **Community Bank**[®] model is a great example of shared value and was centre stage at an international Shared Value conference in the United States earlier this year.

Funding generated by **Community Bank**[®] branches support projects that make a difference to a community. But no matter how big or small the place people call home, the **Community Bank**[®] network recognises that when they act as one, powered by the good that money can bring, bigger things can happen for local towns, regions and states.

In WA, a \$125,000 commitment to Ronald McDonald House by Collie & Districts **Community Bank**[®] Branch resulted in a further \$125,000 from 21 branches (both community and company owned) in the state.

In QLD, Longreach farming families are now feeding their stock thanks to a dedicated Rotary Club and financial contributions from 16 **Community Bank**[®] (and company) branches.

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

Bendigo and Adelaide Bank report (continued)

Interest in the **Community Bank**[®] model remains strong, with 20 **Community Bank**[®] sites currently in development and a further six **Community Bank**[®] branches expected to open nationally during the next 12 months.

The network's steady expansion demonstrates the strength and relevance of a banking model where the desire to support the financial needs of customers is equalled by the desire to support the community with the good that money can bring.

By the end of the financial year 2014/15 the **Community Bank**[®] network achieved the following:

- Returns to community – over \$130 million since the model's inception
- **Community Bank**[®] branches – 310
- **Community Bank**[®] branch staff – more than 1,500
- **Community Bank**[®] company Directors – 1,946
- Banking business – \$28.79 billion
- Customers – 699,000
- Shareholders – 74,393
- Dividends paid to shareholders since inception – \$38.6 million

The communities we partner with also have access to the Bank's extensive range of other community building solutions including Community Enterprise Foundation™ (philanthropic arm), Community Sector Banking (banking service for not-for-profit organisations), Generation Green™ (environment and sustainability initiative), Community Telco[®] Australia (telecommunications solution), tertiary education scholarships and community enterprises that provide **Community Bank**[®] companies with further development options.

In Bendigo and Adelaide Bank, your **Community Bank**[®] company has a committed and strong partner and over the last financial year our company has continued its solid performance. Our Bank continues to be rated at least "A-" by Standard & Poor's, Moody's and Fitch in recognition of its strong performance in the face of what continues to be a challenging economic environment.

Our **Community Bank**[®] partners played an integral role in the Bank's involvement in the Financial Systems Inquiry, lobbying their local Federal Government representatives and calling for a level playing field.

Recent APRA announcements regarding changes to risk weights on mortgages will positively impact our Bank – providing customers with a level playing field by giving them more choice from a wider variety of financial providers.

Thanks to the efforts of our people, our peers and **Community Bank**[®] partners, we're starting to see the benefits. In continuing to take a collaborative approach, we act as one network driving positive outcomes for all Australians.

As **Community Bank**[®] company shareholders you are part of a unique banking movement.

The model offers an alternative way to think about banking and the role banks play in modern society, and because of your support there really is no limit to what can be achieved for local people and the communities in which you live.

Thank you for your ongoing support of your local **Community Bank**[®] branch.



Robert Musgrove
Executive Community Engagement

Leopold **Community Bank**[®] Branch Community Investments.

(our community investments include the following but are not restricted to these projects)

Leopold Community & Learning Centre – Major Sponsor

Leopold Primary School – New Digital Sign

Leopold Tennis Club – New Court numbers & Signage

The Friends of the Bellarine Rail Trail – Trailer, Ride on Mower, Defibrillator

Riding for the Disabled – Specialised Saddles and Safety Apparatus

Wallington Baseball Club – Batting Shed & Defibrillator

Leopold Bowls Club – New Scoreboards, Disabled Access & Seating, Sponsorship

Leopold Golf Club – T.V and Antenna, Sponsorship

Mens Shed – Medical Supplies, Computer & Work Materials

Barwon Health – Funding for No Falls Program for the Elderly

Lions Club – Freezer, Emergency Booklets & Leopold Local

Club Italia – Rubber Mats for Kitchen and Projector

Leopold Football Netball Club – Scoreboard, Jumpers for Junior Players

Leopold CFA – Help Towards Purchase of New Ute

Little Athletics – Help Towards the Purchase of New Singlets

Leopold Choreography Competition – Signage and Sponsorship

Allanvale Kindergarten – Musical Courtyard Project

Encompass Community Services – Help towards the New Wing Project

Leopold Toy Library – Computer, Software & Storage for their new home in the Hub

Leopold Hall – Help for New Flooring, Taps & Sinks and Solar Panels, Air Conditioner

