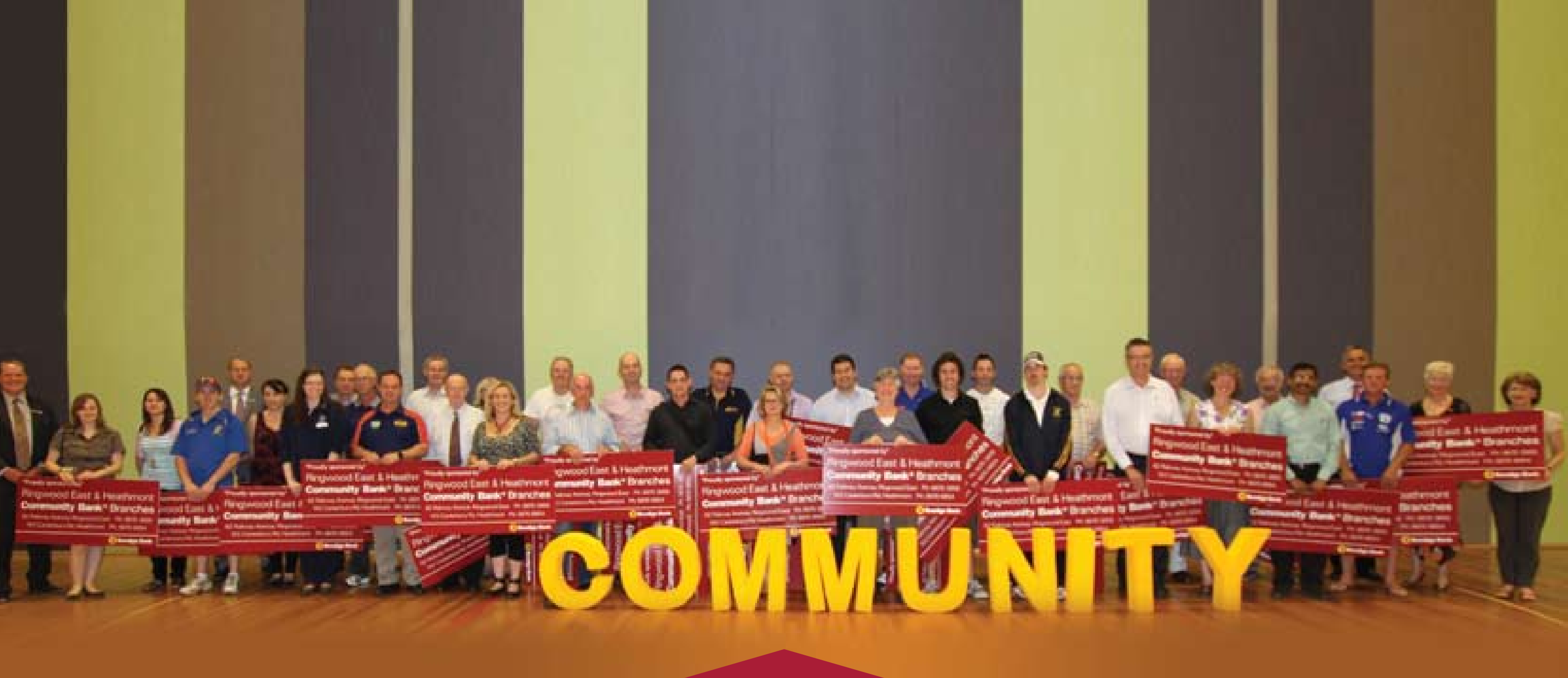

Annual Report 2014

Maroondah Community Enterprises Limited

ABN 91 103 341 993

Ringwood East and Heathmont **Community Bank**® branches

Contents

Chairman's report

For year ending 30 June 2014

After our 10th Birthday celebrations last year I spoke about all the highlights that we have been involved with; however we can continue to break new ground and be involved in so many special projects around our great community.

We officially open our Community Hub on 11 February 2014. We had over 170 people attend the evening. We thank Russell Jenkins, Robert Musgrove, Marisa Dickins, and Grant Lancashire who represented Bendigo and Adelaide Bank. We also had great support from our local councillors, local member for Kilsyth David Hodgett, and the new member for Mitcham Dee Ryall. The Community Hub initiative is the first of its kind in Australia. In 2009 we held a Community Forum to discuss what our Community Groups were looking for from us a **Community Bank**® branch and how we could help make those ideas a reality. Over 45% of community groups needed a premises where they could hold meetings, information sessions etc. As a Board we had been using the Boardroom of our Treasurer for nearly 10 years and in the long term we knew that this was not going to be available to us forever. We also spoke about incorporating a coffee shop into the scope so it gave the community a place to enjoy a cup of coffee, catch up with friends whilst doing their banking.

