Annual Report 2014

Mt Evelyn & Districts Financial Services Limited

ABN 93 096 782 240

Mt Evelyn **Community Bank**® Branch
Montrose **Community Bank**® Branch

Contents

Chairman's report

For year ending 30 June 2014

I am delighted to present the 2014 Chairman's report for Mt Evelyn & Districts Financial Services Limited. This is our 12th year of operation and our 13th Annual Report.

Our values

Mt Evelyn & Districts Financial Services Limited. operates by the following values:

- Commitment to exceed customer expectations
- Products relevant to our respective customers' lifestyles and needs
- Being proud to be a regional and **Community Bank**® branch in building long-term relationships with our customers
- Maintaining public trust by always acting in an ethical manner
- Providing convenient access to our services
- Delivering "value" and ensuring equity and fairness in pricing
- Leading and empowering our staff to make a difference
- Contributing to the communities in which we operate.

Our vision

Mt Evelyn & Districts Financial Services Limited through its **Community Bank**® branch operations has continued to provide profits that underpin enterprise and encourage generational, shareholder and community support for banking services, which in turn will lead to enhanced community and work environments strengthened by ethical governance.

Our mission

We have focused on providing a level and breadth of banking services that build confidence and trust, thereby engaging the community to ensure long term sustainability and growth for the business, partnerships, community and shareholders. We have continued to achieve through excellence, equality, integrity, loyalty, respect and trust.

Our current position

There have been many achievements and also challenges as we endured another difficult year with a further cash rate drop by the RBA, making eight in succession since November 2011.

The low interest rates have made it enticing for borrowers to make extra payments on their home loans. Thus, some loans are being paid out sooner. This coupled with profit share adjustments from Bendigo and Adelaide Bank, due to the current banking environment, has presented a very challenging year for the branch teams and the Board.

This naturally has impacted on our profitability, and as operational costs are fixed and out of our control, we strategically and prudently monitored our sponsorship dollars, particularly in the second half of the financial year. Along with addressing the sponsorships with cut-backs, the Board also made a conscious decision not to offer a full scale Community Grant Program this year, but to look at any applications over the year on a "one-on-one" approach based on their merit.

Chairman's report (continued)

Notwithstanding this challenging banking environment, this forward-looking view from the Board has resulted in a before tax profit of $169,355 for the company and enabled us to pay a dividend to our shareholders this year.

The total business book has increased to $203.6 million representing an increase of $18.4 million or 9.9% on the previous year. The business written as a result of the Canterbury Gardens Campaign has contributed to this total. Mt Evelyn and Montrose **Community Bank**® branches have expanded their customer bases.

Montrose **Community Bank**® Branch is now showing a profit and is steadily busier on a daily basis with new account enquiries. Well done to all the staff at Montrose in getting the branch to this position.

Mt Evelyn **Community Bank**® Branch received an award that covered the Yarra Ranges' 15 branches for "The Branch with the Highest Lending for the Year". Congratulations to the team at Mt Evelyn.

Your Board is always diligent in monitoring the financial position of the company to ensure that we always have our shareholders' best interests foremost.

Directors

The Board is committed to the success of Mt Evelyn & Districts Financial Services Limited; ensuring that the company maintains the highest standards of governance and that our community engagement is strong with tangible outcomes. The Board is in excellent shape to deliver sound corporate governance, monitor risks, meet all fiduciary requirements and protect our shareholders' assets. Being always mindful of succession planning, the Board examines its size regularly to determine whether the number of Directors is appropriate.

The Board has undergone a renewal this year with two new appointments and one resignation. Jan Simmons resigned after a long standing tenure spanning over thirteen years. Jan, one of the inaugural Directors with the company's formation in 2001, is passionate about community prosperity and sustainability and had tremendous input into our Board on matters around community development, health, strength and learning. Jan will be missed, and we wish her every success in the next chapter of her life.

Laura Lilley joined the Board in December 2013 and brings experience in accounting procedures and financial reporting. Laura, a qualified Chartered Accountant, lives locally with her husband and two children. Laura currently works as a Management Accountant for a national organisation, also assisting her husband in running their family's electrical contract business. Over the years Laura has been involved in many community groups, from tennis, basketball and scouts during her formative years, and continues this involvement through her own family's activities today.

Terry Marshall has headed up the Canterbury Gardens Campaign Steering Committee as Chairman since March 2013 and was invited to join the Board in August 2014. Terry lives locally to Canterbury Gardens and after working for 34 years as a Sales Representative, is now semi-retired. Terry believes in strong communities and enjoys making a real contribution. Terry is the current President of The Basin Wildcats Basketball Club and has a strong understanding of working in a team environment.

We welcome both Laura and Terry to the Board and look forward to their valued contribution.

The Board is very satisfied that these two new appointments meet with our strategy and vision of the Board structure and criteria recognised in our Board Succession Plan.

I would like to acknowledge my Board colleagues, for their wise counsel and collegiate approach to bring a diverse range of skills to the Board table. Sincere thanks to Margi Sank for her punctilious work with the financial reporting, secretarial duties and compliance obligations, Gai Williams for her wonderful support as Deputy Chairman, Jan Simmons, Craig Keithley, Gareth Little-Hales, Iain Fraser, Laura Lilley and Terry Marshall for their outstanding and constructive contribution. The Directors' passion is strong and unyielding. The Board is committed to overseeing the operations and strategic direction of the company with deliberation and thoroughness.

The branch team

Firstly on behalf of the Board, a great deal of praise must be heaped upon the management and staff headed by Senior Manager David Watt. Along with Mt Evelyn **Community Bank**® Branch Manager Leanne Vaytauer, their efforts in battening down and ensuring, that although we didn't meet budget forecasts this year, we did manage to make a profit, notwithstanding market conditions. David has spearheaded his team with exceptional leadership to make certain that "no stone was left unturned" to meet the needs of our customers by the delivery of exemplary customer service from the staff. Thank you David for your dedication and the contribution you continue to deliver.

Leanne Vaytauer is doing an outstanding job managing the day to day operations at Mt Evelyn **Community Bank**® Branch. Leanne is a tremendous support for David and has been integral in the growth of the Mt Evelyn **Community Bank**® Branch. The aforementioned 'Branch Award' is testament to the outstanding leadership by Leanne of the branch team. Outside of banking hours, Leanne is also enjoying being actively engaged with our community partners and is a valued executive member on various committees. Our sincere gratitude and thanks to Leanne in all your efforts.

During the year we saw the retirement of Sue Nightingale after seven exceptional years of service, and the resignation of Shirleen Petty and Teresa Orth. We thank them for their outstanding work during their time with the **Community Bank**® company and wish them all the best for their respective futures.

