Annual Report 2015

Manningham Community Enterprises Limited

ABN 69 101 174 270

Doncaster East **Community Bank**® Branch
Templestowe Village **Community Bank**® Branch

Contents

Chairman's report

For year ending 30 June 2015

The Doncaster East and Templestowe Village **Community Bank**® branches continue to make a huge difference to the Manningham community and now have significant partnerships with many sectors within our community, adding value to our shares.

This year, the focus for Manningham Community Enterprises Limited (MCEL) has been on consolidating our business volumes and managing our expenses to ensure that we are in a strong position to meet upcoming challenges. As such, it is essential that we continue to review our banking model in order to adequately reflect changing economics and consumer needs in an increasingly crowded banking and finance sector.

Business volumes

Combined business volumes (footings) of the two branches at 30 June 2015 were $301.7 million, which is 6.7 percent up on June 2014. This now represents over 11 years of continuous business growth in what is now a very competitive market.

Revenue

This has been a challenging year for our **Community Bank**® branches with increased competitive pressures, reduced operating margins and the 'Restore the Balance' program (designed to rebalance the revenue to the franchise model 50/50 share), all of which has resulted in Revenue of $1.978 million for the period compared to $2.012 million last year (down 1.7%).

Operating expenses

Expenses totaled $1.781 million compared with $1.944 million, which is effectively down 8.4 percent. However when these expenses are adjusted for Community Enterprise Foundation™ ($10,526) and community sponsorships (157,222) our operating expenses actually decreased by 0.5 percent.

Profit

Directors are pleased to announce a full year profit before tax of $197,141 (after tax of $131,200), which is up on last year's before tax profit of $67,881. It is important to note, however, that once our Community Enterprise Foundation™ contributions and community sponsorship investments are factored back in, our before tax profit was in fact down 7.2 percent on 2014.

Community Enterprise Foundation™ grants:

Once again, the highlight of our year continued to be the grants made to many community organisations through our Community Enterprise Foundation™. This year, we were delighted to provide some $136,453 to 13 local community groups and not-for-profit organisations at our grants presentation night held in June 2015.

Examples of the Community Strengthening Investments made that night include the continued support of four volunteer vehicles for Manningham Community Health Services, a volunteer vehicle and truck for Doncare and funds to Beverley Hills Junior Football Club to run a series of 'Social Responsibility Workshops' aimed at youths and young adolescent adults aged from 14 to 18 years old (we have provided some $46,000 to this program over the past five years).

Our Community Enterprise Foundation™ Fund also provided grants to the East Doncaster Cricket Club, Doncaster Rovers Soccer Club and the All Abilities Basket Ball Club to run sports programs for Onemda. It is interesting to note that over the past eleven years MCEL has invested over $350,000 into disability support programs in Manningham.

Chairman's report (continued)

This has brought the cumulative figure provided back to our community over the past 11 years to over $2.3 million.

My thanks go to the members of the Community Enterprise Foundation™ Committee, Chairman Ray Lord, Jim Christie, Ian Goldsmith and Heather Herbert who have the task of accessing the many submissions for funding and working through the selection process. Not an easy task.

Our staff

Our employees, led by Senior Manager, Paul Thompson and Branch Manager, Chris Cahir invest their time and energy into ensuring the success of our business, its customers, partners and the wider community. I would like to acknowledge these efforts on behalf of all Directors.

I would also like to acknowledge our Regional Manager Neville Wiles for his contribution to MCEL results this year.

Your Board

Further, I express my appreciation to your 2014/15 Board of Directors – Ian Goldsmith (VC), Catherine Ainsworth, Ray Barrington, Darren Bourke, Daryl Brown, Jim Christie, Rod Davitt, Heather Herbert, Ray Lord, Nicky White (Treasurer) and to our Company Secretary, Victoria Paouros.

In line with our succession planning process we also appointed Serah Van Haeften as an Officer to the Board.

During the year we saw the retirement of Erica Mounter from the Board. Erica was a major contributor to our MCEL business, having been there right from the original 'steering committee' days of the Doncaster East **Community Bank**® Branch. Her experience and council particularly in relation to the financial issues facing the business have been invaluable over the 11years.

It is also with regret that we have accepted the resignation of Heather Herbert who has decided not to nominate for re election at the 2015 Annual General Meeting. Heather was part of the original Steering Committee for the Templestowe Village **Community Bank**® Branch and has been instrumental in the development of MCEL's Youth Support Programs including the Manningham Youth Foundation and other Cultural Diversity Programs.

In short, I would like to express our thanks and appreciation for the constructive and valuable contributions that they have both made to the success of MCEL over recent years.

Sponsorship & Marketing Committee

This year has been a busy year for our Sponsorship & Marketing Committee under the Chairmanship of Darren Bourke. Due to the pressure on our income line we have in fact had fewer funds available for sponsorship support this year, however, Darren and Ray Lord have engaged well with the sporting organisations in Manningham to ensure they understand the **Community Bank**® model, that the funds only go where they appreciated and are well invested in community strengthening programs.

Human Resources Committee

We have seen this year further personal growth of the of the MCEL team. I would like to acknowledge the work of our management and the HR Committee of Catherine Ainsworth (Chair), Ray Barrington, Ray Lord, Nicky White and Paul Thompson for their efforts in developing policies and processes that have contributed to the excellent morale and personal development of our staff. The HR team has commenced a restructure of the business to ensure that we become more 'relationship' and less 'transaction' focused to meet the challenges of a changing banking market. Technology and the way in which customers wish to interact with the bank are driving this change.

Chairman's report (continued)

Governance Committee

In an ongoing process the Governance Committee in conjunction with the Board regularly review our MCEL Strategic Plan (2012-2017) to ensure its currency and relevance to our action plans. We also reviewed our Risk Management Register to ensure we were focused on the risks to the business and how we should mitigate them. We further decided to set up an Audit Sub-Committee to ensure the Board governance is appropriate.

Finance & Audit Committee

The Finance and Audit Committee has worked consistently this year to keep the Board informed. Thanks must go to Ian Goldsmith (Chair), Jim Christie, Ray Lord, Rod Davitt, Paul Thompson with special thanks going to our Treasurer Nicky White. Overall, we are confident that our Finance reporting processes are timely and accurate.