The Community Hub is now used at least 18 times a month. The coffee shop owners are extremely happy with the feedback and volume of people that are coming through the door and as a Board the purchase of this freehold is returning a dividend to us with increased business.

The Ringwood East **Community Bank**® Branch won five awards at the end of last year including branch of the year for the Region. Another huge honour for the Board was this year was to be inducted into the Hall of Fame at the **Community Bank**® National Conference that was held in Darwin this September. There are now over 310 **Community Bank**® branches in Australia and to be recognised by Bendigo and Adelaide Bank for the hard work we have done over the years was a huge honour. Congratulations once again to our shareholders, customers, community groups, staff and Board members, as without their continue support of the **Community Bank**® model these accolades would not have be achievable.

I will contain myself to reporting on the **Community Bank**® company's performance and allow Colin Sharpe and Gary Johnson to report on their branches' performance, and thank the staff of East Ringwood and Heathmont **Community Bank**® branches as well as introduce the new staff. I am pleased to report your **Community Bank**® company has increased the business on our books to $270 million. The banking industry landscape is one of low credit growth, while Bendigo and Adelaide Bank's network lending continued to out lend the banking system. At the same time consumer confidence improves which is encouraging. Customers have ranked Bendigo and Adelaide Bank highest on banking satisfaction surveys which is recognition of the high level of customer service and gives us a great base to grow our existing strong relationships.

Other highlights of the year include our strengthening relationship with Maroondah City Council by way of our long term financial commitment to the Aquanation Centre. This development is well underway and is on track to open in November 2015. All of our Community investments and activities can be viewed at our website www.maroondahcommunity.com.au

Chairman's report (continued)

I would like to acknowledge the hard work and efforts of the Board and committees. During the year we had two resignations from Board members, Paul Conway and Geoff Secker. I would like to thank both of these gentleman for their services and wish them all the very best in the future. I would like to welcome and thank Olivia McGannon to the Marketing and Communications Committee and Jeremy Graham on our HR committee; their youthful enthusiasm, skills and talents are greatly appreciated.

We find ourselves in a strong financial position that enables us to carefully plan our next phase of growth and community investment programs. We look forward to updating you on a regular basis on our progress.

Stuart Greig
Chairman

Ringwood East Manager's report

For year ending 30 June 2014

The branch has now entered its 12th year of operation and continues to grow in both customer numbers and footings. I can't believe the year has gone so quick after starting with Ringwood East **Community Bank®** Branch on 22 July last year so much has happened, it has been both a challenging and rewarding year. The low interest rate market has been well received by borrowers but not so well by self funded retirees and term deposit holders.

On behalf of our customers and myself I want to thank our team of Katrina, Margaret, Maria, Sharon, Sheree, Sheridan, Tony and Tracey for their outstanding efforts and results. Our team meetings have identified that banking has changed over the years as more customers go on line and use ATMs. All staff over the past year have actively participated in workshops to enable us to meet the needs of today's customers with their significant and more complex in branch transactions and enquiries. The team are committed to ensuring we can look after all your banking needs whether that be business or consumer, we have all the products that the big four have.

Over the past year customer numbers have exceeded 4,600 and the business has grown to $190 million in size, this year we hope to break the $200 million mark. Total growth for the year was $5.357 million against a target of $20 million. Ringwood East **Community Bank®** Branch has been recognised as a leader in results of insurance and financial planning following on from last year's awards for financial planning referrals, Lending activity and branch of the year.

The Ringwood East community has been a great supporter of the branch and the staff over the years and we thank you for this.

The highlight, and why I joined Ringwood East **Community Bank®** Branch, has been the involvement and contribution we make to the local community. The branch has supported a lot of community groups and raised funds for many causes throughout the year including having morning teas in the branch which has raised much needed funds for worthy causes. Through the BBQ trailer we have assisted groups to also raise their own funds.

We have also seen a huge increase in the amount of community groups using the Community Hub with most months having over 20 groups making use of the facilities on offer.

Colin Sharpe
Ringwood East Branch Manager

Heathmont Manager's report

For year ending 30 June 2014

Thank you to the customers of the Heathmont **Community Bank**® Branch for their support during for the financial year 2013/14. We have a dedicated team who continue to help our customers achieve their goals and I would like to thank each and every one of the staff who has worked at the Heathmont **Community Bank**® Branch during this time. In August 2013 we welcomed back our Customer Relationship Manager, Annette Parry from maternity leave. We were also pleased to congratulate one of our Customer Service Officers, Toni Van Ree on the birth of her second child during the year.

Our team of Annette, Faye, Ann, Angela, Michelle, Toni, Sharon and I are committed to service the banking and community needs of the Heathmont people and I encourage our local community to continue to utilise the services our branch provides. Our branch provides a comprehensive range of quality products including insurance, wealth and loans. Our focus at the branch is to find solutions for our customers and to assist them in achieving their financial goals and we do this by building a relationship with them and matching specific products to their specific needs.