I am delighted say that we have employed Karen Butler and Dawn Pierce as Customer Service Officers. Karyn had previously worked at Wandin **Community Bank**® Branch and Dawn, a local resident, also brings a vast experience in banking. Both Karyn and Dawn have settled in extremely well. We welcome them to the team.

Under David Watt's counsel, the Board has acknowledged that with Montrose **Community Bank**® Branch increasingly becoming busier with enquiries, that the need to re-address a Manager position is considered. It was discussed that Ann Peters be appointed as Branch Manager at Montrose in the coming months. Ann would be re-located from Mt Evelyn **Community Bank**® Branch, where she currently holds the position of Customer Relationship Manager. Ann has previous experience in a Managerial role, having held the Manager's position at the corporate branch of Bendigo and Adelaide Bank in Lilydale. Ann has a wealth of experience in lending, both in personal and commercial banking spheres and also enjoys being involved in working with the community. The Board is confident that Ann will take on the role with enthusiasm and vigour.

I would like to acknowledge the amazing and dedicated frontline team, who continue to make us proud of the exemplary service that they deliver on a daily basis. To Sandra, Kaye, Sue, Lynne, Janet, Sharon, Bernadette, Karyn and Dawn. Our sincere thanks and appreciation to all.

Special thanks and appreciation also to Bev and Jan for their personal assistance and support to David and Leanne.

Also, to Melissa and Kevin in their respective supervisory roles at Mt Evelyn and Montrose. Their input into over-seeing that operations at the branches go seamlessly, along with their care and attention to our customers' needs is valued and much appreciated. Thank you to you both.

We believe that the importance of face-to-face banking is still relevant today, despite the availability of on-line banking. Our friendly staff is there to assist you with all your banking needs.

Canterbury Gardens

As reported in last year's Annual Report and covered during the 2013 Annual General Meeting. We are continuing to explore the banking potential of the Canterbury Gardens catchment area, covering Bayswater North, The Basin, Kilsyth and Kilsyth South.

First and foremost, I would like to acknowledge the hard work put in by the Steering Committee, who give up generously of their time to attend meetings and community events to spread the word about what a **Community Bank**® branch would mean for the Canterbury Gardens area. The Committee is passionate and committed to bring "good old fashioned" banking services back to the precinct and understands the benefits that the community would receive. Thank you all for your tireless work and dedication to the task at hand.

Chairman's report (continued)

The Board has not made the decision to explore the opening of a third site at Canterbury Gardens lightly and has made an assessment of risks associated with the expansion. Our rationale behind the proposal is based on awareness of the Canterbury Road corridor banking potential that was made evident to us during our Montrose campaign; plus the opportunity to bring convenient retail banking back to a densely populated and strong industrial area, very much in need of banking facilities.

Through research and analysis, we have ascertained that the banking potential catchment area is at least as large as that of Mt Evelyn or Montrose **Community Bank**® branches. The demographics of the area are also very similar to those of Montrose **Community Bank**® Branch.

Prior to beginning a campaign, we already had a significant amount of business and support from the area. On top of that, we have written $6 million of new business through the campaign, along with receiving $102,500 in pledges from the community. We have received tremendous support from the local Community Houses, Club Kilsyth, schools and sporting clubs. They have generously offered us the opportunity to have a presence at their various events and to address their groups, where appropriate.

Bendigo and Adelaide Bank has recently installed our ATM within the proposed branch site. To date, the ATM usage is proving to be very encouraging, with the majority of cards used being foreign. This supports our belief that there is a great deal of untapped banking potential within the area.

When we have met the required campaign targets in line with Bendigo and Adelaide Bank's criteria for a new branch, we will prepare a feasibility study for you, our shareholders, to enable you to make an informed decision on a third site for our company.

I would like to acknowledge our Community Strengthening Managers, Adam Rimington and Grant Lancashire for their guidance and support in the Canterbury Gardens Campaign. As Bendigo and Adelaide Bank's representatives for new site developments, Adam and Grant have given us great encouragement and advice to assist us with driving the Campaign forward. Thank you Adam and Grant for your all your support.

Bendigo and Adelaide Bank

- Our partner's focus on profitable growth through writing quality business is evident in the profit result and overall credit performance this year. The consolidated profit of the Group after providing for income tax amounted to $372.3 million, an increase of 5.7% on the 2013 result of $352.3 million. The group has maintained their industry credit rating of A-.
- Bendigo Bank has been named one of Australia's Most Trusted Brands in the 2014 Reader's Digest awards.
- Successful national media campaign **Bigger than a bank** was launched in May, highlighting that Bendigo and Adelaide Bank, through its **Community Bank**® network delivers more to their communities than just quality banking services.
- The acquisition of the business and assets of Rural Finance Corporation of Victoria ("Rural Finance") was successfully completed on 1 July 2014.
- In 2014, the 305th **Community Bank**® branch was welcomed to the network. Hundreds of communities across Australia have now benefitted from more than $122 million in funding, with more than $23 million alone returned in this financial year.
- Also during the year Bendigo and Adelaide Bank released a new state-of-the-art consumer friendly web site, making it much easier for customers to do their banking on-line.
- The Bank announced a number of new cutting-edge and innovative customer focused mobile internet based technologies that also will also make it easier for customers.
- Yarra Ranges Regional Office – I would like to thank both our former and newly appointed Regional Managers, Mark Nolan and Natalie Goold respectively. Your support, assistance and guidance on matters regarding branch operations and Board related matters is very much valued and appreciated by the Board.

- I would also like to acknowledge and thank the team at the State Support Centre for all their help throughout the year.

Sponsorships and grants

Sponsorship is an important part of our support of our communities. Put simply, our sponsorships seek to strengthen community connections, encourage creative and innovative thinking, interaction and participation, solve a problem or build skills. We have carefully examined the placement and level of our community investment this year.

Our sponsorship dollar goes to a wide and varied range of extremely worthwhile projects and initiatives. Without our support, some of the many organisations would struggle to exist, or simply not be able to do the things that they do. The reciprocal benefits of these relationships are immeasurable.

This year we have sponsored local organisations, clubs, groups and the youth with just over $183,000.

Montrose **Community Bank**® Branch is being recognised for its community involvement and is receiving great support from the local clubs and organisations. This year Montrose **Community Bank**® Branch was proud to be a sponsor of the installation of new "all ability" equipment at the Montrose Community Playground, along with a mock-up Bendigo Bank ATM in the "play shops" area of the playground. The branch is currently working with the Montrose Traders Group and the Montrose Men's' Shed on the sponsorship of a Community Notice Board for the town.

The Yarra Ranges **Community Bank**® branches have continued with joint marketing collaborations this year. Some of these are, the Yarra Valley Mountain Districts Football Netball League, the Yarra Valley Umpires Association, TRIP (a Teenage Road Information Program), the Upper Yarra Primary Schools Sports Association and Camp Awakenings (a Rotary assisted personal development camp for Year 9 students from our region).