Youth Engagement Committee

Our Youth Engagement Committee have also been busy over the year. Heather Herbert has chaired this portfolio and we have continued with our Junior Observer Program. This program selects a number of students each year to 'sit on the Board' and is designed to help develop young people into future leaders and maybe even future Directors. This year Harry Comrie from Whitefriars College, Gzing Resuli and Annie Zhu from Doncaster Secondary College were selected for involvement in this initiative.

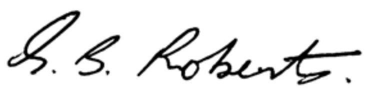
In addition to this program, Katherine Georgakopoulos our Youth Coordinator has established the Youth Foundation Manningham (YFM), which has been created by youth for youth within the City of Manningham and provides supportive environments where young people can initiate, develop and implement community projects that are focused on youth. While making a difference in the community, it also develops skills in leadership, planning, organising and decision-making.

The future

There is no doubt that there are challenges to be met in the years to come, but we are confident that the company is in good shape to meet these due to:

- Our staff, who are our real strength, continue to display real commitment to the **Community Bank**® model and are being constantly up skilled in managing relationships with customers and banking products.
- Our newly implemented structure to increase our capacity to capitalize on the business opportunities being presented.
- Our connections with community organisations and community support which are our point of difference. These partnerships enable us to develop deeper relationships with community partners to meet the banking needs of their members.

Thank you to our shareholders, customers and the local community for supporting your **Community Bank**® branches over the past year, there is no doubt that your continued support contributed to the success of the business and enabled us to provide significant funds to local community programs and projects.



Geoff Roberts
Chairman

Senior Manager's report

For year ending 30 June 2015

It has been an exciting though simultaneously challenging year. Yet, despite relatively difficult and extremely competitive market conditions, we continued to grow our business.

As at the end of the financial year, business under management of the Doncaster East and Templestowe Village **Community Bank**® branches totalled $301.6 million; representing a growth of $18.8 million. Further, total deposits of $170.8 million and lending of $130.8 million assisted in the maintenance of our excellent mix of business.

Importantly our customer base grew by 13% to 5,421 thus confirming the ongoing support of **Community Bank**® model.

The above results would not be possible without the following contributions of:

- Our staff: who I would like to name and recognise individually as they are a key driver of our business and of course, frontline for our customer service. To Chris Cahir, Lisa Jones, Catherine Dole, Kerryn Parkes, Emily McKaskill, Tina O'Shea, Dianne Smith, Elise Chan, Michelle Ellard, Lauren Bagala and Kim Nihill, a huge thank you for your personal and professional service at all times.
- Our Directors: who work tirelessly to support us through the provision of management assistance where challenges present themselves and with whom we enjoy a mutually beneficial working relationship.
- Our partnered staff from Bendigo and Adelaide Bank Limited: I wish to extend a huge thank you to Neville Wiles, Meagan Johnstone, Chris Haggarty and all other support staff for their efforts and dedicated assistance provided this financial year.

As I have noted in the past, our community is to be applauded for the manner in which they have so strongly supported our two **Community Bank**® branches as in doing so, they have allowed for the realisation of a wide range of community initiatives and have contributed to the fulfilment of customer and shareholder aspirations for our company.

It is essential that our branches continue to receive the banking business of the people who live and work in Manningham. For it is this backing that in turn translates to the strengthening of our community groups and clubs though our sponsorship and grant initiatives. However, it is equally important to note that despite providing excellent opportunities for our community, we continue to provide a full range of competitive banking, financial planning and insurance products to meet your needs and expectations.

I welcome the opportunity to engage with you, your family and friends to see how we can assist you with your banking needs.

Ultimately, one of our greatest strengths continues to be the very high level of customer service we provide across all areas of our business, which continues to yield high value referrals for new consumer and business customers who are looking for the **Community Bank**® model of doing banking.

I remain extremely proud to work for this organisation and more importantly the substantial contribution it makes to our community.

I once again implore you all to continue to play your part in the growth of our business by spreading the word about the very personal and professional banking service provided by both the Doncaster East and Templestowe Village **Community Bank**® branches in Manningham.

Paul Thompson
Senior Manager

Templestowe Village Manager's report

For year ending 30 June 2015

The Templestowe Village **Community Bank**® Branch turned five this year which gave us an opportunity to reflect on our journey. Undoubtedly the most important part of this journey has been the relationships we have formed at an organisational, community and personal level with our customers and community partners. In recognition of this important achievement - a full house of customers, staff, Directors and shareholders helped us celebrate the occasion at the Templestowe RSL, another important community partner.

The **Community Bank**® model and message is meaningless if it is not delivered by people who are passionate about what they do and have a genuine desire to make a difference. To this end, I would like to thank our branch staff, Michelle Ellard, Lauren Bagala, Kim Nihill and Emily McKaskill for their efforts this year in helping the branch to grow and maintain our position as an important part of the local community. We have had no staff turnover at Templestowe Village **Community Bank**® Branch in three years and this consistency helps in building our relationships.

Business growth for the year was mixed. With rates at historical lows, competition for deposits was strong and significant movements off the balance sheet in July meant we were on the back foot right from the start, finishing with negative growth for the year. Lending growth was strong in the first half of the year and quieter in the second half. Whilst the final lending result was short of budget, the loan book grew by 19% which is pleasing in the competitive environment we are in.

As always, thanks to the Board of Directors and Senior Manager, Paul Thompson, for their continued support of the Templestowe Village **Community Bank**® Branch, our community partners for promoting our products and services and most importantly our to customers with whom we engage with on a daily basis.

The more we grow, the greater our community input, tell your friends!