Leopold Scout Group – New Camping Trailer & Artwork

Leopold Lakers Basket Ball Club – New Jumpers

Leopold Community Bus – Sponsorship & Signage

Auskick – Sponsorship

Leopold Sportsmans Club – Defibrillator

Leopold Cricket Club – Sponsorship

Wallington Cricket Club – Sponsorship

Easter Egg Hunt – Fundraiser for the Good Friday Royal Children's Hospital Appeal

Leopold **Community Bank**[®] Branch is here for you and our community.

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 Leopold Community Enterprises 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
Trevor McFarlane Appointed 03/09/2008 Chairman / Director	Diploma of Management	<ul style="list-style-type: none">• Business Manager Leisure Networks Inc• 20+ Years experience in business management
Janet McIntosh Appointed 03/09/2008 Director		<ul style="list-style-type: none">• Real Estate Agent and Director at Allpoints Leopold
Paul Madden Appointed 03/09/2008 Treasurer / Director	Diploma of Business (Accounting)	<ul style="list-style-type: none">• Accountant CPA, Principal, Advance Business Centres• Registered Tax Agent• Director Lasorate Pty Ltd, Investco Pty Ltd.
Bob Reinert Appointed 03/09/2008 Director		<ul style="list-style-type: none">• Director Geelong Safety Rail Pty Ltd
Lily Reinert Appointed 03/09/2008 Secretary / Director		<ul style="list-style-type: none">• Director Geelong Safety Rail Pty Ltd
Margarette McFadyen Appointed 15/11/2010 Director		
Jarrod Lundie Appointed 11/11/2013 Director	Bachelor of Commerce	<ul style="list-style-type: none">• Chartered Accountant• 10+ years of public practice accounting experience
Bruno Esposti Appointed 10/11/2014 Director		
Bronwyn Shearer Appointed 25/05/2015 Director		
Grant Cadwallander Resigned 8/5/2015		
Rhiannon Russell Resigned 8/5/2015		

Directors' report (continued)

Directors (continued)

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

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

Principal activities

The principal activities of the company during the course of the financial year were in providing **Community Bank**[®] branch services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

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

Review of operations

The profit/(loss) of the company for the financial year after provision for income tax was \$102,208 (2014 profit/(loss): \$49,348), which is a 207% increase as compared with the previous year.

The net assets of the company have increased to \$719,417 (2014: \$657,664).

Dividends

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

	Year ended 30 June 2015	
	Cents per share	\$
Dividends paid in the year (interim /or final) dividend:	5	39,005

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

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

Remuneration report

Remuneration policy

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

Directors' report (continued)

Remuneration report (continued)

Remuneration benefits and payments

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

The Leopold Community Enterprises Limited has accepted the Bendigo and Adelaide Bank Limited's **Community Bank**[®] Directors' Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors' Privilege Package to be \$0 for the year ended 30 June 2015. The estimated benefit per Director is as follows:

	2015 \$
Trevor McFarlane	-
Janet McIntosh	-
Paul Madden	-
Bob Reinert	-
Lily Reinert	-
Margarette McFadyen	-
Jarrold Lundie	-
Bruno Esposti	-
Bronwyn Shearer	-
	-

Advance Business Centres of which Director Paul Madden is Proprietor received \$12,000 (2014: \$12,000) for accounting services provided throughout the year.

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' report (continued)

Directors' meetings

The number of Directors' meetings held during the year was 11. Attendances by each Director during the year were as follows:

Director	Board Meetings #
Trevor McFarlane	9 (11)
Janet McIntosh	10 (11)
Paul Madden	10 (11)
Bob Reinert	10 (11)
Lily Reinert	10 (11)
Margarette McFadyen	10 (11)

Director	Board Meetings #
Jarrold Lundie	6 (11)
Bruno Esposti	8 (8)
Bronwyn Shearer	1 (1)
Rhiannon Russell	0 (9)
Grant Cadwallander	7 (9)

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

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Proceedings on behalf of company

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

Company Secretary

Lily Reinert has been the Company Secretary of Leopold Community Enterprises Limited since 17 November 2011. Lily's qualifications and experience include seven years of experience in the role.