The final business growth achieved by the branch for the end of financial year was $8.8 million and we have set our growth target for the new financial year at a challenging $12 million. We have implemented some key business strategies to achieve this target and as a group we are ready for the challenge.

On a personal level my highlight for the year was implementing and overseeing a comprehensive customer service survey and sales training program for all of our staff towards the end of 2013. This was a good foundation for the staff to work together and sharpen their focus on being well connected to our customers. At the start of 2014 the Bendigo and Adelaide Bank implemented a training program called "Being Bigger and Better" for all staff and have followed up with an advertising campaign under the banner **Bigger than a bank**. I believe the sharpened focus and skills for our staff to connect with our customers is going to enable continued success at Heathmont **Community Bank**® Branch.

I would like to thank our Chairman, Stuart Greig and all of the Directors and members of our committees for their support of the branch and also to our shareholders, customers and community groups for their partnerships. The Heathmont community is a vibrant one with many different clubs, groups, schools and kindergartens which we hope to continue to work with as we know that these organisations are the lifeblood of the community. I encourage members of all the different sports clubs and school communities to choose Heathmont **Community Bank**® Branch when it comes to their banking needs. I believe Heathmont is a unique area that includes an excellent shopping strip, a wonderful sports precinct around H.E. Parker Reserve with many schools and services available.

Gary Johnson
Heathmont Branch Manager

Directors' report

For the financial year ended 30 June 2014

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

Directors

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

Stuart Robert Greig
Chairman
Occupation: Estate Agent and Property Developer
Qualifications, experience and expertise: Stuart has been the Chairman of the company since inception and is actively involved in community activities including the Ringwood East Traders Association
Major Projects and Human Resources Committee
Interest in shares: 4,002

Christopher Henry Monaghan
Deputy Chairman
Business Advisor
Qualifications, experience and expertise: Chris has his own Business Advisory company located in Mooroolbark. He is secretary of the Mt. Evelyn Chamber of Commerce and is a Director of Apseed Foundation.
Special responsibilities: Chair of Human Resources Committee
Interest in shares: 500

Neville Keith Walker
Treasurer and Secretary
Occupation: Chartered Accountant
Qualifications, experience and expertise: Neville is Chartered Accountant, Registered Tax Agent and Registered Company Auditor. He has previously been a Board member of a Cricket Club, School Council and a Community Health Service.
Special responsibilities: Member of Audit Committee
Interest in shares: 20,002

William Pirie Sutherland
Occupation: Financial Controller
Qualifications, experience and expertise: Bill is currently a Financial Controller having previously been in banking for 29 years and a retail owner for 13.5 years. He has been involved in both local Lions and Rotary Clubs for 17 years.
Special responsibilities: Audit, Special Projects and Croydon Steering Committee
Interest in shares: 25,502

Maxwell Ernest Vincent
Director
Occupation: Retired Businessman
Qualifications, experience and expertise: Max ran a successful cabinet making business in Ringwood for over 30 years. He is a life member of the East Ringwood Football Club, a keen supporter and a local sporting identity.
Special responsibilities: Nominations Committee
Interest in shares: 120,000

Directors (continued)

Anthony Morris Hart
Director
Occupation: Company Director
Qualifications, experience and expertise: Tony was involved in banking at a senior level with National Australia Bank for 30 years. He is a member of the Ringwood Chamber of Commerce and the Heathmont Traders Association.
Special responsibilities: Nominations Committee
Interest in shares: 1,000

Craig John Broadbent
Director
Occupation: Chief Executive Officer
Qualifications, experience and expertise: Craig has previously been employed in the financial services industry both in a front office and IT role. He now has his own technology company focused on the financials services industry and holds a leadership role at his local Church.
Special responsibilities: Marketing and Communications Committee
Interest in shares: 0

Arthur Michael Corcoris
Director (Appointed 13 May 2014)
Occupation: Company Director
Qualifications, experience and expertise: Arthur was one of the founding directors of the company and has been involved in the local community for over 36 years through ownership of supermarket businesses. He also has served on a number of local community boards.
Special responsibilities: Major projects
Interest in shares: 80,002

Janet Ruth McGannon
Director (Resigned 13 November 2013)
Occupation: Management Consultant
Qualifications, experience and expertise: Jan has been a Ringwood East resident for over 20 years. She has been a Management Consultant with her own business for more than 14 years, with extensive experience working with Government in human resources, industrial relations and organisational development.
Special responsibilities: Former Chair of Human Resources
Interest in shares: 10,002

Paul Eugene Conway
Director (Resigned 2 December 2013)
Occupation: Accountant
Qualifications, experience and expertise: Paul is an accountant and holds Fellow status with CPA. He has over 36 years commercial, business and financial management experience with a number of listed entities in Australia and overseas.
Special responsibilities:
Interest in shares: 0

Directors (continued)

Geoffrey Edwin Secker OAM
Director (Resigned 14 March 2014)
Occupation: Self Employed Cabinet Maker
Qualifications, experience and expertise: Geoff is a current member of Heathmont Lions Club, Chair of the Portsea Children's Camp, Chair of the Lexi-Daisy Children's Trust and a life member of the Nunawading Apex Club.
Special responsibilities:
Interest in shares: 0

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

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

Company Secretary

The company secretary is Neville Keith Walker. He was appointed to the position of secretary on 10 January 2003.