Chris Cahir
Branch Manager

Directors' report

For the financial year ended 30 June 2015

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

Directors

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

Geoffrey Bruce Roberts
Chairman
Occupation: Management Consultant/Investor
Geoff has had over thirty five years of experience in the manufacturing, distribution, clothing and footwear industries having worked as a Senior Marketing Executive with the McPherson Group of companies, Director and CEO roles with the Yakka Group and more recently with Oliver Footwear. Whilst in these roles also he sat on many Industry boards. He has significant community involvement with his work with Rotary International. His qualifications include a Graduate Diploma of Business studies and has attended many professional development programs over the years.
Interest in shares: 5,000

Ian Graham Goldsmith
Deputy Chairman
Occupation: General Manager Business Services
Ian has over 40 years experience in the hospital, aged care, ambulance and health insurance sectors in senior executive positions He is a certified practising accountant and is currently General Manager of business services for Alzheimer's Australia Vic. Ian is also Treasurer of the board of Mayfield Education, a private not for profit vocational education provider for the health and community services sector and he is also a very active member of the Rotary Club of Manningham.
Interest in shares: 12,500

Raymond Thomas Lord
Director
Occupation: Retired
Raymond has forty years experience in the sporting, community and service industries. He has significant community involvement with Horticultural Therapy, Community Radio, Children with Down Syndrome, Blind Sports Victoria, and other sporting clubs. His qualifications include a Graduate Diploma of Welfare Studies, Certificate of Business Studies (Administration & Management) and Justice of the Peace.
Interest in shares: 6,251

James Douglas Christie RFD
Director
Occupation: Business Consultant
James brings a wealth of experience from his former career, both in Australia and overseas, as a senior executive in the retail-banking sector. James also served as a Lieutenant Colonel in the Australian Army Reserve. He currently works as a consultant to Bendigo and Adelaide Bank Limited mentoring both new and established **Community Bank®** companies. He has served as an elected member of the **Community Bank®** Strategic Advisory Board and is also currently a Director of Principled Mortgage Investments Limited. He is a Member of the Australian Institute of Company Directors and a former Fellow of both the Australian Institute of Banking and Finance and the Australian Institute of Management.
Interest in shares: 25,001

Directors (continued)

Raymond Bruce Barrington
Director
Occupation: Retired
Raymond has had 10 years banking and finance experience in ES&A and ANZ Bank. He has a wealth of experience in small business having run the family business for 20 years. He has been a board member of the Manningham Centre for the past two years.
Interest in shares: 7,501

Daryl Lindsay George Brown
Director
Occupation: Accountant/Taxation Agent
Daryl has been in the finance industry all his working life. His experience includes corporate management in the manufacturing industry as well as has having his own Public Accounting Practice specializing in Small Business Development. The practice has been operating for 32 years. He is a Certified Practising Accountant, is a Director of a number of private companies and sits on the Board of a number of not-for-profit organisations. Daryl is very community minded and has been involved in many community projects through his Church, the Rotary Club of Manningham and MCEL. He is chairman of MCEL Special Projects Committee.
Interest in shares: 8000

Heather Elizabeth Herbert
Director
Occupation: Retired
Heather has lived in the Manningham area since 1965 when she and her husband, Lloyd, bought their first home. Heather has been married for 43 years and has three adult children and a granddaughter. For more than 25 years Heather was a member of Bulleen Tennis Club and was a committee member for 25 years where she held many different positions and represented the club on several district committees and the VTA Council. In February 2008 Heather was invited to join the Templestowe Village Steering Committee and has enjoyed all the challenges involved with helping to establish a **Community Bank®** branch at Templestowe at the end of 2009. She has also been a HR Officer at RMIT University, and holds a Trained Primary Teachers Certificate, Associate Diploma HR, Master of Applied Science (Innovation & Service Management), and has completed several short courses.
Interest in shares: 8,000

Nicola Christine White
Director
Occupation: Bookkeeper
Nicky and her family moved from South Africa to Australia at the end of 1997. She has been a resident of Manningham since her arrival in Australia. She has worked as a bookkeeper within the **Community Bank®** network for many years. Nicky is a registered BAS Agent and has a Certificate IV in bookkeeping.
Interest in shares: Nil

Darren William Bourke
Director
Occupation: National Print Media Manager - WA Freight
Darren has nearly 30 years experience in the transport industry having held senior Management positions with Concord Park Transport, Toll Express & currently is employed with the Silk Logistics Group WA Freight division as National Account & Operations Manager Print Media division. Darren has always been an active member within the City of Manningham and has held the role of club President for the past eight years at East Doncaster Cricket Club and was recently awarded the Manningham Citizen of the year for 2013. Over the past five years Darren has created a number of vital Community relationships within Manningham with Doncare, Onemda & Bulleen Heights Special Schools where he has engaged the community and provided much needed support to these organisations.

Interest in shares: Nil

Directors (continued)

Catherine Grace Victoria Ainsworth
Director
Occupation: General Manager
Catherine began her career as a veterinary surgeon but preferred a management career. Catherine has led both private and public sector businesses for more than 25 years in diverse industries including pharmaceuticals, agribusiness and biotechnology. Specific expertise includes strategic planning, marketing and corporate communication, stakeholder management and business development. Catherine has an MBA from the Melbourne Business School and is a Graduate of the Australian Institute of Company Directors. Catherine is an independent Director of Pony Club Australian and has lived in Manningham since 2009.
Interest in shares: Nil

Colin Roderick Davitt
Director (Appointed 28 February 2015)
Occupation: Business Consultant
Rod brings extensive expertise (which spans across a range of industries) to the MCEL Board. He holds specialist finance experience gained by working with a range of blue chip banking and insurance companies both locally and at an international level. Rod currently holds degrees in Business (Accounting) and Economics, is a Fellow of CPA Australia (FCPA) and is a graduate member of the Australian Institute of Company Directors (GAICD). Thus, this combined with his current roles on a number of other Boards, Rod holds a skill and knowledge base which encompass corporate governance, accounting, business & strategic planning as well as risk management.
Interest in shares: Nil

Erica Janice Mounter
Director (Resigned 28 February 2015)
Occupation: Accountant
Erica is a member of the Australian Society of Accountants. Having returned to study as a mature age student, Erica achieved a Bachelor of Business with an Accounting major. Erica is currently working part time and is also on the board of the Manningham Centre Association an Aged Care facility in Manningham.
Interest in shares: 17,001

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

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

Company Secretary

Victoria Paouros was elected Company Secretary of Manningham Community Enterprises Limited on 28 November 2013 after serving as Minute Secretary from August 2012 until November 2013. Victoria was one of the Board's inaugural Junior Observers in 2009 and is currently working towards her LLB (Hons) and a Diploma of Business. She has also completed a number of training courses since joining the Board, including: Certificate IV in Training and Education, Certificate in Governance Practice, Finance for Directors and Understanding the Role of Company Secretary.