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 Geelong on 15 September 2015.



Trevor McFarlane
Director

Auditor's independence declaration

Mark SP Wilkinson
ABN 46 472 629 469
Registered Company Auditor

11 September 2015

The Directors
Leopold Community Enterprises Limited
PO Box 74
LEOPOLD VIC 3224

Dear Directors,

To the Directors of Leopold Community Enterprises Limited (ABN 39 133 061 800)

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*.

I declare that to the best of my knowledge and belief, during the year ended 30 June 2015 there has been:

- (i) No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.



Mark Stuart Pressland Wilkinson
Registered Company Auditor 4485
6 Kintyre Crescent
Leopold Victoria 3224

Liability limited by a scheme approved under Professional Standards Legislation.

6 Kintyre Crescent (PO Box 235)
Leopold 3224

Email: auditvalue@bigpond.com

Telephone: 0418 772 212
Facsimile: 03 5250 6294

Financial statements

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

	Notes	2015 \$	2014 \$
Revenue	2	1,027,921	996,861
Employee benefits expense	3	(471,563)	(435,697)
Depreciation and amortisation expense	3	(16,200)	(31,365)
Other expenses	3	(289,421)	(327,725)
Operating profit/(loss) before charitable donations and sponsorships		250,737	202,074
Charitable donations and sponsorships		(104,725)	(136,703)
Profit/(loss) before income tax		146,012	65,371
Tax expense / (benefit)	4	43,804	16,022
Profit/(loss) for the year		102,208	49,349
Other comprehensive income		-	-
Total comprehensive income for the year		102,208	49,349
Total comprehensive income attributable to:			
Members of the company		-	-
Total		102,208	49,349
Earnings per share (cents per share)			
- basic earnings per share	21	13.10	6.33

The accompanying notes form part of these financial statements.

Financial statements (continued)

Balance Sheet as at 30 June 2015

	Notes	2015 \$	2014 \$
Assets			
Current assets			
Cash and cash equivalents	6	589,889	498,725
Trade and other receivables	7	60,114	64,839
Current tax receivable	13	-	1,483
Total current assets		650,003	563,564
Non-current assets			
Property, plant and equipment	8	114,508	113,815
Deferred tax assets	13	-	-
Intangible assets	9	8,629	10,920
Total non-current assets		123,137	124,735
Total assets		773,140	688,299
Liabilities			
Current liabilities			
Trade and other payables	10	22,460	20,643
Current tax payable	12	27,142	-
Provisions	11	4,122	9,991
Total current liabilities		53,724	30,634
Non current liabilities			
Total non current liabilities		-	-
Total liabilities		53,724	30,634
Net assets		719,416	657,665
Equity			
Issued capital	13	759,571	759,571
Retained earnings / (accumulated losses)	14	(40,154)	(101,907)
Total equity		719,417	657,664

The accompanying notes form part of these financial statements.

Financial statements (continued)

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

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2013		759,571	(112,250)	647,321
Profit /(loss) for the year		-	49,349	49,349
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	-	-
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	22	-	(39,005)	(39,005)
Balance at 30 June 2014		759,571	(101,906)	657,664
Balance at 1 July 2014		759,571	(101,906)	657,665
Profit /(loss) for the year		-	102,208	102,208
Other comprehensive income for the year		-	(1,451)	(1,451)
Total comprehensive income for the year		-	-	-
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	22	-	(39,005)	(39,005)
Balance at 30 June 2015		759,571	(40,154)	719,417

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2015

	Notes	2015 \$	2014 \$
Cash flows from operating activities			
Receipts from customers		1,002,591	1,081,997
Payments to suppliers and employees		(842,468)	(1,003,338)
Interest received		9,550	19,170
Income tax paid		15,178	-19,302
Net cash provided by/(used in) operating activities	15b	184,851	78,527
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		17,500	-
Purchase of intangible asset		-	(11,543)
Purchase of Motor Vehicle		(22,300)	
Purchase of shares in listed companies		(49,883)	-
Net cash flows from/(used in) investing activities		(54,683)	(11,543)
Cash flows from financing activities			
Dividends paid		(39,005)	(39,005)
Net cash provided by/(used in) financing activities		(39,005)	(39,005)
Net increase/(decrease) in cash held		91,163	27,979
Cash and cash equivalents at beginning of financial year		498,726	470,747
Cash and cash equivalents at end of financial year	15a	589,889	498,726

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 Leopold Community Enterprises Limited.