Mr Walker is a Chartered Accountant, Registered Tax Agent and Registered Company Auditor. He has been a partner and director of an accountancy practice located in Ringwood East since 1981 and for 15 years prior to that was employed by several accounting practices both in Australia and Overseas.

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 2014 $	Year ended 30 June 2013 $
105,682	91,628

Remuneration Report

Key Management Personnel Remuneration Policy

There are currently no staff who are directly accountable and responsible for the strategic direction and operational management of the Company. This is primarily the board's role. As a result there are no Specified Executives that require disclosure of remuneration.

Director Remuneration Policy

Remuneration paid to the Directors is not based on Company performance, but rather seen as a means to cover expenses incurred by the Directors as they carry out their duties to the Company. The shareholders agreed at the 2013 Annual General Meeting that the Board be authorised to pay by way of remuneration to the non-executive appointed directors an amount not exceeding the sum of $30,000 in aggregate per annum for the financial year commencing on 1 July, 2013. Distribution amongst the said directors would be at the discretion of the board with payments to the directors to be made twice yearly, in arrears.

Remuneration Report (continued)

Director Remuneration Policy (continued)

Director Remuneration rates are detailed in the following table and in line with the Director remuneration policy:

		$
Chairperson		13,500
Board members pool		10,500
Committee Chairs	- Marketing	2,400
	- Human resources	1,800
Additional payments:	- Secretary	900
	- Treasurer	900
		30,000

For the year ended 30 June 2014 the directors received total remuneration including superannuation, as follows:

	2014 $	2013 $
Stuart Robert Greig	15,000	13,500
Christopher Henry Monaghan	4,150	3,567
Craig John Broadbent	3,227	1,167
Neville Keith Walker	2,650	2,967
William Pirie Sutherland	1,750	1,312
Janet Ruth McGannon	-	1,555
	26,777	**24,068**

The following directors were eligible but did not receive any directors remuneration for the financial year:

- Maxwell Ernest Vincent
- Anthony Morris Hart

Transactions with Directors

	2014 $	2013 $
Focus Financial Group Pty Ltd, a company associated with Neville Keith Walker supplied goods or services to the value of	14,050	13,700
S & S Properties Pty Ltd, a company associated with Stuart Robert Greig supplied goods or services to the value of	10,000	13,500
Chris Monaghan Consulting and Beaumont Advisory firms associated with Christopher Henry Monaghan supplied goods or services to the value of	-	2,000

Remuneration Report (continued)

Transactions with Directors (continued)

	2014 $	2013 $
Stonebridge Systems Pty Ltd a company associated with Craig John Broadbent supplied goods or services to the value of	200	4,439
Pauls IGA a company associate with Arthur Michael Corcoris supplied goods or services to the value of	4,369	-
AGS Systems a company associated with Geoffrey Edwin Secker OAM supplied goods or services to the value of	-	342

Directors' Shareholdings

	Balance at start of the year	Changes during the year	Balance at end of the year
Stuart Robert Greig	4,002	-	4,002
Christopher Henry Monaghan	500	-	500
Neville Keith Walker	20,002	-	20,002
William Pirie Sutherland	25,502	-	25,502
Maxwell Ernest Vincent	120,000		120,000
Anthony Morris Hart	1,000	-	1,000
Arthur Michael Corcoris	80,002		80,002
Janet Ruth McGannon	10,002	-	10,002

Dividends

	Year ended 30 June 2014	
	Cents	$
Final dividends recommended:	4.50	81,365
Dividends paid in the year:		
- As recommended in the prior year report	5.00	90,405

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. A campaign is currently being conducted into the feasability of opening a branch in the Croydon area.

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					
			Audit		Marketing		Human Resources	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Stuart Robert Greig	13	13	3	3	10	6	7	6
Christopher Henry Monaghan	13	13			1	1	9	9
Neville Keith Walker	13	12	3	3				
William Pirie Sutherland	13	11	3	3				
Maxwell Ernest Vincent	13	13						
Anthony Morris Hart	13	13						
Craig John Broadbent	13	11			10	10		
Arthur Michael Corcoris	2	2						
Janet Ruth McGannon	5	3					9	8
Paul Eugene Conway	6	5						
Geoffrey Edwin Secker OAM	10	5			6	3		

Directors' report (continued)

Proceedings on Behalf of the Company

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

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

Non Audit Services

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

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

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

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

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 13.