Principal Activities

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

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

Operating results

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

Year ended 30 June 2015 $	Year ended 30 June 2014 $
131,200	48,994

Operating and financial review

Operations

Despite ongoing challenging market conditions during 2014/15 , the company increased its operating result from $67,881 to $197,141 Profit Before Income Tax. Revenue growth during the period remained static with a slight decrease from $2.126 million to $1.977 million primarily due to the reduction of Margin Income, Service Commission and Interest. Total expenses including charitable donations, sponsorships, advertising and promotion decreased by $163,148 or 8.4%. Combined business volume across the two branches increased over the previous year to $301.7 million or 6.7%. Doncaster East branch grew by $16.8 million with Templestowe Village branch showing a $2.1 million improvement on the previous year.

The ratio of deposits to loans is 53:47 compared to 55:45 in 2013/14 which continues to be a positive spread of business.

Financial Position

The company's Total Assets increased by $11,181 or 0.9% with profitability contributing to an improved Cash and Cash Equivalents of $105,668 or 18.2%. Depreciation and Amortisation on Plant and Equipment and Intangible Assets contributed to a reduction in Non-Current Assets of $57,905 or 11.7% Total Liabilities increased by $31,213 or 14.6% with an increase in Trade and Other Payables of $14,043 and Non-Current and Current Provisions increasing by $12,003. Total Equity reduced by $20,032 or 1.9% to $1,021,737 impacted by Accumulated Losses. During the year the company paid a fully franked dividend of 7 cents per share.

Drivers of Performance and Business Strategies

The results achieved in 2014/15 have been driven by a reduction in expenses, notably lower costs for donations, sponsorships and advertising as well as general administration expenses. The growth in Business Volume of $18.9 million continues to be driven by strong partnerships and relationships with local community groups such as Manningham Communith Health Services, Rotary, Onemda and a variety of sporting clubs. This also continues to increase our community visibility and brand awareness. Manningham Community Enterprises continues to strive to grow its market share in the Manningham area. The board has a very strong relationship with Bendigo and Adelaide Bank Limited and will continue to work with them to grow our customer base.

Remuneration report

Remuneration Policy

The remuneration policy of Manningham Community Enterprise Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the company's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the company, as well as create goal congruence between directors, executives and shareholders.

Remuneration report (continued)

Key Management Personnel Remuneration Policy

Key management personnel receive a base salary, superannuation and performance incentives.

The performance of key management personnel is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the company's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the board's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

Key management personnel also receive a superannuation guarantee contribution required by the government, which is currently 9.5%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement.

Employment agreements were entered into with key management personnel.

Remuneration Structure

All directors are independent non-executive directors and are paid directors' fees as disclosed below.

Non-executive director remuneration policy:

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive directors and regularly reviews the amount of fees paid, based on market practices, duties and accountability.

The maximum aggregate amount of fees that can be paid to non-executive directors requires approval by shareholders as required by the Corporations Act 2001 and NSX listing rules.

Fees for non-executive directors are not linked to the performance of the company.

Performance based remuneration

The company does not pay performance based remuneration to any director.

Company performance, shareholder wealth and directors' and executives' remuneration

The following table shows the gross revenue, profits and dividends for the last 8 years for the entity, as well as the share prices at the end of the respective financial years. Analysis of the actual figures shows excellent growth in revenue, increased payments to community groups and projects as well as consistent returns to shareholders. The improvement in the company's performance over the last 8 years has been reflected in the company's share price with an increase each year, with the exception of 2009 when the share price fell in line with the business valuation and subsequent bonus share issue. The Board is of the opinion that these results can be attributed, in part, to the previously described remuneration policy and is satisfied with the overall trend in shareholder wealth over the past 8 years.

Remuneration report (continued)

Company performance, shareholder wealth and directors' and executives' remuneration (continued)

	2015	2014	2013	2012	2011	2010	2009	2008
Revenue	1,977,970	2,011,655	2,126,374	2,053,008	1,896,071	1,481,080	1,197,210	1,010,886
Net profit	131,200	48,994	181,918	34,122	167,024	107,478	173,134	157,997
Share price at year end	0.65	0.70	0.90	0.90	1.00	0.85	0.90	1.00
Net dividend paid	151,232	194,441	194,441	172,837	108,023	71,501	71,501	68,251

Directors' remuneration

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

	$
Geoffrey Bruce Roberts	4,200
Raymond Thomas Lord	12,070
James Douglas Christie RFD	2,820
Raymond Bruce Barrington	2,820
Daryl Lindsay George Brown	2,820
Heather Elizabeth Herbert**	2,000
Ian Graham Goldsmith	2,820
Nicola Christine White	14,700
Darren William Bourke	2,820
Catherine Grace Victoria Ainsworth	2,820
Colin Roderick Davitt (Appointed 28 February 2015)	-
Erica Janice Mounter (Resigned 28 February 2015)*	-
	49,890

* Erica Janice Mounter was eligible to receive directors fees but elected not to receive payment
** Heather Elizabeth Herbert requested that a portion of her directors fees be used for community youth projects

Transactions with directors

Nicola Christine White performed bookkeeping services to the value of $11,880 (2014: $11,880).

Raymond Thomas Lord performed marketing services to the value of $9,250 (2014: $20,740).

Options issued as part of remuneration for the year ended 30 June 2015

No options have been issued as part of remuneration for the year ended 30 June 2015.

Employment Contracts of directors

There are no employment contracts for directors.

Remuneration report (continued)

Remuneration of Executives

Remuneration package paid to the Senior Manager of the company for the year ended 30 June 2015 was in the range $165,000 to $195,000 (2014: $150,000 to $180,000).

Community Bank® Directors' Privileges Package

The board has adopted the **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 **Community Bank**® branches at Doncaster East and Templestowe. There is no requirement to own BEN 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 total benefits received by the directors from the Directors' Privilege Package are $46 for the year ended 30 June 2015 (2014: $30).