Leopold Community Enterprises 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 15 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, where 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**[®] branch at Leopold.

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;

Notes to the financial statements (continued)

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 / (income) for the year comprises current income tax expense / (income) and deferred tax expense / (income).

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

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

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

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

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.

Notes to the financial statements (continued)

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.

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

Plant and equipment

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

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

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

Depreciation

The depreciable amount of all fixed assets, 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
Leasehold improvements	4-5%
Plant and equipment	10-20%

The assets' 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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(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.

(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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(h) Employee benefits (continued)

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 in 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).

(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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(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) New and amended accounting policies adopted by the company

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

(o) New accounting standards for application in future periods

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(p) Loans and borrowings

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

(q) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it 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.

(r) Share capital

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

(s) Comparative figures

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

(t) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

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

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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(u) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (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.

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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(u) Financial instruments (continued)

Impairment (continued)

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.

	2015	2014
	\$	\$

Note 2. Revenue and other income

Revenue

- services commissions	949,313	927,691
	949,313	927,691
Other revenue		
- interest received	22,787	19,170
- other revenue	55,821	50,000
	78,608	69,170
Total revenue	1,027,921	996,861

Note 3. Expenses

Employee benefits expense

- wages and salaries	378,469	357,295
- superannuation costs	40,057	38,784
- other costs	53,037	39,618
	471,563	435,697

Depreciation of non-current assets:

- plant and equipment	13,909	16,958
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Amortisation of non-current assets:

- intangible assets	2,291	14,407
	16,200	31,365

Notes to the financial statements (continued)

Note 3. Expenses

Bad Debts	425	765
Other expenses		
- insurance	14,886	-
- printing and stationery	11,938	-
- IT equipment Lease	24,738	-
- IT running costs	8,794	-
- IT support costs	16,275	-
- marketing	18,505	-
- rent	100,182	96,021
- other	94,103	231,704
	289,421	327,725

Note 4. Tax expense

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

Prima facie tax on profit/(loss) before income tax at 30% (2014: 30%)	43,804	14,804
Add tax effect of:		
- Adjustments in respect of current income tax of previous year	-	-
- Utilisation of previously unrecognised carried forward tax losses	-	-
- Non-deductible expenses	-	1,218
Current income tax expense	43,804	16,022
Income tax attributable to the entity	43,804	16,022
The applicable weighted average effective tax rate is	30.00%	24.51%

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:

- Audit or review of the financial report	2,700	5,300
- Taxation services	-	-
- Share registry services	-	-
	2,700	5,300

Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 6. Cash and cash equivalents		
Cash at bank and on hand	540,356	498,725
Shares in Listed Companies	49,533	
	589,889	498,725

Note 7. Trade and other receivables

Current

Trade receivables	56,025	59,267
Current Tax Receivable		1,483
Other assets	4,089	4,089
	60,114	64,839

Credit risk

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

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are 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	56,025	-	-	-	-	56,025
Other receivables	-	-	-	-	-	-
Total	56,025	-	-	-	-	56,025
2014						
Trade receivables	59,267	-	-	-	-	59,267
Other receivables	5,572	-	-	-	-	5,572
Total	64,839	-	-	-	-	64,839

Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 8. Property, plant and equipment		
Leasehold improvements		
At cost	103,781	103,781
Less accumulated depreciation	(26,715)	(22,559)
	77,066	81,222
Plant and equipment		
At cost	96,507	100,227
Less accumulated depreciation	(59,065)	(67,634)
	37,442	32,593
Total written down amount	114,508	113,815
Movements in carrying amounts		
Leasehold improvements		
Balance at the beginning of the reporting period	81,222	85,378
Additions	-	-
Disposals	-	-
Depreciation expense	(4,156)	(4,156)
Balance at the end of the reporting period	77,066	81,222
Plant and equipment		
Balance at the beginning of the reporting period	32,593	45,304
Additions	24,727	-
Disposals	-10,124	-
Depreciation expense	(9,754)	(12,711)
Balance at the end of the reporting period	37,442	32,593
Note 9. Intangible assets		
Franchise fee		
At cost	131,453	21,453
Less accumulated amortisation	(122,824)	(10,533)
	8,629	10,920
Preliminary expenses		
At cost	-	110,000
Less accumulated amortisation	-	(110,000)
	-	-
Total intangible assets	8,629	10,920

Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 9. Intangible assets (continued)		
Movements in carrying amounts		
Franchise fee		
Balance at the beginning of the reporting period	10,920	1,156
Additions	-	11,453
Disposals	-	-
Amortisation expense	(2,291)	(1,689)
Balance at the end of the reporting period	8,629	10,920
Preliminary expenses		
Balance at the beginning of the reporting period	-	-
Additions	-	-
Disposals	-	-
Amortisation expense	-	-
Balance at the end of the reporting period	-	-

Note 10. Trade and other payables

Current

Unsecured liabilities:		
Trade creditors	2,943	11,402
Other creditors and accruals	19,517	9,241
	22,460	20,643

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

Note 11. Provisions

Employee benefits	4,122	9,991
Movement in employee benefits		
Opening balance	9,991	14,794
Additional provisions recognised	-	-
Amounts utilised during the year	(5,869)	(4,803)
Closing balance	4,122	9,991

Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 11. Provisions (continued)		
Current		
Annual leave	4,122	9,991
Long-service leave	-	-
	4,122	9,991
Non-current		
Long-service leave	-	-
	-	-
Total provisions	4,122	9,991

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 12. Tax balances		
(a) Tax assets		
Current		
Income tax receivable	-	1,483
	-	1,483
Non-current		
Deferred tax asset comprises:		
- tax losses carried forward	-	-
- Provisions	16,661	-
	16,661	-

Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 12. Tax balances (continued)		
(b) Tax liabilities		
Current		
Income tax payable	43,803	-
	27,142	-

Note 13. Share capital

780,111 Ordinary shares fully paid	780,111	780,111
Less: Equity raising costs	(20,540)	(20,540)
	759,571	759,571

Movements in share capital

Fully paid ordinary shares:		
At the beginning of the reporting period	780,111	780,111
Shares issued during the year	-	-
At the end of the reporting period	780,111	780,111

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.

Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 14. Retained earnings / (accumulated losses)		
Balance at the beginning of the reporting period	(101,907)	(112,250)
Profit/(loss) after income tax	102,208	49,348
Revaluation reserve	(1,450)	
Dividends paid	(39,005)	(39,005)
Balance at the end of the reporting period	(40,154)	(101,907)

Note 15. Statement of cash flows

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

As per the Statement of Financial Position	589,889	498,725
As per the Statement of CashFlow	589,889	498,725

(b) Reconciliation of cash flow from operations with profit after income tax

Profit / (loss) after income tax	102,208	49,348
Non cash flows in profit		
- Depreciation	13,909	16,958
- Amortisation	2,291	14,407
Changes in assets and liabilities		
- (Increase) decrease in receivables	(3,242)	5,057
- Increase (decrease) in payables	1,817	(644)
- Increase (decrease) in provisions	67,868	(6,600)
Net cash flows from/(used in) operating activities	184,851	78,526

Note 16. 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.

(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.

Notes to the financial statements (continued)

Note 16. Related party transactions (continued)

(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.

During the year, the company purchased goods and services under normal terms and conditions, from related parties as follows:

	\$
Advance Business Centres Accounting Services	\$12,000-

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

The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be \$0 for the year ended 30 June 2015. The estimated benefits per Director is as follows:

(d) Key management personnel shareholdings

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

	2015	2014
Trevor McFarlane	7,051	7,051
Janet McIntosh	36,551	36,551
Paul Madden	21,051	21,051
Bob Reinert	5,051	5,051
Lily Reinert	5,051	5,051
Margarette McFadyen	10,000	10,000

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 17. Events after the reporting period

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

Notes to the financial statements (continued)

Note 18. Contingent liabilities and contingent assets

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

Note 19. 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 Leopold, 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 20. Company details

The registered office is: Level 1, 50-58 Moorabool Street
Geelong VIC 3220

The principle place of business is: Shop 18, 621-659 Bellarine Highway
Leopold VIC 3224

	2015	2014
	\$	\$

Note 21. Earnings per share

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

Diluted earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

There were no options or preference shares on issue during the year.