Signed in accordance with a resolution of the Board of Directors at Ringwood East, Victoria on 18 September 2014.

Stuart Robert Greig,
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 Maroondah Community Enterprises Limited

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550

David Hutchings
Lead Auditor

Dated: 18 September 2014

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

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TAXATION - AUDIT - BUSINESS SERVICES - FINANCIAL PLANNING

Financial statements

Statement of Comprehensive Income for the year ended 30 June 2014

	Note	2014 $	2013 $
Revenues from ordinary activities	4	2,113,575	2,282,908
Employee benefits expense		(1,128,296)	(1,001,387)
Charitable donations, sponsorship, advertising and promotion		(123,094)	(144,500)
Occupancy and associated costs		(94,483)	(80,795)
Systems costs		(38,213)	(38,213)
Depreciation and amortisation expense	5	(147,460)	(164,280)
Finance costs	5	(70,739)	(55,617)
General administration expenses		(327,169)	(550,652)
Profit before income tax (expense)/credit		**184,121**	**247,464**
Income tax expense	6	(78,439)	(155,836)
Profit after income tax (expense)/credit		**105,682**	**91,628**
Total comprehensive income for the year		**105,682**	**91,628**
Earnings per share for profit attributable to the ordinary shareholders of the company:		**¢**	**¢**
Basic earnings per share	22	5.84	5.07

The accompanying notes form part of these financial statements.

Balance Sheet
as at 30 June 2014

	Note	2014 $	2013 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	567,473	608,404
Trade and other receivables	8	215,498	226,721
Total Current Assets		**782,971**	**835,125**
Non-Current Assets			
Trade and other receivables	8	26,000	42,000
Property, plant and equipment	9	2,029,932	1,969,376
Intangible assets	10	126,204	78,137
Deferred tax assets	11	104,743	104,345
Total Non-Current Assets		**2,286,879**	**2,193,858**
Total Assets		**3,069,850**	**3,028,983**
LIABILITIES			
Current Liabilities			
Trade and other payables	12	76,069	147,041
Current tax liabilities	11	47,366	74,883
Borrowings	13	154,044	121,892
Provisions	14	189,501	201,105
Total Current Liabilities		**466,980**	**544,921**
Non-Current Liabilities			
Borrowings	13	1,081,515	984,708
Provisions	14	12,316	8,603
Total Non-Current Liabilities		**1,093,831**	**993,311**
Total Liabilities		**1,560,811**	**1,538,232**
Net Assets		**1,509,039**	**1,490,751**
Equity			
Issued capital	15	1,059,904	1,065,933
Retained earnings	16	449,135	424,818
Total Equity		**1,509,039**	**1,490,751**

The accompanying notes form part of these financial statements.

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

	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2012	**1,073,286**	**423,596**	**1,496,882**
Total comprehensive income for the year	**-**	**91,628**	**91,628**
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	(7,353)	-	(7,353)
Dividends provided for or paid	-	(90,406)	(90,406)
Balance at 30 June 2013	**1,065,933**	**424,818**	**1,490,751**
Balance at 1 July 2013	**1,065,933**	**424,818**	**1,490,751**
Total comprehensive income for the year	**-**	**105,682**	**105,682**
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	(6,029)	-	(6,029)
Dividends provided for or paid	-	(81,365)	(81,365)
Balance at 30 June 2014	**1,059,904**	**449,135**	**1,509,039**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2014

	Note	2014 $	2013 $
Cash Flows From Operating Activities			
Receipts from customers		2,310,839	2,484,718
Payments to suppliers and employees		(1,922,869)	(2,042,358)
Interest received		14,821	40,979
Rent received		-	2,742
Interest paid		(70,739)	(55,617)
Income taxes paid		(106,355)	(168,943)
Net cash provided by/(used in) operating activities	**17**	**225,697**	**261,521**
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(244,738)	(899,275)
Payments for intangible assets		(76,442)	(69,221)
Loans made		-	(60,000)
Loan repayments received		16,000	2,000
Net cash provided by/(used in) investing activities		**(305,180)**	**(1,026,496)**
Cash Flows From Financing Activities			
Proceeds from borrowings		192,209	525,000
Repayment of borrowings		(63,251)	(37,960)
Dividends paid		(90,406)	(99,446)
Net cash provided by/(used in) financing activities		**38,552**	**387,594**
Net increase/(decrease) in cash held		**(40,931)**	**(377,381)**
Cash and cash equivalents at the beginning of the financial year		608,404	985,785
Cash and cash equivalents at the end of the financial year	**7(a)**	**567,473**	**608,404**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

a) Basis of Preparation

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

Compliance with IFRS

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

Critical accounting estimates

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

Historical cost convention

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

Comparative figures

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

Adoption of new and amended Accounting Standards

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

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

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Adoption of new and amended accounting standards (continued)

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

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

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

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

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

Economic dependency - Bendigo and Adelaide Bank Limited

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

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.