For the year ended 30 June 2015, the directors received total benefits of:

	Amount ($)
Geoffrey Bruce Roberts	-
Raymond Thomas Lord	16
James Douglas Christie RFD	-
Raymond Bruce Barrington	-
Daryl Lindsay George Brown	-
Heather Elizabeth Herbert	-
Ian Graham Goldsmith	-
Nicola Christine White	30
Darren William Bourke	-
Catherine Grace Victoria Ainsworth	-
Colin Roderick Davitt (Appointed 28 February 2015)	-
Erica Janice Mounter (Resigned 16 February 2015)	-
Total	**46**

Directors' report (continued)

Remuneration report (continued)

Directors' shareholdings

	Balance at start of the year	Changes during the year	Balance at end of the year
Geoffrey Bruce Roberts	5,000	-	5,000
Raymond Thomas Lord	6,251	-	6,251
James Douglas Christie RFD	25,001	-	25,001
Raymond Bruce Barrington	7,501	-	7,501
Daryl Lindsay George Brown	8,000	-	8,000
Heather Elizabeth Herbert	7,000	1,000	8,000
Ian Graham Goldsmith	-	12,500	12,500
Nicola Christine White	-	-	-
Darren William Bourke	-	-	-
Catherine Grace Victoria Ainsworth	-	-	-
Colin Roderick Davitt (Appointed 28 February 2015)	-	-	-
Erica Janice Mounter (Resigned 28 February 2015)	17,001	-	17,001

Dividends

	Year ended 30 June 2015	
	Cents	$
Dividends paid in the year	7	151,232

Significant changes in the state of affairs

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Indemnification and insurance of directors and officers

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

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an auditor of the company or a related body corporate.

Directors' meetings

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

	Board Meetings Attended		Committee Meetings Attended													
			Finance		Human Resources		Marketing & Sponsorship		Community Enterprise Foundation™		Youth Engagement & Cultural Diversity		Council Liaison		Governance	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Geoffrey Bruce Roberts	11	9	3	3	3	1	10	6	6	6	-	-	6	5	3	2
Raymond Thomas Lord	11	9	3	2	-	-	10	8	6	6	-	-	6	4	3	1
James Douglas Christie RFD	11	10	3	1	-	-	-	-	6	6	-	-	-	-	3	3
Raymond Bruce Barrington	11	10	-	-	3	3	10	9	-	-	6	6	6	4	-	-
Daryl Lindsay George Brown	11	9	-	-	-	-	-	-	-	-	-	-	6	6	-	-
Heather Elizabeth Herbert	11	10	-	-	-	-	-	-	6	6	6	6	-	-	-	-
Ian Graham Goldsmith	11	9	3	3	-	-	-	-	6	5	-	-	-	-	-	-
Nicola Christine White	11	9	3	3	3	1	-	-	-	-	6	5	-	-	-	-
Darren William Bourke	11	9	-	-	-	-	10	9	-	-	-	-	-	-	-	-
Catherine Grace Victoria Ainsworth	11	9	-	-	3	3	-	-	-	-	-	-	-	-	3	3
Colin Roderick Davitt (Appointed 28 February 2015)	5	4	2	2	-	-	10	9	-	-	-	-	-	-	2	1
Erica Janice Mounter (Resigned 28 February 2015)	6	4	1	1	-	-	-	-	-	-	-	-	-	-	2	2

A - eligible to attend
B - number attended

Directors' report (continued)

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

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

Non audit services

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

The board of directors has considered the position, in accordance with the advice received from the finance committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

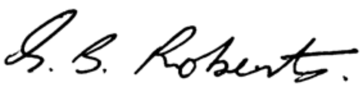
The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 17.

Signed in accordance with a resolution of the board of directors at Doncaster East, Victoria on 21 September 2015.



Geoffrey Bruce Roberts,
Chairman

Auditor's independence declaration

Partners in success

Chartered Accountants

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Manningham Community Enterprises Limited

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

i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550

David Hutchings
Lead Auditor

Dated: 21 September 2015

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

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

TAXATION • AUDIT • BUSINESS SERVICES • FINANCIAL PLANNING

Financial statements

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

	Note	2015 $	2014 $
Revenue from ordinary activities	4	1,977,970	2,011,655
Employee benefits expense		(961,944)	(964,253)
Charitable donations, sponsorship, advertising and promotion		(215,557)	(355,913)
Occupancy and associated costs		(260,242)	(246,813)
Systems costs		(81,242)	(83,910)
Depreciation and amortisation expense	5	(62,582)	(63,687)
Finance costs	5	(94)	(53)
General administration expenses		(199,168)	(229,145)
Profit before income tax expense		**197,141**	**67,881**
Income tax expense	6	(65,941)	(18,887)
Profit after income tax expense		**131,200**	**48,994**
Total comprehensive income for the year		**131,200**	**48,994**
Earnings per share for profit attributable to the ordinary shareholders of the company:		**¢**	**¢**
Basic earnings per share	21	6.07	2.27

The accompanying notes form part of these financial statements.

Balance Sheet
as at 30 June 2015

	Note	2015 $	2014 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	686,772	581,104
Trade and other receivables	8	144,027	170,089
Current tax asset	11	-	10,520
Total Current Assets		**830,799**	**761,713**
Non-Current Assets			
Property, plant and equipment	9	324,588	361,465
Intangible assets	10	69,798	95,180
Deferred tax asset	11	31,257	26,903
Financial assets		10,000	10,000
Total Non-Current Assets		**435,643**	**493,548**
Total Assets		**1,266,442**	**1,255,261**
LIABILITIES			
Current Liabilities			
Trade and other payables	12	127,908	113,865
Current tax liabilities	11	9,883	-
Provisions	13	90,894	85,727
Total Current Liabilities		**228,685**	**199,592**
Non-Current Liabilities			
Provisions	13	16,020	13,900
Total Non-Current Liabilities		**16,020**	**13,900**
Total Liabilities		**244,705**	**213,492**
Net Assets		**1,021,737**	**1,041,769**
Equity			
Issued capital	14	1,138,759	1,138,759
Accumulated losses	15	(117,022)	(96,990)
Total Equity		**1,021,737**	**1,041,769**

The accompanying notes form part of these financial statements.