The addition of contributions during the 2014 financial year brings the total contributions to the local community from our company to just over $1.8 million. A truly outstanding achievement!

These are some of the many organisations and initiatives we have been delighted to be able to support this year:

Sponsorships 2013/14

Anchor Inc.	Lilydale Show	Mt Evelyn Township Improvement Committee
Lilydale Bowls Club	Melba Support Services	Mt Evelyn Toy Library
Basin Basketball Club	Montrose Calisthenics	Mt Lilydale Football Club
Basin Community House	Montrose Cricket Club	Rotary Club of Lilydale
Basin Football Club	Montrose Football Club	Rotary Club of Montrose
Camp Awakenings	Montrose Netball Club	Silvan Fire Brigade
Coldstream Cricket Club	Montrose Primary School	Yarra Glen Bowls
Coldstream Football Club	Montrose Soccer Club	Yarra Glen Cricket
Croydon Cricket Club	Morrisons	Yarra Glen Football/Netball Club
Croydon Golf Club	Mt Evelyn Auskick	Yarra Hills Secondary College
Doongala Riders Club	Mt Evelyn Chamber of Commerce	Yarra Valley Cricket Umpires Association
Dorset Golf Club	Mt Evelyn Christian School	Yarra Valley Mountain District Football/Netball League
Eastern Volunteers	Mt Evelyn Cricket Club	
Eastwood Bowls Club	Mt Evelyn Football/Netball Club	
Eastwood Golf Club	Mt Evelyn Guides	
Glen Park Community Centre	Mt Evelyn Pony Club	
Lilydale Football Club	Mt Evelyn Primary School	

Chairman's report (continued)

Shareholders

The Board is grateful for the confidence and trust that we receive from you, our loyal shareholders, and we hope that you will continue to be shareholders into the future. Your long-standing support of Mt Evelyn & Districts Financial Services Limited is highly valued by the Board.

The Board recognises that you have made a significant investment into the company and does not take your trust and the responsibility that comes with that lightly. The Board is mindful to ensure that you, our shareholders', interests are always foremost.

As shareholders, you are ambassadors of our **Community Bank**® branches. We ask you to continue to spread the word and to encourage others to support the **Community Bank**® branches that supports your communities.

I encourage those shareholders who are not yet banking with Mt Evelyn and Montrose **Community Bank**® branches, that you have a chat with our friendly staff about your banking needs. You will be surprised how easy it is to switch your banking; plus you will be supporting your local community.

In closing I would like to say, that your Board of Directors contribute generously of their time to embrace the **Community Bank**® philosophy and work cooperatively toward achieving our goals for your company.

I look forward to seeing you at our 2014 Annual General Meeting.

When: Thursday 27 November at 7.00pm

Where: Mt Evelyn Christian School, Hawkins Road, Mt Evelyn (2nd entrance on left in Hawkins Road)

Jill Rule
Chairman

Manager's report

For year ending 30 June 2014

Mt Evelyn **Community Bank**® Branch has now been open for over 11 years. Over that time, your **Community Bank**® company, Mt Evelyn & Districts Financial Services Limited, has consistently met proposed business expansion levels, including the opening of Montrose **Community Bank**® Branch in 2010. Currently the total group business sits at around $203 million. The community of Mount Evelyn should be proud of the effort that went into creating its own **Community Bank**® branch and the way it has supported the branch since the front doors were opened back in May 2002. As a result of that inspiring support, the community of Montrose is now supporting and enjoying the benefits of its own **Community Bank**® branch.

Your Board is also looking to open a third site as the Kilsyth **Community Bank**® Branch. This campaign is well underway.

I would like to thank Jill Rule and the Board of Directors, our shareholders and the Regional Office Team of Bendigo and Adelaide Bank for their support as our branches move forward into the future.

Jill Rule, our Board Chairman, whose efforts have produced another outstanding 12 months. Jill shows exemplary leadership skills, and a passion for our **Community Bank**® branches that is unsurpassed, as we move through an extraordinarily demanding banking climate in all areas.

Jill, Gai Williams, Deputy Chairman, and Margi Sank, Board Secretary and Treasurer, have combined with Craig Keithley, Iain Fraser and Gareth Little-Hales to form a Board of Directors without peer.

We also welcome Laura Lilley and Terry Marshall as new Directors to join this outstanding team.

I think it would also be remiss to not acknowledge the efforts of Margi Sank whom, alongwith the role of Company Treasurer also works as the Company Secretary. The demanding workload the dual role entails has been completed with the highest degree of expertise, passion and attention to detail without compare.

I would also like to acknowledge the efforts of our dedicated branch teams. Leanne, our Mt Evelyn Branch Manager, and Ann, Customer Relationship Manager at Mt Evelyn **Community Bank**® Branch lead an excellent team. Kevin, our Montrose **Community Bank**® Branch Supervisor, and Melissa, our Mt Evelyn **Community Bank**® Branch Supervisor, alongwith Sandra, Lynne, Jan, Kaye, Janet, Sharon, Bernadette, Karyn and Dawn keep both branches ticking along on a daily basis and have set an example of service clearly above and beyond the call of duty.

One of our dedicated team, Sue, retired during the year after long term service and we wish her all the very best.

Two other members of the team, Teresa and Shirleen, resigned during the year to pursue other interests.

I thank all the team for their dedication to the task at hand, and no less thanks goes to my Assistant Bev who continues to work tirelessly in the many facets of the **Community Bank**® model.

One of the strengths of the **Community Bank**® model is the support of our Board of Directors and the shareholders. Please continue to play your part in the growth of your branches by spreading the word about the very personal banking service provided by both your **Community Bank**® branches.

David Watt
Senior Manager

Directors' report

For the financial year ended 30 June 2014

Your Directors present their report of the company for the financial year ended 30 June 2014. The information in the preceding operating and financial review forms part of this Directors' report for the financial year ended 30 June 2014 and is to be read in conjunction with the following information:

Directors

The following persons were Directors of Mt Evelyn & Districts Financial Services Limited during or since the end of the financial year up to the date of this report:

Name and position held	Qualifications	Experience and other Directorships
Jillian Rule Board member since 2001 Chairman	Dip. Fashion Design Drawing & Drafting	Business owner, now semi-retired. A Steering Committee Member of Mt Evelyn **Community Bank**® Branch and a prior Vice-Chairperson of the Board. Previously a President of the Mt Evelyn Chamber of Commerce. Proactive in Steering Committee for the establishment of Montrose **Community Bank**® Branch.
Margaret Sank Board member since 2001 Treasurer & Company Secretary	CPA, Bachelor of Business	Past Director of a successful Accounting and Business Advisory Practice and over 30 years experience with small to medium sized entities. Significant and continuing leadership roles in various community organisations.
Janette Simmons Board member since 2001 Director Resigned February 25, 2014	Post Grad. Dip. Community Education	CEO of local community education centre. Original Steering Committee Member. Jan spearheaded the development of the Mt Evelyn Township Strategic Plan and Township Planning Days.
Craig Keithley Board member since 2002 Director	Dip. Frontline Management, Dip. Project Management	Police Officer who has been the Officer in Charge of the Mt Evelyn Police Station since 2001. Has worked both as a uniformed member and detective.
Gareth Little-Hales Board member since 2008 Director	Bachelor of Science, (Honours) Environmental Health, Dip. Business	Environmental Health Officer. Emigrated from the UK in 2002 where he was a Fellow of the Institute of Home Safety. Has served on a number of community boards in UK and Australia. Past president Montrose Township Group and prior Chair of Montrose **Community Bank**® Branch Steering Committee.
Gai Williams Board member since 2009 Director	Bachelor of Pharmacy, M.P.S. A.F.A.I.P.M	Pharmacy owner since 1992. A former Chairperson of the Board of Guardian Pharmacies Australia. Past member of the Montrose **Community Bank**® Branch Steering Committee, and an active member of various community organisations.

Directors (continued)

Name and position held	Qualifications	Experience and other Directorships
Iain Fraser Board member since 2010 Director	Dip. Public Safety (Policing), Cert. International Relations, Cert. Risk Assessment and Emergency Planning	Police Sergeant based in Melbourne CBD. Past member of the Montrose **Community Bank**® Branch Steering Committee, and an active member of various community organisations.
Laura Lilley Board member since 2013 Director Appointed 12 December 2013	CA, Bachelor of Business	Management Accountant based in Melbourne CBD. A long time resident of Mt Evelyn, and involved with various community groups linked with her children and family.

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

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

Principal activities

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

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

Review of operations

The profit/(loss) of the company for the financial year after provision for income tax was $116,677 (2013 profit/(loss): $158,628), which is a 26% decrease as compared with the previous year.

The net assets of the company have increased to $1,952,472 (2013: $1,909,297).

Dividends

	Year ended 30 June 2014	
	Cents per share	$
Dividends paid during the year:	2.5	73,502

Significant changes in the state of affairs

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

Events subsequent to reporting date

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

Remuneration report

Remuneration policy

The remuneration policy of Mt Evelyn & Districts Financial Services Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives. The Board believe the remuneration policy to be appropriate and effective. The following criteria is applied to determine the remuneration of the Directors, Office Bearers, and Senior Management:

(a) The Board policy for determining the nature and amount of remuneration is as follows:

i. Attends a minimum of 6 face-to-face Board and/or committee meetings;

ii. Attends the Annual General Meeting and / or one other **Community Bank**® forum; and

iii. Directors will only receive payments after 6 months of service

(b) The prescribed details in relation to the remuneration of:

i. Each Director of the company receives $2,392, and

ii. Vice-chair to receive $5,994, Secretary-Treasurer to receive $22,895 and Chair to receive $28,614

These amounts are indexed in accordance with staff review increments.

Remuneration benefits and payments

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

Jillian Rule owns the premises situated at Shop 6-17 Wray Crescent, Mt Evelyn. The premises are rented on normal commercial terms as administration offices and Board suite. During the year ended 30 June, 2013 $18,770 (2013:$18,039) was paid in relation to this lease.

Directors' fees	Primary benefits salary & fees 2014	Primary benefits salary & fees 2013
Jillian Rule	28,614	27,641
Margaret Sank	22,895	22,116
Janette Simmons	2,392	2,311
Craig Keithley	2,392	2,311
Gareth Little-Hales	2,392	2,311
Gai Williams	5,994	5,778
Iain Fraser	2,392	2,311
Georgia Donovan	-	2,618
Laura Lilley	-	-
	67,071	**67,397**

Indemnifying Officers or Auditor

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

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

Directors' meetings

The number of Directors' meetings held during the year were 10. Attendances by each Director during the year were as follows:

Director	Board meetings #	Audit Committee meetings #
Jillian Rule	10 (10)	3 (3)
Margaret Sank	10 (10)	3 (3)
Janette Simmons	5 (6)	N/A
Craig Keithley	8 (10)	N/A
Gareth Little-Hales	10 (10)	N/A
Gai Williams	7 (10)	N/A
Iain Fraser	7 (10)	N/A
Laura Lilley	5 (5)	1 (1)

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

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation. However, the Board believes that the company has adequate systems in place for the management of its environment requirements and is not aware of any breach of these environmental requirements as they apply to the company.

Proceedings on behalf of company

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

Directors' report (continued)

Company Secretary

Margi Sank has been Company Secretary since 2011. She has been a Director of the company since incorporation on May 2001 and held the position of Company Secretary for the company's first two years of operation. Margi has over 30 years of experience in running an accounting practice and has extensive skills in advising small and medium sized enterprises. She holds a Bachelor of Business and is a Certified Practicing Accountant, a Registered Tax Agent and has held membership of other professional and community organisations.

Non audit services

The Board of Directors, in accordance with advice from the audit committee, are satisfied that the provision of non audit services during the year is compatible with the general standard of independence for Auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed in Note 5 did not compromise the external Auditor's independence for the following reasons:

- all non audit services are reviewed and approved by the Audit Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the Auditor; and
- the nature of the services provided does not compromise the general principles relating to Auditor independence in accordance with APES 110 "Code of Ethics for Professional Accountants" set by the Accounting Professional and Ethical Standards Board.

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 14 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Signed in accordance with a resolution of the Board of Directors at Mt Evelyn, Victoria on 26 August 2014

Jillian Rule
Director

Auditor's independence declaration

Richmond
Sinnott &
Delahunty
Chartered Accountants
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26th August 2014

The Directors
Mt Evelyn & Districts Financial Services Limited
PO Box 451
MT EVELYN VIC 3796

Dear Directors

To the Directors of Mt Evelyn & Districts Financial Services Limited

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

I declare that to the best of my knowledge and belief, during the year ended 30 June 2014 there has been no contraventions of:

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

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

P. P. Delahunty
Partner
Richmond Sinnott & Delahunty

Financial statements

Statement of profit or loss and Other Comprehensive Income for the year ended 30 June 2014

	Notes	2014 $	2013 $
Revenue	2	1,828,750	1,809,781
Employee benefits expense	3	(924,342)	(790,687)
Depreciation and amortisation expense	3	(80,948)	(71,477)
Finance costs	3	(84)	(4,495)
Bad and doubtful debts expense	3	(6,697)	(6,147)
Rental expense		(87,962)	(45,351)
Other expenses		(376,355)	(402,197)
Operating profit before charitable donations & sponsorships		**352,362**	**489,427**
Charitable donations and sponsorships		(183,007)	(262,173)
Profit before income tax expense		**169,355**	**227,254**
Tax expense	4	52,678	68,626
Profit for the year		**116,677**	**158,628**
Other comprehensive income		-	-
Total comprehensive income		**116,677**	**158,628**
Profit attributable to members of the company		116,677	158,628
Total comprehensive income attributable to members of the company		**116,677**	**158,628**
Earnings per share (cents per share)			
- basic for profit for the year	24	3.97	5.40