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

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

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

b) Revenue

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

Revenue calculation

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

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

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

Note 1. Summary of significant accounting policies (continued)

c) Income Tax

Current tax

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

Deferred tax

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

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

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

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

Current and deferred tax for the period

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

d) Employee Entitlements

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

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

Note 1. Summary of significant accounting policies (continued)

e) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

f) Trade Receivables and Payables

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

g) Property, Plant and Equipment

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

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

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

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

h) Intangibles

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

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

i) Payment Terms

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

j) Borrowings

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

Note 1. Summary of significant accounting policies (continued)

k) Financial Instruments

Recognition and initial measurement

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

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

Derecognition

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

Classification and subsequent measurement

(i) Loans and receivables

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

(ii) Held-to-maturity investments

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

(iii) Financial liabilities

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

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

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.

Note 1. Summary of significant accounting policies (continued)

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.

Note 2. Financial Risk Management (continued)

(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.

(i) 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; and

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

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2014 can be seen in the statement of comprehensive income.

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

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.

Note 3. Critical Accounting Estimates and Judgements (continued)

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, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in corresponding credit or charge to the statement of comprehensive income.

Estimation of useful lives of assets

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

Impairment of assets

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

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

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

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

	2014 $	2013 $

Note 4. Revenue from Ordinary Activities

	2014 $	2013 $
Operating activities:		
- services commissions	2,098,820	2,231,276
- other revenue	-	15,483
Total revenue from operating activities	**2,098,820**	**2,246,759**
Non-operating activities:		
- interest received	14,755	33,407
- rental revenue	-	2,742
Total revenue from non-operating activities	**14,755**	**36,149**
Total revenues from ordinary activities	**2,113,575**	**2,282,908**

Note 5. Expenses

	2014 $	2013 $
Depreciation of non-current assets:		
- plant and equipment	71,183	47,690
- leasehold improvements	46,131	87,668
Amortisation of non-current assets:		
- borrowing expenses	1,772	1,204
- franchise agreement	4,340	4,008
- franchise renewal fee	24,034	23,710
	147,460	**164,280**
Finance costs:		
- interest paid	**70,739**	**55,617**
Bad debts	**4,867**	**6,559**

Note 6. Income Tax Expense/Credit

	2014 $	2013 $
The components of tax expense comprise:		
- Current tax	78,837	176,188
- Movement in deferred tax	(398)	(20,352)
- Under/(Over) provision of tax in the prior period		
	78,439	**155,836**

	Note	2014 $	2013 $
Note 6. Income Tax Expense/Credit (continued)			
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Operating profit		184,121	247,464
Prima facie tax on profit from ordinary activities at 30%		55,236	74,239
Add tax effect of:			
- non-deductible expenses		5,023	4,660
- timing difference expenses		18,680	100,925
- other deductible expenses		(102)	(3,636)
		78,837	**176,188**
Movement in deferred tax	11	(398)	(20,352)
Under/(Over) provision of income tax in the prior year		-	-
		78,439	**155,836**

Note 7. Cash and Cash Equivalents

		2014 $	2013 $
Cash at bank and on hand		293,610	345,094
Term deposits		273,863	263,310
		567,473	**608,404**
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		293,610	345,094
Term deposits		273,863	263,310
		567,473	**608,404**

Note 8. Trade and Other Receivables

		2014 $	2013 $
Trade receivables		172,505	174,529
Other receivables and accruals		8,823	3,548
Prepayments		18,170	32,644
Loans		16,000	16,000
		215,498	**226,721**
Non-Current			
Loans		**26,000**	**42,000**

Note 8. Trade and Other Receivables (continued)

During the 2013 year loans were provided by the company to allow commencement of a project to install five LED scoreboards at various sporting grounds around the region. The funds are to be reimbursed to the company by two organistaions, repayable as follows:

- $48,000 over 48 months, at $1,000 per month, commencing in May 2013.
- $12,000 over 36 months, at $333 per month, commencing in July 2013.

Neither loan attracts interest.