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

	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2013	**1,138,759**	**48,457**	**1,187,216**
Total comprehensive income for the year	**-**	**48,994**	**48,994**
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(194,441)	(194,441)
Balance at 30 June 2014	**1,138,759**	**(96,990)**	**1,041,769**
Balance at 1 July 2014	**1,138,759**	**(96,990)**	**1,041,769**
Total comprehensive income for the year	**-**	**131,200**	**131,200**
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(151,232)	(151,232)
Balance at 30 June 2015	**1,138,759**	**(117,022)**	**1,021,737**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2015

	Note	2015 $	2014 $
Cash flows from operating activities			
Receipts from customers		2,186,881	2,096,615
Payments to suppliers and employees		(1,894,036)	(1,954,058)
Interest received		14,475	19,245
Interest paid		(94)	(53)
Income taxes paid		(49,892)	(54,506)
Net cash provided by operating activities	**16**	**257,334**	**107,243**
Cash flows from investing activities			
Payments for property, plant and equipment		(434)	(24,267)
Net cash provided by/(used in) investing activities		**(434)**	**(24,267)**
Cash flows from financing activities			
Dividends paid		(151,232)	(194,441)
Net cash provided by/(used in) financing activities		**(151,232)**	**(194,441)**
Net increase/(decrease) in cash held		**105,668**	**(111,465)**
Cash and cash equivalents at the beginning of the financial year		581,104	692,569
Cash and cash equivalents at the end of the financial year	**7(a)**	**686,772**	**581,104**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2015

Note 1. Summary of significant accounting policies

a) Basis of preparation

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

Compliance with IFRS

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

Critical accounting estimates

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

Historical cost convention

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

Comparative figures

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

Application of new and amended accounting standards

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

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

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Application of new and amended accounting standards (continued)

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

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

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Application of new and amended accounting standards (continued)

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

Economic dependency - Bendigo and Adelaide Bank Limited

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

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

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

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

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

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

- advice and assistance in relation to the design, layout and fit out of the **Community Bank**® branch
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations.

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

Note 1. Summary of significant accounting policies (continued)

b) Revenue

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

Revenue calculation

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

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

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

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

Core banking products

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

Margin

Margin is arrived at through the following calculation:

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

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

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

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Margin (continued)

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

Commission

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

Fee income

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

Ability to change financial return

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

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

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

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

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

Monitoring and changing financial return

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

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

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Monitoring and changing financial return (continued)

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

c) Income tax

Current tax

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

Deferred tax

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

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

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

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

Current and deferred tax for the period

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

d) Employee entitlements

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

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

e) Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet.

f) Trade receivables and payables

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

g) Property, plant and equipment

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

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

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

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

h) Intangibles

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

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

Note 1. Summary of significant accounting policies (continued)

i) Payment terms

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

j) Borrowings

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

k) Financial instruments

Recognition and initial measurement

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

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

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Classification and subsequent measurement

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(ii) Held-to-maturity investments

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

(iii) Available-for-sale financial assets

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

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

(iv) Financial liabilities

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

Note 1. Summary of significant accounting policies (continued)

k) Financial instruments (continued)

Impairment

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

l) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the company are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

m) Provisions

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

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

n) Contributed equity

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

o) Earnings per share

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

p) Goods and Services Tax

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

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

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

Note 2. Financial risk management

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

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

(i) Market risk

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

(ii) Price risk

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

(iii) Credit risk

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

(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

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

(vi) Capital management

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board of directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Balance Sheet.

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

The distribution limit is the greater of:

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

(b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the franchisee over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

Note 2. Financial risk management (continued)

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2015 can be seen in the Statement of Profit or Loss and Other Comprehensive Income.

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

Note 3. Critical accounting estimates and judgements

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

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

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

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

Taxation

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

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

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

Estimation of useful lives of assets

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

Note 3. Critical accounting estimates and judgements (continued)

Impairment of assets

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

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

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

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

Fair value measurement

Some of the company's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors determine the appropriate valuation techniques and inputs for fair value measurements.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

In estimating the fair value of an asset or a liability, the company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the company engages third party qualified valuers to perform the valuation.

	2015 $	2014 $

Note 4. Revenue from ordinary activities

	2015 $	2014 $
Operating activities:		
- services commissions	1,725,490	1,759,987
- other revenue	238,849	232,423
Total revenue from operating activities	**1,964,339**	**1,992,410**
Non-operating activities:		
- interest received	13,631	19,245
Total revenue from non-operating activities	**13,631**	**19,245**
Total revenues from ordinary activities	**1,977,970**	**2,011,655**

Note 5. Expenses

	2015 $	2014 $
Depreciation of non-current assets:		
- plant and equipment	11,081	12,799
- leasehold improvements	18,706	18,706
- motor vehicle	7,414	6,801
Amortisation of non-current assets:		
- franchise agreement	4,615	4,615
- franchise renewal fee	20,766	20,766
	62,582	**63,687**
Finance costs:		
- interest paid	**94**	**53**
Bad debts	**2,354**	**289**
Loss on disposal of asset	**110**	**6,367**

Note 6. Income tax expense

	2015 $	2014 $
The components of tax expense comprise:		
- Current tax	70,295	20,374
- Movement in deferred tax	(5,999)	(1,487)
- Adjustment to deferred tax to reflect change to tax rate in future periods	1,645	-
	65,941	**18,887**

	2015 $	2014 $
Note 6. Income tax expense (continued)		
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows		
Operating profit	197,141	67,881
Prima facie tax on profit from ordinary activities at 30%	59,142	20,365
Add tax effect of:		
- non-deductible expenses	5,154	-
- timing difference expenses	5,999	1,487
- other deductible expenses	-	(1,478)
	70,295	**20,374**
Movement in deferred tax	(5,999)	(1,487)
Adjustment to deferred tax to reflect change of tax rate in future periods	1,645	-
	65,941	**18,887**

Note 7. Cash and cash equivalents

Cash at bank and on hand	302,454	100,171
Term deposits	384,318	480,933
	686,772	**581,104**
Note 7.(a) Reconciliation to cash flow statement		
The above figures reconcile to the amount of cash shown in the Statement of Cash Flows at the end of the financial year as follows:		
Cash at bank and on hand	302,454	100,171
Term deposits	384,318	480,933
	686,772	**581,104**

Note 8. Trade and other receivables

Trade receivables	127,569	152,341
Prepayments	15,667	16,113
Other receivables and accruals	791	1,635
	144,027	**170,089**

