Annual Report 2015

Pine Rivers Community Finance Limited

ABN 14 098 199 476

Samford **Community Bank**® Branch
Brendale **Community Bank**® Branch

Contents

Chairman's report

For year ending 30 June 2015

It is with great pleasure I present this 14th Annual Report of Pine Rivers Community Finance Limited to shareholders.

The Brendale and Samford **Community Bank**® branches have had a strong and successful year in terms of net customer growth. Customer numbers have grown by 7% over the 12-month period, with the value of our customers' banking business now sitting at $158 million. Looking back over the last five years, both customer numbers and the value of loans and deposits have been increasing at a compounding rate of 7% per annum.

We are extremely proud of the fact that the company has made community contributions of $60,000+ during the financial year, supporting more than thirty local community projects and organisations. Reflecting on the most recent five-year period, the total funding that your company has committed to community projects and not-for-profit purposes amounts to a significant sum of $370,000.

Our staff and team at both Brendale and Samford **Community Bank**® branches have continued to provide a comprehensive range of competitive banking products and services in a friendly and professional manner. We congratulate each and every one of our team for their contribution and commitment in supporting both our community and the needs of our growing customer base.

Although we have experienced strong growth in customer numbers, underlying operating revenue is slightly lower than the previous corresponding period. Overall margin income has been adversely impacted by competition and pricing in the industry, together with lowering of RBA official cash interest rates. Looking ahead, it will be challenging to achieve revenue growth (and increase profitability) over the next year or two, with likely continuation of these themes and adverse changes to our revenue sharing model taking affect from 1 July 2016.

Notwithstanding the challenging conditions likely ahead of us, the company's overall financial position and ongoing profitability has enabled a shareholder dividend payment of 2.5 cents per share (fully franked). Your Board is proud of the company's dividend track record distributing 34.5 cents of dividends per share in the last eight years, including an unbroken record of dividend payments since 2011.

The Board of the company has remained extremely stable during the last 12 months. We have recently welcomed Terry Hogan onto the Board. I would personally like to thank each and every Board member for giving their time and support. All Directors are volunteers dedicated to achieving the aims and goals of our company that are supporting a strong, successful, connected and resilient community.

Our capacity to support the Brendale, Samford and broader Pine Rivers community is not a result of philanthropy but as a result of a profitable banking business. This is a unique point of difference between our company and other banks and one of which we are extremely proud. I thank all of our shareholders, staff, customers and community partners for their ongoing support, and urge everyone to become vocal advocates of both our company and the **Community Bank**® model.

Jason Delisser
Chairman

Managers' report

For year ending 30 June 2015

We are pleased to report to the Board, shareholders and customers on a successful year's business result at both Brendale and Samford **Community Bank**® branches for the financial year ending 30 June 2015.

During the 12-month period, there have been 240 new customers (net) that have now commenced a relationship with the **Community Bank**® branches It is evident that the level of new enquiry is a result of positive advocacy (from both existing satisfied customers and community partners) and an overall lift in brand awareness across the community.

At the core of our community engagement activities, we have maintained our half-yearly grants or 'Community Investment' programme that commenced in early 2012. We have had great pleasure in working closely with our community partners to deliver mutually beneficial results. Some of the community highlights over the last 12 months have included:

- Continuing the half yearly Youth Defensive Driving Programme at Lakeside Park.
- Assisting both Pine Rivers and Samford Area Mens Shed.
- Supporting local sporting clubs to improve services and facilities available to their members, including Samford Stags Rugby League, Northside Wizards Basketball, Albany Creek Excelsior Football Club and Albany Creek Excelsior Netball Club.
- Sponsoring horses which are used by people with disabilities.
- Helping improve facilities for volunteer fire fighting organisation at Closeburn.
- Supporting the arts, via the Arts Alliance of Pine Rivers, Creative Samford, Mount Glorious Community Association (Art Show) and Samford Artworks.
- Providing assistance to volunteer groups that help others, including Samford Support Network, Verse for Vinnies, Charity Craft Creators and Vineyard Mercy.
- Support Encircle (previously Pine Rivers Neighbourhood Centre) with the Kid's Friend Mentoring Programme.

We take great pleasure in maintaining close relationships with our community partners, and being able to provide much needed financial support that can make a positive difference within our community.

Over the next 12 months, our business priorities are to:

(i) further expand our number of customer relationships across both Brendale and Samford branches,

(ii) grow our lending business (specifically including housing loans) above system rates,

(iii) expand our network of small business customers,

(iv) establish full transaction and account relationships with each of our new customers, and

(v) increase focus on core community and business objectives by better aligning resources with business priorities.

To help achieve these objectives, the key messages that we intend to communicate more explicitly to all of our stakeholders and non-customers include:

- How the **Community Bank**® company makes a positive contribution within both Samford and the broader Pine Rivers community.
- The financial support provided within our community is a direct result of individuals, families and business owners supporting the **Community Bank**® branches as customers.

Manager's report (continued)

- Bendigo Bank is Australia's fifth largest bank providing the products and services you would expect from a major bank.
- The Bendigo Bank's customer service is independently rated higher than any of the major banks, as all of the team pride ourselves on personal service and relationships.

We would like to extend our thanks to the contribution and commitment made by all of our enthusiastic, hardworking and customer focussed staff that provide an enjoyable environment for both ourselves and our customers. We have recently welcomed Jane Dunk and Jordyn Wright to the team, both of who are experienced and pre-existing Bendigo Bank employees.