Note 9. Property, Plant and Equipment

	2014 $	2013 $
Land and buildings		
At cost	1,964,532	1,916,721
Less accumulated depreciation	(61,897)	(25,433)
	1,902,635	**1,891,288**
Plant and equipment		
At cost	220,353	90,294
Less accumulated depreciation	(93,866)	(66,986)
	126,487	**23,308**
Leasehold improvements		
At cost	397,887	397,887
Less accumulated depreciation	(397,887)	(351,756)
	-	**46,131**
Motor vehicles		
At cost	98,631	98,631
Less accumulated depreciation	(97,821)	(89,982)
	810	**8,649**
Total written down amount	**2,029,932**	**1,969,376**
Movements in carrying amounts:		
Land and buildings		
Carrying amount at beginning	1,891,288	950,579
Additions	47,812	966,142
Disposals	-	-
Less: depreciation expense	(36,465)	(25,433)
Carrying amount at end	**1,902,635**	**1,891,288**

	2014 $	2013 $
Note 9. Property, Plant and Equipment (continued)		
Plant and equipment		
Carrying amount at beginning	23,308	31,662
Additions	130,059	-
Disposals	-	-
Less: depreciation expense	(26,880)	(8,354)
Carrying amount at end	**126,487**	**23,308**
Leasehold improvements		
Carrying amount at beginning	46,131	133,799
Additions	-	-
Disposals	-	-
Less: depreciation expense	(46,131)	(87,668)
Carrying amount at end	**-**	**46,131**
Motor vehicles		
Carrying amount at beginning	8,649	22,553
Additions	-	-
Disposals	-	-
Less: depreciation expense	(7,839)	(13,904)
Carrying amount at end	**810**	**8,649**
Total written down amount	**2,029,932**	**1,969,376**

Note 10. Intangible Assets

	2014 $	2013 $
Franchise fee		
At cost	34,278	93,021
Less: accumulated amortisation	(13,244)	(80,387)
	21,034	**12,634**
Renewal processing fee		
At cost	191,385	185,109
Less: accumulated amortisation	(86,215)	(119,606)
	105,170	**65,503**
Total written down amount	**126,204**	**78,137**

Notes to the financial statements (continued)

	2014 $	2013 $

Note 11. Tax

	2014 $	2013 $
Current:		
Income tax payable	**47,366**	**74,883**
Non-Current:		
Deferred tax assets		
- employee provisions	36,121	35,723
- tax losses carried forward	68,622	68,622
	104,743	**104,345**
Net deferred tax asset	**104,743**	**104,345**
Movement in deferred tax charged to statement of comprehensive income	**(398)**	**20,350**

Note 12. Trade and Other Payables

	2014 $	2013 $
Trade creditors	15,322	38,660
Other creditors and accruals	60,747	108,381
	76,069	**147,041**

Note 13. Borrowings

	2014 $	2013 $
Current:		
Bank loans	154,044	121,892
	154,044	**121,892**
Non-Current:		
Bank loans	1,081,515	984,708
	1,081,515	**984,708**

There are 3 bank loans each repayable monthly with the final instalment due on 21 December 2026, 14 December 2032 and July 2033. Interest is recognised at an average rate of 6.02% (2013: 6.07%). The loans are secured by a fixed and floating charge over the company's assets.

	2014 $	2013 $

Note 14. Provisions

	2014 $	2013 $
Current:		
Provision for annual leave	46,169	55,427
Provision for long service leave	61,917	55,223
Provision for dividend	81,415	90,455
	189,501	**201,105**

	2014 $	2013 $

Note 14. Provisions (continued)

Non-Current:

Provision for long service leave	**12,316**	**8,603**

Note 15. Contributed Equity

1,808,118 Ordinary shares fully paid (2013: 1,808,118)	1,148,109	1,148,109
Less: equity raising expenses	(88,205)	(82,176)
	1,059,904	**1,065,933**

Rights attached to shares

(a) Voting rights

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

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

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

(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.

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").

Note 15. Contributed Equity (continued)

Prohibited shareholding interest (continued)

- 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 386. As at the date of this report, the company had 414 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.

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

	2014 $	2013 $
Note 16. Retained Earnings/Accumulated Losses		
Balance at the beginning of the financial year	424,818	423,596
Net profit from ordinary activities after income tax	105,682	91,628
Dividends paid or provided for	(81,365)	(90,406)
Balance at the end of the financial year	**449,135**	**424,818**

Note 17. Statement of Cash Flows

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

Profit from ordinary activities after income tax	105,682	91,628
Non cash items:		
- depreciation	117,314	136,562
- amortisation	30,146	27,718

	2014 $	2013 $
Note 17. Statement of Cash Flows (continued)		
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(72)	29,473
- (increase)/decrease in other assets	(8,598)	(24,222)
- increase/(decrease) in payables	7,593	(4,212)
- increase/(decrease) in provisions	1,149	(2,671)
- increase/(decrease) in current tax liabilities	(27,517)	7,245
Net cash flows provided by/(used in) operating activities	**225,697**	**261,521**

Note 18. Leases

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments		
- not later than 12 months	27,720	29,506
- between 12 months and 5 years	-	27,047
- greater than 5 years		
	27,720	**56,553**

The Heathmont branch lease is a non-cancellable lease and was renewed in May 2013 for two years, with options for an additional two terms. Rent payable monthly in advance.