	2015 $	2014 $

Note 9. Property, plant and equipment

	2015 $	2014 $
Leasehold improvements		
At cost	379,558	379,558
Less accumulated depreciation	(124,059)	(105,353)
	255,499	**274,205**
Plant and equipment		
At cost	156,974	156,962
Less accumulated depreciation	(111,631)	(100,862)
	45,343	**56,100**
Motor vehicles		
At cost	37,071	37,071
Less accumulated depreciation	(13,325)	(5,911)
	23,746	**31,160**
Total written down amount	**324,588**	**361,465**
Movements in carrying amounts:		
Leasehold improvements		
Carrying amount at beginning	274,205	292,911
Additions	-	-
Disposals	-	-
Less: depreciation expense	(18,706)	(18,706)
Carrying amount at end	**255,499**	**274,205**
Plant and equipment		
Carrying amount at beginning	56,100	65,338
Additions	434	3,071
Disposals	(422)	-
Less: depreciation expense	(10,769)	(12,309)
Carrying amount at end	**45,343**	**56,100**
Motor vehicles		
Carrying amount at beginning	31,160	23,621
Additions	-	2,427
Disposals	-	-
Less: depreciation expense	(7,414)	5,112
Carrying amount at end	**23,746**	**31,160**
Total written down amount	**324,588**	**361,465**

	2015 $	2014 $

Note 10. Intangible assets

	2015 $	2014 $
Franchise fee		
At cost	101,138	101,138
Less: accumulated amortisation	(88,448)	(83,833)
	12,690	**17,305**
Establishment fee		
At cost	46,063	46,063
Less: accumulated amortisation	(46,063)	(46,063)
	-	-
Renewal processing fee		
At cost	161,258	161,258
Less: accumulated amortisation	(104,150)	(83,383)
	57,108	**77,875**
Total written down amount	**69,798**	**95,180**

Note 11. Tax

	2015 $	2014 $
Current:		
Income tax payable/(refundable)	**9,883**	**(10,520)**
Non-Current:		
Deferred tax assets		
- accruals	1,012	2,339
- employee provisions	30,470	29,888
- tax losses carried forward		
	31,482	**32,227**
Deferred tax liability		
- accruals	225	491
- deductible prepayments	-	4,833
	225	**5,324**
Net deferred tax asset	**31,257**	**26,903**
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	**(4,354)**	**-**

Notes to the financial statements (continued)

	2015 $	2014 $
Note 12. Trade and other payables		
Trade creditors	74,481	54,751
Other creditors and accruals	53,427	59,114
	127,908	**113,865**

Note 13. Provisions

	2015 $	2014 $
Current:		
Provision for annual leave	46,652	44,864
Provision for long service leave	44,242	40,863
	90,894	**85,727**
Non-Current:		
Provision for long service leave	**16,020**	**13,900**

Note 14. Contributed equity

	2015 $	2014 $
2,160,461 ordinary shares fully paid (2014: 2,160,461)	1,185,461	1,185,461
Less: equity raising expenses Doncaster East	(22,075)	(22,075)
Less: equity raising expenses Templestowe	(24,627)	(24,627)
	1,138,759	**1,138,759**

Rights attached to shares

(a) Voting rights

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

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

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

Note 14. Contributed equity (continued)

Rights attached to shares (continued)

(b) Dividends

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

(c) Transfer

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

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

Prohibited shareholding interest

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

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 346. As at the date of this report, the company had 364 shareholders.

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

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

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

The National Stock Exchange (NSX) has advised that in its view the prohibited shareholding provisions are appropriate and equitable but the 'base number test' is not, as a result the base number clause does not operate whilst the company remains listed on the NSX.

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

	2015 $	2014 $

Note 15. Accumulated losses

	2015 $	2014 $
Balance at the beginning of the financial year	(96,990)	48,457
Net profit from ordinary activities after income tax	131,200	48,994
Dividends paid or provided for	(151,232)	(194,441)
Balance at the end of the financial year	**(117,022)**	**(96,990)**

Note 16. Statement of Cash Flows

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

	2015 $	2014 $
Profit from ordinary activities after income tax	131,200	48,994
Non cash items:		
- depreciation	37,201	38,306
- amortisation	25,381	25,381
- loss on disposal of asset	110	6,367
Changes in assets and liabilities:		
- (increase)/decrease in receivables	26,062	1,162
- (increase)/decrease in other assets	6,166	(12,007)
- increase/(decrease) in payables	14,044	20,439
- increase/(decrease) in provisions	7,287	2,303
- increase/(decrease) in current tax liabilities	9,883	(23,702)
Net cash flows provided by operating activities	**257,334**	**107,243**

Note 17. Leases

Operating lease commitments

	2015 $	2014 $
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments:		
- not later than 12 months	207,777	131,523
- between 12 months and 5 years	393,014	248,445
- greater than 5 years	-	-
	600,791	**379,968**

The property leases on both properties are both non-cancellable leases with a five-year term, with rent payable monthly in advance.

	2015 $	2014 $

Note 18. Auditor's remuneration

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

	2015 $	2014 $
- audit and review services	5,050	4,950
- share registry services	3,939	2,793
- non audit services	2,875	4,020
	11,864	**11,763**

Note 19. Director and related party disclosures

Key Management Personnel Remuneration

	2015 $	2014 $
Short-term employee benefits	28,760	42,750
	28,760	**42,750**

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

Transactions with Key Management Personnel

	2015 $	2014 $
Raymond Thomas Lord performed marketing and consultancy services to the value of	9,250	20,740
Nicola Christine White performed bookkeeping services to the value of	11,880	11,880

Note 20. Dividends paid or provided

	2015 $	2014 $
a. Dividends paid during the year		
Current year dividend		
100% (2014: 100%) franked dividend - 7 cents (2014: 9 cents) per share	**151,232**	**194,441**
The tax rate at which dividends have been franked is 30% (2014: 30%).		
b. Franking account balance		
Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	59,652	74,574
- franking credits/(debits) that will arise from payment/(refund) of income tax as at the end of the financial year	9,883	(10,520)
- franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	-	-
Franking credits available for future financial reporting periods:	**69,535**	**64,054**

	2015 $	2014 $

Note 20. Dividends paid or provided (continued)

b. Franking account balance (continued)