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2014

	Notes	2014 $	2013 $
Assets			
Current assets			
Cash and cash equivalents	6	327,512	288,202
Trade and other receivables	7	195,781	191,724
Investments and other financial assets	8	477,871	359,291
Total current assets		**1,001,164**	**839,217**
Non-current assets			
Property, plant and equipment	9	1,102,885	1,146,752
Deferred tax asset	14	31,927	26,113
Intangible assets	10	47,619	79,740
Total non-current assets		**1,182,431**	**1,252,605**
Total assets		**2,183,595**	**2,091,822**
Liabilities			
Current liabilities			
Trade and other payables	11	88,453	78,266
Curent tax payable	14	38,059	19,013
Loans and borrowings	12	1,388	1,304
Provisions	13	103,223	83,942
Total current liabilities		**231,123**	**182,525**
Total liabilities		**231,123**	**182,525**
Net assets		**1,952,472**	**1,909,297**
Equity			
Issued capital	15	1,527,561	1,527,561
Retained earnings	16	424,911	381,736
Total equity		**1,952,472**	**1,909,297**

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2014

	Notes	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2012		**1,527,561**	**296,610**	**1,824,171**
Total comprehensive income for the year		-	158,628	158,628
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	25	-	(73,502)	(73,502)
Balance at 30 June 2013		**1,527,561**	**381,736**	**1,909,297**
Balance at 1 July 2013		**1,527,561**	**381,736**	**1,909,297**
Total comprehensive income for the year		-	116,677	116,677
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	25	-	(73,502)	(73,502)
Balance at 30 June 2014		**1,527,561**	**424,911**	**1,952,472**

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2014

	Notes	2014 $	2013 $
Cash flows from operating activities			
Receipts from customers		1,806,999	1,876,777
Payments to suppliers and employees		(1,548,894)	(1,995,439)
Interest paid		(84)	(4,495)
Interest received		17,694	36,323
Income tax paid		(39,447)	(93,798)
Net cash provided by/(used in) operating activities	**17**	**236,268**	**(180,632)**
Cash flows from investing activities			
Purchase of property, plant & equipment		(4,960)	(154,964)
Purchase of investments and other financial assets		(118,580)	-
Proceeds from sale of investments and other financial assets		-	450,223
Net cash flows from/(used in) investing activities		**(123,540)**	**295,259**
Cash flows from financing activities			
Proceeds from borrowings		84	1,023
Dividends paid		(73,502)	(73,502)
Net cash used in financing activities		**(73,418)**	**(72,479)**
Net increase in cash held		**39,310**	**42,148**
Cash and cash equivalents at beginning of financial year		288,202	246,054
Cash and cash equivalents at end of financial year	**6**	**327,512**	**288,202**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2014

These financial statements and notes represent those of Mt Evelyn & District Financial Services Limited.

Mt Evelyn & District Financial Services Limited (‘the company’) is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 26 August 2014.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

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

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

<u>Economic dependency</u>

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

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

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

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

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

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Economic dependency (continued)

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

(b) Income tax

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

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

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

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

(c) Fair value of assets and liabilities

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

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

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

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

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

Note 1. Summary of significant accounting policies (continued)

(c) Fair value of assets and liabilities (continued)

The fair value of the liabilities and the entity's own equity instruments may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted, and where significant, are detailed in the respective note to the financial statements.

(d) Property, plant and equipment

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

Property

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

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

Plant and equipment

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

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

Depreciation

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

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

Class of asset	Depreciation rate
Buildings	2%
Leasehold improvements	2 - 5%
Plant & equipment	10 - 38%

Note 1. Summary of significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Depreciation (continued)

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

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

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

(e) Leases

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

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

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

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

(f) Impairment of assets

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

(g) Goods and services tax (GST)

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

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

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

Note 1. Summary of significant accounting policies (continued)

(h) Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

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

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

(i) Intangibles

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

(j) Cash and cash equivalents

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

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

(k) Revenue

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

Interest, dividend and fee revenue is recognised when earned.

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

Note 1. Summary of significant accounting policies (continued)

(l) Trade and other receivables

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

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

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

(m) Borrowing costs

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

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

Employee benefits

The company adopted AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) from the mandatory application date of 1 January 2013. The company has applied these Standards retrospectively in accordance with AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors and the transitional provisions of AASB 119 (September 2011).

For the purpose of measurement, AASB 119 (September 2011) defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. In accordance with AASB 119 (September 2011), provisions for short-term employee benefits are measured at the (undiscounted) amounts expected to be paid to employees when the obligation is settled, whereas provisions that do not meet the criteria for classification as short-term (other long-term employee benefits) are measured at the present value of the expected future payments to be made to employees.

As the company expects that all of its employees would use all of their annual leave entitlements earned during a reporting period before 12 months after the end of the reporting period, adoption of AASB 119 (September 2011) did not have a material impact on the amounts recognised in respect of the company's employee provisions. Note also that adoption of AASB 119 (September 2011) did not impact the classification of leave entitlements between current and non-current liabilities in the company's financial statements.

AASB 119 (September 2011) also introduced changes to the recognition and measurement requirements applicable to termination benefits and defined benefit plans. As the company did not have any of these types of obligations in the current or previous reporting periods, these changes did not impact the company's financial statements.

Fair value measurement

The company has applied AASB 13: Fair Value Measurement and the relevant consequential amendments arising from the related Amending Standards prospectively from the mandatory application date of 1 January 2013 and in accordance with AASB 108 and the specific transitional requirements in AASB 13.

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

Note 1. Summary of significant accounting policies (continued)

(n) New and amended accounting policies adopted by the company (continued)

Fair value measurement (continued)

No material adjustments to the carrying amounts of any of the company's assets or liabilities were required as a consequence of applying AASB 13. Nevertheless, AASB 13 requires enhanced disclosures regarding assets and liabilities that are measured at fair value and fair values disclosed in the company's financial statements.

The disclosure requirements in AASB 13 need not be applied by the company in the comparative information provided for periods before initial application of AASB 13 (that is, periods beginning before 1 January 2013). However, as some of the disclosures now required under AASB 13 were previously required under other Australian Accounting Standards, such as AASB 7: Financial Instruments: Disclosures, the company has provided this previously provided information as comparatives in the current reporting period.

(o) New accounting standards for application in future periods

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

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

(i) AASB 9 Financial Instruments and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

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

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

(ii) AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to impact the company's financial statements.

(iii) AASB 2013-3: Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard amends the disclosure requirements in AASB 136: Impairment of Assets pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the company's financial statements.