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

Profit/(loss) after income tax expense	102,208	49,348
Weighted average number of ordinary shares for basic and diluted earnings per share	780,111	780,111

Note 22. Dividends paid or provided for on ordinary shares

Dividends paid or provided for during the year

Interim and/or final fully franked ordinary dividend of 5 cents per share (2014: 5cps) franked at the tax rate of 30% (2014: 30%).	39,005	39,005
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Notes to the financial statements (continued)

Note 23. 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	589,889	498,725
Trade and other receivables	7	60,114	64,839
Total financial assets		650,003	563,564
Financial liabilities			
Trade and other payables	10	22,460	20,643
Total financial liabilities		22,460	20,643

Financial risk management policies

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

Specific financial risk exposure and management

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

(a) Credit risk

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

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

Credit risk exposures

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

The company has 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.

Notes to the financial statements (continued)

Note 23. Financial risk management (continued)

(a) Credit risk (continued)

Credit risk exposures (continued)

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

	2015 \$	2014 \$
Cash and cash equivalents:		
A rated	589,889	498,725

(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.

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:

	Note	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
30 June 2015					
Financial liabilities due for payment					
Trade and other payables	10		-	-	-
Bank overdraft	11	- *	-	-	-
Loans and borrowings	11	-	-	-	-
Total expected outflows		-	-	-	-
Financial assets - cash flows realisable					
Cash and cash equivalents	6	589,889	589,889	-	-
Trade and other receivables	7	60,114	60,114	-	-
Total anticipated inflows		650,003	650,003	-	-
Net (outflow)/inflow on financial instruments		650,003 -	650,003	-	-

Notes to the financial statements (continued)

Note 23. Financial risk management (continued)

(b) Liquidity risk (continued)

30 June 2014	Note	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
Financial liabilities due for payment					
Trade and other payables	10	20,643	-	-	-
Total expected outflows		20,643	-	-	-
Financial assets - cash flows realisable					
Cash and cash equivalents	6	498,725	-	-	-
Trade and other receivables	7	64,839	-	-	-
Total anticipated inflows		563,564	-	-	-
Net (outflow)/inflow on financial instruments		542,921	-	-	-

(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.

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.

Notes to the financial statements (continued)

Note 23. Financial risk management (continued)

(c) Market risk (continued)

Sensitivity analysis (continued)

	Profit \$	Equity \$
Year ended 30 June 2015		
+/- 1% in interest rates (interest income)	-	-
	-	-
Year ended 30 June 2014		
+/- 1% in interest rates (interest income)	4,707	4,707
	4,707	4,707

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.

Directors' declaration

In accordance with a resolution of the Directors of Leopold Community Enterprises Limited, the Directors of the company declare that:

1. The financial statements and notes 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.



Trevor McFarlane
Director

Signed at Geelong on 15 September 2015.

Independent audit report

Mark SP Wilkinson
ABN 46 472 629 469
Registered Company Auditor

***INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LEOPOLD COMMUNITY ENTERPRISES LIMITED
ABN 39 133 061 800***

Report on the Financial Report

I have audited the accompanying financial report of Leopold Community Enterprises 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 consolidated entity comprising the company and the entities it controlled 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 me 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

My responsibility is to express an opinion on the financial report based on my audit. I have conducted my audit in accordance with Australian Auditing Standards. Those standards require that I 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.

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

Independence

In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*. I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Leopold Community Enterprises Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

Independent audit report (continued)

Mark SP Wilkinson
ABN 46 472 629 469
Registered Company Auditor

Auditor's Opinion

In my opinion:

- (a) the financial report of Leopold Community Enterprises 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.



Mark Stuart Pressland Wilkinson
Registered Company Auditor 4485
6 Kintyre Crescent
Leopold Victoria 3224

Dated: 11 September 2015

Liability limited by a scheme approved under Professional Standards Legislation.

6 Kintyre Crescent (PO Box 235)
Leopold 3224

Email: auditvalue@bigpond.com

Telephone: 0418 772 212
Facsimile: 03 5250 6294

Leopold **Community Bank**[®] Branch
Shop 18, Gateway Plaza,
621 Bellarine Highway, Leopold VIC 3224
Phone: (03) 5250 1057 Fax: (03) 5250 2604

Franchisee: Leopold Community Enterprises Limited
Shop 18, Gateway Plaza,
621 Bellarine Highway, Leopold VIC 3224
Phone: (03) 5250 1057
ABN: 39 133 061 800

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