- franking debits that will arise from payment of dividends proposed or declared before the financial report was authorised for use but not recognised as a distribution to equity holders during the period	-	-
Net franking credits available	**69,535**	**64,054**

Note 21. Earnings per share

		2015 $	2014 $
(a)	Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	131,200	48,994
		Number	**Number**
(b)	Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	2,160,461	2,160,461

Note 22. Events occurring after the reporting date

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

Note 23. Contingent liabilities and contingent assets

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

Note 24. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank**® services in Doncaster East and Templestowe, Victoria pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 25. Registered office/Principal place of business

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

Registered Office	Principal Place of Business
900 - 902 Doncaster Road Doncaster East VIC 3109	900 - 902 Doncaster Road Doncaster East VIC 3109
	128 James Street Templestowe VIC 3106

Note 26. Financial instruments

Financial Instrument Composition and Maturity Analysis

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

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $	2015 %	2014 %
Financial assets												
Cash and cash equivalents	301,954	99,671	384,318	480,933	-	-	-	-	500	500	2.26	2.97
Receivables	-	-	-	-	-	-	-	-	127,569	152,341	N/A	N/A
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	74,481	54,751	N/A	N/A

Net Fair Values

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

Credit Risk

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

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

Interest Rate Risk

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

Sensitivity Analysis

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

Note 26. Financial instruments (continued)

Sensitivity Analysis (continued)

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

	2015 $	2014 $
Change in profit/(loss)		
Increase in interest rate by 1%	6,863	5,806
Decrease in interest rate by 1%	6,863	5,806
Change in equity		
Increase in interest rate by 1%	6,863	5,806
Decrease in interest rate by 1%	6,863	5,806

Directors' declaration

In accordance with a resolution of the directors of Manningham Community Enterprises Limited, we state that:

In the opinion of the directors:

(a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:

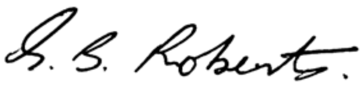
  (i) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and

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

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

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

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



Geoffrey Bruce Roberts,
Chairman

Signed on the 21st of September 2015.

Independent audit report

Partners in success

Chartered Accountants

Independent auditor's report to the members of Manningham Community Enterprises Limited

Report on the financial report

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

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making fair accounting estimates that are reasonable in the circumstances. In note 1, the directors also state in accordance with Accounting Standard AASB 101 Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

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

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

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

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

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Independence

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

Auditor's opinion on the financial report

In our opinion:

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

Report on the remuneration report

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

Auditor's opinion on the remuneration report

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

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550

David Hutchings
Lead Auditor

Dated: 21 September 2015

NSX report

Share information

In accordance with National Stock Exchange listing rules, the company provides the following information as at September 22 2015, which is within six weeks of this report being sent to shareholders.

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	54	$34, 207
1,001 to 5,000	201	$575,503
5,001 to 10,000	42	$336,250
10,001 to 100,000	67	$1,214,501
100,001 and over	0	0
Total shareholders	**364**	**$2,160,461**

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

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

There are 10 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.

The following table shows the 10 largest shareholders:

Shareholder	Number of fully paid shares held	Percentage of issued capital
Mr Richard Everritt Thorne	80,250	3.71%
Reloade Pty Ltd <Salmon Superfund A/C>	79,500	3.68%
Thomas Leigh Pty Ltd <The Waring Family Superannuation Fund>	67,751	3.14%
John Alexander Kent	37,500	1.74%
Winpar Holdings Limited	35,750	1.65%
Russell Breadmore & Lynne Breadmore <R & L Breadmore Superfund A/C>	35,000	1.62%
Northern Suburbs Secretarial Services Pty Ltd <Juleton A/C>	32,750	1.52%
Betty Mitchell	30,000	1.39%
Mr James Douglas Christie & Mrs Deborah Anne Christie <Christie Super Fund A/C>	25,000	1.16%
Judy Anne Tutty & Marcus James Tutty	25,000	1.16%
	448,501	**20.77%**

Registered office and principal administrative office

The registered office of the company is located at:
900 Doncaster Road
Doncaster East Victoria 3019
Telephone: (03) 9840 2028

The principal administrative office of the company is located at:
900 Doncaster Road
Doncaster East Victoria 3019
Telephone: (03) 9840 2028

Security register

The security register (share register) is kept at:
AFS & Associates
61-65 Bull Street
Bendigo Victoria 3550
Telephone: (03) 5443 5304

Company Secretary

Victoria Paouros was elected Company Secretary of Manningham Community Enterprises Limited on 28 November 2013 after serving as Minute Secretary from August 2012 until November 2013. Victoria is currently working towards her LLB (Hons) and a Diploma of Business. She has also completed a number of training courses including: Certificate IV in Training and Education, Certificate in Governance Practice, Finance for Directors and Understanding the Role of Company Secretary.

Corporate Governance

The company has implemented various corporate governance practices which include:

(a) The establishment of an audit committee. The membership of which is made up by Jim Christie, Rodd Davitt and Catherine Ainsworth;

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

(c) Ongoing Director training, representation at both State and National Conferences; and

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

Annexure 3A

There are no material differences between the information in the company's Annexure 3A and the information in the financial documents in its annual report.

5 Year summary of performance

	2011 $	2012 $	2013 $	2014 $	2015 $
Net profit before tax	249.2K	36.9K	261.5K	67.88K	197.14K
Total assets	1.453M	1.351M	1.402M	1.255M	1.266M
Total liabilities	114.4K	151.1K	214.4K	213.5K	244.7K
Total equity	1.338M	1.2M	1.187M	1.042M	1.021M

Doncaster East **Community Bank®** Branch
900 Doncaster Road, Doncaster East VIC 3109
Phone: (03) 9840 2028 Fax: (03) 9840 2162
www.bendigobank.com.au/doncaster_east

Templestowe Village **Community Bank®** Branch
128 James Street, Templestowe VIC 3106
Phone: (03) 9846 1455
www.bendigobank.com.au/templestowe-village

Franchisee: Manningham Community Enterprises Limited
900 Doncaster Road, Doncaster East VIC 3109
Phone: (03) 9840 2028
ABN: 69 101 174 270

(BMPAR15017) (07/15)

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