(p) Loans and borrowings

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

(q) Provisions

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

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

Note 1. Summary of significant accounting policies (continued)

(q) Provisions (continued)

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

(r) Share capital

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

(s) Comparative figures

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

(t) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

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

Employee benefits provision

Assumptions required for wage growth and CPI movements. The likelihood of employees reaching unconditional service is estimated. Treatment of leave under updated AASB 119 standard.

Income tax

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

Impairment

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

Note 1. Summary of significant accounting policies (continued)

(u) Financial instruments

Initial recognition and measurement

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

Classification and subsequent measurement

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

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

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discount estimated future cash payments or receipts over the expected life (or where this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability.

(i) Loans and receivables

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

(ii) Financial liabilities

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

Impairment

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

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

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

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

Note 1. Summary of significant accounting policies (continued)

(u) Financial instruments (continued)

Derecognition of financial instruments

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

Note 2. Revenue and other income

	2014 $	**2013 $**
Revenue		
- services commissions	1,811,021	1,788,076
	1,811,021	**1,788,076**
Other revenue		
- interest received	17,729	21,705
	17,729	**21,705**
Total revenue	**1,828,750**	**1,809,781**

Note 3. Expenses

	2014 $	**2013 $**
Employee benefits expense		
- wages and salaries	779,300	697,237
- superannuation costs	90,055	76,755
- other costs	54,987	16,695
	924,342	**790,687**
Depreciation of non-current assets:		
- buildings	12,075	6,159
- building improvments	4,693	4,793
- plant and equipment	32,059	27,903
Amortisation of non-current assets:		
- intangible assets	32,121	32,622
	80,948	**71,477**
Finance costs:		
- Interest paid	84	4,495
Bad debts	6,697	6,147

	2014 $	2013 $

Note 4. Tax expense

	2014 $	2013 $
a. The components of tax expense comprise		
- current tax expense	58,492	65,015
- deferred tax expense/(income) relating to the origination and reversal of temporary differences	(5,814)	3,611
- recoupment of prior year tax losses	-	-
- adjustments for under/(over)-provision		
of current income tax of previous years	-	-
	52,678	**68,626**
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 30% (2013: 30%)	50,807	68,176
Add tax effect of:		
- Adjustments in respect of current income tax of previous year	-	-
- Utilisation of previously unrecognised carried forward tax losses	-	-
- Non-deductible expenses	1,871	450
Current income tax expense	**52,678**	**68,626**
Income tax attributable to the entity	**52,678**	**68,626**
The applicable weighted average effective tax rate is	31.11%	30.20%

Note 5. Auditors' remuneration

	2014 $	2013 $
Remuneration of the Auditor for:		
- Audit or review of the financial report	4,600	4,433
- Share registry services	4,022	4,012
	8,622	**8,445**

Note 6. Cash and cash equivalents

	2014 $	2013 $
Cash at bank and on hand	327,512	288,202

	2014 $	2013 $

Note 7. Trade and other receivables

Current

	2014 $	2013 $
Trade debtors	169,315	161,913
Rental bond	-	15,000
Interest receivable	4,767	7,493
Prepayments	21,699	7,318
	195,781	**191,724**

Credit risk

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within this note. The main sources of credit risk to the company are considered to relate to the classes of assets described as trade and other receivables and "loans" (see Note 12).

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

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

	Gross amount	Past due and impaired	Past due but not impaired			Not past due
			< 30 days	31-60 days	> 60 days	
2014						
Trade receivables	169,315	-	-	-	-	169,315
Other receivables	4,767	-	-	-	-	4,767
Total	**174,082**	**-**	**-**	**-**	**-**	**174,082**
2013						
Trade receivables	161,913	-	-	-	-	161,913
Other receivables	7,493	-	-	-	-	7,493
Total	**169,406**	**-**	**-**	**-**	**-**	**169,406**

Notes to the financial statements (continued)

	2014 $	2013 $

Note 8. Investments and other financial assets

	2014 $	2013 $
Current		
Loans and receivables		
- Australian term deposits > 3 months	477,871	359,291

Note 9. Property, plant and equipment

	2014 $	2013 $
Land		
At cost	378,030	118,611
Buildings		
At cost	475,422	734,841
Less accumulated depreciation	(76,228)	(64,153)
	399,194	**670,688**
Building improvements		
At cost	189,663	189,663
Less accumulated depreciation	(26,490)	(21,797)
	163,173	**167,866**
Plant and equipment		
At cost	396,054	391,094
Less accumulated depreciation	(233,566)	(201,507)
	162,488	**189,587**
Total written down amount	**1,102,885**	**1,146,752**
Movements in carrying amounts		
Land		
Balance at the beginning of the reporting period	118,611	118,611
Additions	-	-
Trasfers in	259,419	-
Disposals	-	-
Depreciation expense	-	-
Balance at the end of the reporting period	**378,030**	**118,611**

	2014 $	2013 $

Note 9. Property, plant and equipment (continued)

	2014 $	2013 $
Buildings		
Balance at the beginning of the reporting period	670,688	648,424
Additions	-	28,423
Transfers out	(259,419)	-
Disposals	-	-
Depreciation expense	(12,075)	(6,159)
Balance at the end of the reporting period	**399,194**	**670,688**
Building improvements		
Balance at the beginning of the reporting period	167,866	172,659
Additions	-	-
Disposals	-	-
Depreciation expense	(4,693)	(4,793)
Balance at the end of the reporting period	**163,173**	**167,866**
Plant and equipment		
Balance at the beginning of the reporting period	189,587	90,949
Additions	4,960	126,541
Disposals	-	-
Depreciation expense	(32,059)	(27,903)
Balance at the end of the reporting period	**162,488**	**189,587**

Note 10. Intangible assets

	2014 $	2013 $
Franchise fee		
At cost	67,768	67,768
Less accumulated amortisation	(34,958)	(21,405)
	32,810	**46,363**
Preliminary expenses		
At cost	126,136	126,136
Less accumulated amortisation	(111,327)	(92,759)
	14,809	**33,377**
Total Intangible assets	**47,619**	**79,740**

Notes to the financial statements (continued)

	2014 $	2013 $

Note 10. Intangible assets (continued)

Movements in carrying amounts

	2014 $	2013 $
Franchise fee		
Balance at the beginning of the reporting period	46,363	59,917
Additions	-	-
Disposals	-	-
Amortisation expense	(13,553)	(13,554)
Balance at the end of the reporting period	**32,810**	**46,363**
Preliminary expenses		
Balance at the beginning of the reporting period	33,377	52,445
Additions	-	-
Disposals	-	-
Amortisation expense	(18,568)	(19,068)
Balance at the end of the reporting period	**14,809**	**33,377**