	2014 $	2013 $
Note 19. Auditors' Remuneration		
Amounts received or due and receivable by the auditor of the company for:		
- audit and review services	4,600	4,950
- non audit services	400	1,100
	5,000	**6,050**

	2014 $	2013 $

Note 20. Director and Related Party Disclosures

Key Management Personnel Remuneration

	2014 $	2013 $
Short-term employee benefits	26,777	24,068
Post-employment benefits	-	-
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	26,777	**24,068**

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

Transactions with Key Management Personnel

	2014 $	2013 $
Focus Financial Group Pty Ltd, a company associated with Neville Keith Walker supplied goods or services to the value of	14,050	13,700
S & S Properties Pty Ltd, a company associated with Stuart Robert Greig supplied goods or services to the value of	10,000	13,500
Chris Monaghan Consulting and Beaumont Advisory firms associated with Christopher Henry Monaghan supplied goods or services to the value of	-	2,000
Stonebridge Systems Pty Ltd a company associated with Craig John Broadbent supplied goods or services to the value of	200	4,439
Pauls IGA a company associate with Arthur Michael Corcoris supplied goods or services to the value of	4,369	-
AGS Systems a company associated with Geoffrey Edwin Secker OAM supplied goods or services to the value of	-	342

Key Management Personnel Shareholdings

	2014	2013
Ordinary shares fully paid	261,010	261,010

Detailed shareholding disclosures are provided in the remuneration report, included as part of the Directors' Report.

	2014 $	2013 $

Note 21. Dividends Paid or Provided

	2014 $	2013 $
a. Dividends paid during the year		
Prior year proposed final		
100% (2013: 100%) franked dividend - 5 cents (2013: 5.5 cents) per share	**90,405**	**99,445**
b. Dividends proposed and recognised as a liability		
Current year final dividend		
100% (2013: 100%) franked dividend - 4.5 cents (2013: 5 cents) per share	**81,365**	**90,405**
The tax rate at which dividends have been franked is 30% (2013: 30%). Dividends proposed will be franked at a rate of 30% (2013: 30%).		
c. Franking account balance		
Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	500,910	433,300
- franking credits that will arise from payment of income tax payable as at the end of the financial year	47,366	74,883
- franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	(34,871)	(38,745)
Franking credits available for future financial reporting periods:	**513,405**	**469,438**
- 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	**513,405**	**469,438**

Note 22. Earnings Per Share

		2014 $	2013 $
(a)	Profit/(Loss) attributable to the ordinary equity holders of the company used in calculating earnings per share	105,682	91,628
		Number	**Number**
(b)	Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,808,118	1,808,118

Note 23. 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 24. 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 25. Segment Reporting

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

Note 26. 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**
Level1, 2 Railway Avenue Ringwood East Vic 3135	62 Railway Avenue Ringwood East Vic 3135

Note 27. Financial Instruments

Financial Instrument Composition and Maturity Analysis

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

Financial instrument	**Floating interest**		**Fixed interest rate maturing in**						**Non interest bearing**		**Weighted average**	
			1 year or less		**Over 1 to 5 years**		**Over 5 years**					
	2014 $	**2013 $**	**2014 $**	**2013 $**	**2014 $**	**2013 $**	**2014 $**	**2013 $**	**2014 $**	**2013 $**	**2014 %**	**2013 %**
Financial assets												
Cash and cash equivalents	567,473	608,404	-	-	-	-	-	-	-	-	2.51	4.19
Receivables	-	-	-	-	-	-	-	-	215,498	215,027	N/A	N/A
Financial Liabilities												
Interest bearing liabilities	1,235,559	1,106,600	-	-	-	-	-	-	-	-	6.02	6.07
Payables	-	-	-	-	-	-	-	-	76,070	68,478	N/A	N/A

Note 27. Financial Instruments (continued)

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.

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

	2014 $	2013 $
Change in profit/(loss)		
Increase in interest rate by 1%	-6,681	-4,982
Decrease in interest rate by 1%	-6,681	-4,982
Change in equity		
Increase in interest rate by 1%	-6,681	-4,982
Decrease in interest rate by 1%	-6,681	-4,982

Directors' declaration

In accordance with a resolution of the directors of Maroondah 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 2014 and of its performance for the financial year ended on that date; and

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

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

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

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

Stuart Robert Greig,
Chairman

Signed on 18 September 2014.

Partners in success

Chartered Accountants

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

Report on the financial report

We have audited the accompanying financial report of Maroondah Community Enterprises Limited, which comprises the balance sheet as at 30 June 2014, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

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

Auditor's responsibility

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 auditing 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 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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TAXATION • AUDIT • BUSINESS SERVICES • FINANCIAL PLANNING

Independent audit report (continued)

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 Maroondah 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 2014 and of its financial performance and its cash flows for the year then ended and complying with Australian Accounting Standards and the Corporations Regulations 2001.
2. The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. 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 Maroondah Community Enterprises Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550

David Hutchings
Lead Auditor

Dated: 18 September 2014

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