Note 11. Trade and other payables

Current

	2014 $	2013 $
Unsecured liabilities:		
Trade creditors	27,745	26,055
Other creditors and accruals	60,708	52,211
	88,453	**78,266**

Note 12. Borrowings

	2014 $	2013 $
Bank loan	1,388	1,304
	1,388	**1,304**

Note 13. Provisions

	2014 $	2013 $
Employee benefits	**103,223**	**83,942**
Movement in employee benefits		
Opening balance	83,942	96,178
Additional provisions recognised	79,203	55,490
Amounts utilised during the year	(59,922)	(67,726)
Closing balance	**103,223**	**83,942**

	2014 $	2013 $

Note 13. Provisions (continued)

	2014 $	2013 $
Current		
Annual leave	42,996	27,798
Long-service leave	60,227	56,144
	103,223	**83,942**
Total provisions	**103,223**	**83,942**

Provision for employee benefits

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

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

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

Note 14. Tax

	2014 $	2013 $
(a) Tax Assets		
Non-current		
Deferred tax assets comprise:		
Accrued Expenses	960	930
Provisions	30,967	25,183
	31,927	**26,113**
(b) Tax Liabilities		
Current		
Income tax payable	38,059	19,013

Note 15. Share capital

2,940,081 Ordinary Shares fully paid of $1 each	1,527,561	1,527,561
Less: Equity raising costs	-	-
	1,527,561	**1,527,561**

Note 15. Share capital (continued)

	2014 $	2013 $
Share capital comprises:		
- 695,010 shares initial capital	695,010	695,010
- 7,500 shares issued for no consideration on incorporation	-	-
-1,405,020 bonus 2:1 issue of shares in 2009	-	-
- 832,551 shares for additional capital in 2010 for Montrose branch	832,551	832,551
At the end of the reporting period	**1,527,561**	**1,527,561**
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	1,527,561	1,527,561
Shares issued during the year	-	-
At the end of the reporting period	**1,527,561**	**1,527,561**

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

Capital management

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

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

(i) the Distribution Limit is the greater of:

   (a) 20% of the profit or funds of the 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 Profit or Loss and Comprehensive Income.

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

	2014 $	2013 $

Note 16. Retained earnings

	2014 $	2013 $
Balance at the beginning of the reporting period	381,736	296,610
Dividend Paid	(73,502)	(73,502)
Profit after income tax	116,677	158,628
Balance at the end of the reporting period	**424,911**	**381,736**

Note 17. Statement of cash flows

Reconciliation of profit after tax to net cash provided from/(used in) operating activities

	2014 $	2013 $
Profit after income tax	116,677	158,628
Non cash items		
- Depreciation	48,827	38,855
- Amortisation	32,121	32,622
Changes in assets and liabilities		
- (Increase) decrease in receivables	(4,057)	(643)
- (Increase) decrease in deferred tax asset	(5,814)	3,610
- Increase (decrease) in payables	10,187	(401,468)
- Increase (decrease) in income tax payable	19,046	-
- Increase (decrease) in provisions	19,281	(12,236)
Net cash flows from/(used in) operating activities	**236,268**	**(180,632)**

Note 18. Leases

Operating lease commitments

	2014 $	2013 $
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments		
- no later than 12 months	68,640	44,000
- between 12 months and 5 years	240,240	-
- greater than 5 years	-	-
	308,880	**44,000**

The property lease is a non-cancellable lease with a 5 year term, with rent payable monthly in advance. The lease expires in December 2018 with an option to renew.

Note 19. Related party transactions

The company's main related parties are as follows:

(a) Key management personnel

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

(b) Other related parties

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

(c) Transactions with key management personnel and related parties.

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

Jillian Rule owns the premises situated at Shop 6-17 Wray Crescent, Mt Evelyn. The premises are rented on normal commercial terms as administration offices and Board suite. During the year ended 30 June, 2014 $18,770 (2013:$18,039) was paid in relation to this lease.

Directors' fees

	Primary benefits salary & fees 2014 $	Primary benefits salary & fees 2013 $
Jillian Rule	28,614	27,641
Margaret Sank	22,895	22,116
Janette Simmons	2,392	2,311
Craig Keithley	2,392	2,311
Gareth Little-Hales	2,392	2,311
Gai Williams	5,994	5,778
Iain Fraser	2,392	2,311
Georgia Donovan	-	2,618
Laura Lilley	-	-

Note 19. Related party transactions (continued)

(d) Key management personnel shareholdings

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

	2014	2013
Jillian Rule	83,628	83,628
Margaret Sank	25,003	25,003
Janette Simmons	8,690	8,690
Craig Keithley	3,000	3,000
Gareth Little-Hales	1,500	1,500
Gai Williams	27,000	27,000
Iain Fraser	3,500	3,500
Laura Lilley	-	-

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

(e) Other key management transactions

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

Note 20. Events after the reporting period

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

Note 21. Contingent liabilities and assets

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

Note 22. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one geographic area being Mt Evelyn, Victoria. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2013: 100%).

Note 23. Company details

The registered office and principle place of business is: 37 Wray Crescent Mt Evelyn 3796

	2014 $	2013 $

Note 24. Earnings per share

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

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

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

	2014 $	2013 $
Profit after income tax expense	**116,677**	**158,628**
Weighted average number of ordinary shares for basic and diluted earnings per share	**2,940,081**	**2,940,081**

Note 25. Dividends paid or provided for on ordinary shares

	2014 $	2013 $
Final fully franked ordinary dividend of 2.5 cents per share (2013:2.5 cents) franked at the tax rate of 30% (2013: 30%).	73,502	73,502

Note 26. Financial risk management

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

	Note	2014 $	2013 $
Financial assets			
Cash and cash equivalents	6	327,512	288,202
Trade and other receivables	7	195,781	191,724
Investments and other financial assets	8	477,871	359,291
Total financial assets		**1,001,164**	**839,217**
Financial liabilities			
Trade and other payables	11	88,453	78,266
Bank loan	12	1,388	1,304
Total financial liabilities		**89,841**	**79,570**

Note 26. Financial risk management (continued)

Financial risk management policies

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

Specific financial risk exposure and management

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

(a) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the company it arises from receivables and cash assets.

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

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

The company's exposure to credit risk is limited to Australia by geographic area. The majority of receivables are due from Bendigo and Adelaide Bank Limited.

None of the assets of the company are past due (2013: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

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

	2014 $	2013 $
Cash and cash equivalents: A rates	327,512	288,202
Investments and other financial assets	477,871	359,291
	805,383	**647,493**

(b) Liquidity risk

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

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

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

Note 26. Financial risk management (continued)

(b) Liquidity risk (continued)

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

Financial liability and financial asset maturity analysis:

30 June 2014	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial liabilities due					
Trade and other payables	11	88,453	88,453	-	-
Loans and borrowings	12	1,388	1,388	-	-
Total expected outflows		**89,841**	**89,841**	**-**	**-**
Financial assets - realisable					
Cash & cash equivalents	6	327,512	327,512	-	-
Trade and other receivables	7	195,781	195,781	-	-
Investments and other financial assets	8	477,871	477,871	-	-
Total anticipated inflows		**1,001,164**	**1,001,164**	**-**	**-**
Net inflow on financial instruments		**911,323**	**911,323**	**-**	**-**

30 June 2013	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial liabilities due					
Trade and other payables	11	78,266	78,266	-	-
Loans and borrowings	12	1,304 *	1,304	-	-
Total expected outflows		**79,570**	**79,570**	**-**	**-**
Financial assets - realisable					
Cash & cash equivalents	6	288,202	288,202	-	-
Trade and other receivables	7	191,724	191,724	-	-
Investments and other financial assets	8	359,291	359,291	-	-
Total anticipated inflows		**839,217**	**839,217**	**-**	**-**
Net inflow on financial instruments		**759,647**	**759,647**	**-**	**-**

Note 26. Financial risk management (continued)

(c) Market risk

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

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

Sensitivity analysis

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

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

	Profit $	Equity $
Year ended 30 June 2014		
+/- 1% in interest rates (interest income)	8,049	8,049
	8,049	**8,049**
Year ended 30 June 2013		
+/- 1% in interest rates (interest income)	6,462	6,462
	6,462	**6,462**

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Directors' declaration

In accordance with a resolution of the Directors of Mt Evelyn & Districts Financial Services Limited, the Directors of the company declare that:

1 the financial statements and notes, as set out on pages 15 to 42 are in accordance with the Corporations Act 2001 and:

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

   (ii) give a true and fair view of the company's financial position as at 30 June 2014 and of the performance for the year ended on that date;

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

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

Jillian Rule
Director

Signed at Mt Evelyn, Victoria on 26 August 2014.

Independent audit report

Richmond Sinnott & Delahunty
Chartered Accountants
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Bendigo, VICTORIA
PO Box 30, Bendigo VICTORIA 3552
Ph: (03) 5445 4200
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MT EVELYN & DISTRICTS
FINANCIAL SERVICES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Mt Evelyn & Districts Financial Services Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

Richmond Sinnott Delahunty Pty Ltd
ABN 60 616 244 309
Liability limited by a scheme approved under Professional Standards Legislation

Partners: Kathie Teasdale, David Richmond, Philip Delahunty, Cara Hall, Brett Andrews

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

Independence

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

Auditor's Opinion

In our opinion:

(a) the financial report of Mt Evelyn & Districts Financial Services Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

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

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

Report on the Remuneration Report

We have audited the remuneration report included in pages 2 to 3 of the director's 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 s.300A of the *Corporations Act 2001*. Our responsibility is based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the remuneration report for Mt Evelyn & Districts Financial Services Limited for the year ended 30 June 2014 complies with s.300A of the *Corporations Act 2001.*

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

P. P. DELAHUNTY
Partner

Dated at Bendigo, 26th August 2014

NSX report

Mt Evelyn & Districts Financial Services Limited is a public company incorporated in Australia and listed on the National Stock Exchange of Australia (NSX).

Shareholding

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

Number of shares held	Number of shareholders	Number of shares held
1 to 1,000	166	111,515
1,001 to 5,000	249	647,878
5,001 to 10,000	62	449,484
10,001 to 100,000	68	1,731,204
100,001 and over	0	-
Total shareholders	**545**	**2,940,081**

Equity securities

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

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

There are 42 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.

Ten largest shareholders

The following table shows the 10 largest shareholders.

Shareholder	Number of fully paid shares held	Percentage of issued capital
Scipio Nominees Pty Ltd	91,000	3%
Richard Everett Thorne	80,000	3%
Lloyd Albert Harrington	76,000	3%
Guiliano Sciore & Maria Sciore	75,000	3%
Jillian Rule ATF The Rule Superannuation Fund	60,000	2%
Eda Paige	60,000	2%
John Schneider ATF Schneider Family Superannuation Fund	39,000	1%
Northern Suburbs Secretarial Services P/L ATF < Juleton A/C>	34,500	1%

Ten largest shareholders (continued)

Shareholder	Number of fully paid shares held	Percentage of issued capital
Timothy Brendan Herlihy & Paula Ruth Herlihy	30,000	1%
Erwin Reschke & Karen Agnethe Reschke	30,000	1%
	575,500	**20%**

Registered office and principal administrative office

The registered office of the company is located at:

37 Wray Crescent
Mt Evelyn Vic 3796
Phone: (03) 9737 1833

The principal administrative office of the company is located at:

37 Wray Crescent
Mt Evelyn Vic 3796
Phone: (03) 9737 1833

Security register

The security register (share register) is kept at:

Richmond Sinnott & Delahunty Pty Ltd
Level 2, 10-16 Forest Street
Bendigo VIC 3552
Phone: (03) 5445 4200

Company Secretary

Margi Sank took over the role of Company Secretary on 22 June 2011 which was previously held by James Chapman. She has been a Director of the company since incorporation on May 2001 and held the position of Company Secretary for the company's first two years of operation. Margi has over 30 years of experience in running an accounting practice and has extensive skills in advising small and medium sized enterprises. She hold a Bachelor of Business and is a Certified Praciticing Accountant, a Registered Tax Agent and has held membership of other professional and community organisations.

Corporate governance

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

(a) The establishment of an audit committee. Members of the audit committee are Margi Sank, Jill Rule, Laura Lilley and David Watt.

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

(c) Ongoing Director training; and

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

Annexure 3

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

5 Year summary of performance

		2010	2011	2012	2013	2014
Gross revenue	$	1,276,410	1,550,001	1,720,259	1,809,781	1,828,750
Net profit before tax	$	221,742	65,264	232,816	227,254	169,355
Total assets	$	1,890,175	2,257,310	2,419,377	2,091,822	2,183,595
Total liabilities	$	155,257	551,109	595,206	182,525	231,123
Total equity	$	1,734,918	1,706,201	1,824,171	1,909,297	1,952,472

Mt Evelyn **Community Bank®** Branch
Shop 2, 35-39 Wray Crescent, Mt Evelyn VIC 3796
Phone: (03) 9737 1833 Fax: (03) 9737 1844
www.bendigobank.com.au/mtevelyn

Montrose **Community Bank®** Branch
Shop 7, 926-930 Mt Dandenong Tourist Road,
Montrose VIC 3765
Phone: (03) 9728 3177 Fax: (03) 9728 3952
www.bendigobank.com.au/montrose

Franchisee:
Mt Evelyn & Districts Financial Services Limited
Shop 2, 35-39 Wray Crescent, Mt Evelyn VIC 3796
Phone: (03) 9737 1833
ABN: 93 096 782 240

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