Since the beginning of 2014/15 financial year, Matthew Beswick (previously Branch Manager Brendale), Shayna Lutzke and Danielle Vonder have moved to other Bendigo Bank branch locations nearer to their local community and where they each reside. We thank Matthew, Shayna and Danielle for their contribution and wish them well in the years ahead.

Finally, we would like to thank our loyal customers, shareholders and community partners for their continued support of the **Community Bank**® branches. We look forward to working with you in the years to come.

Holly-Emma Moulds
Customer Relationship Manager
Brendale Community Bank® Branch

Bronwyn Fitzpatrick
Branch Manager
Samford Community Bank® Branch

Directors' report

For the financial year ended 30 June 2015

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

Directors

The following persons were Directors of Pine Rivers Community Finance 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
Jason Delisser Chairman (Non-Executive Director) Board Member since October 2010	Bachelor of Commerce, Bachelor of Laws, Graduate Diploma in Applied Finance & Investment, MBA, Graduate Diploma of Financial Planning.	Director F3 Financial Services Pty Ltd; Over 20 years banking and financial services experience. Treasurer to November 2012. Chairman since November 2012.
Paul Outen Treasurer (Non-Executive Director) Board Member since October 2010	Bachelor of Business; Member of the Association of Chartered Accountants.	Owner of First Class Accounts; Member of Closeburn Rural Fire Brigade. Company Secretary from May 2011 to December 2012. Treasurer since December 2012.
Gail Brown Secretary (Non-Executive Director) Board Member since October 2014		A trained and accredited mediator. Over 25 years experience in the banking industry; 20 years with Uni Credit Union with roles and responsibilities ranging from Teller to Branch Manager. A merger with bankmecu in 2008 provided opportunities within a larger organisation and Gail took up the role of Queensland Personal Banking Service Manager. Gail retired from this position in 2013.
Robert Millar Deputy Chairman (Non-Executive Director) Board Member since October 2007	Diploma Australian Institute of Company Directors (AICD); Fellow of AICD Fellow Financial Services Institute of Australia.	Over 30 years experience in banking industry; Councillor Moreton Bay Regional Council since 2000 (Chairman of Corporate Services, Chairman of Audit Committee); Member Local Government Mutual Liability Pool Board since 2008; Member Local Government Workcover Board since 2009.

Directors (continued)

Name and position held	Qualifications	Experience and other Directorships
John Goddard (Non-Executive Director) Board Member since July 2011		40 years banking experience; retired Chief Operating Officer of Bendigo Bank of QLD; Non-executive Chairman of Cooper Property Group and SE Qld Community Telco. Mr Goddard has a diverse range of strategic consulting clientele and is a past Director of Careflight Qld, Powerlink Qld, The Qld and Torres Strait Islander Foundation, The Australian Finance Conference and Opera Foundation Australia. Company Secretary from December 2012 to March 2015.
Michael Clahsen (Non-Executive Director) Board Member since April 2012		Over 30 years experience in software industry; 16 years at ASX listed Technology One Pty Ltd and owner of Majestri Pty Ltd; Board member and volunteer of BrAshA-T Limited since 2007; Former committee member and president of Samford Sporting Association (Samford Rangers Football Club 2004-2010). Member of the Steering Committee who established Samford **Community Bank®** Branch.
Kenneth Armstrong (Non-Executive Director) Board Member since March 2013		Major, retired, British Army RA. Retired Managing Director of a major military procurement organisation in the Middle East (15 years in Oman) and inaugural president of the Arts Alliance of Pine Rivers (now a local Arts Council). Past president of the Rotary Club of Albany Creek and remaining as a Board member. Currently managing Director of Armex Pty Ltd.
Anthony Freeman (Non-Executive Director) Board Member since September 2013	Bachelor of Business Studies, Justice of the Peace (Qualified)	Management and general management roles in consumer product marketing fields. Member of Rotary for 24 years. Principal of Freeman Marketing Services for 16 years providing business development and coaching to small to medium sized enterprises.
Terence Hogan (Non-Executive Director) Board Member since June 2015		Currently Adjunct Professor in the School of Government and International Relations and Principal Policy Adviser to the Vice Chancellor of Griffith University. Former Director General, Chief Executive and senior management positions in Local, State and Commonwealth Government agencies. Chair of the Steering Committee that established Samford **Community Bank®** Branch and chaired the Pine Rivers Community Finance Limited's Finance and Audit Committee. Has wide experience in community organisations (e.g. President Samford Show Society) and is a member of the Sustainability Advisory Panel for the 2018 Commonwealth Games.

Directors (continued)

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

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

Principal activities

The principal activities of the company during the course of the financial year were in providing **Community Bank®** 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 loss of the company for the financial year after provision for income tax was $7,521 (2014 profit: $19,587). This is due to an increase of amortisation on the renewal of Franchise fees.

The net assets of the company have decreased to $742,542 (2014: $777,613).

Dividends

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

	Year ended 30 June 2015	
	Cents Per Share	**$**
Dividends paid in the year (Final 2014):	5.5	60,611
Dividends declared during the year (Final 2015):	2.5	27,550

Options

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

Significant changes in the state of affairs

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

Events subsequent to the end of the reporting period

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

Remuneration report

Remuneration policy

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

Remuneration report (continued)

Remuneration benefits and payments

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

Indemnifying Officers or Auditor

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

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

Directors' meetings

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

Director	Board Meetings #	Marketing Committee #	Finance and Audit Committee #	Governance and Staffing Committee #
Jason Delisser	10 (11)	N/A	N/A	N/A
Paul Outen	10 (11)	N/A	7 (8)	N/A
Gail Brown	7 (7)	5 (5)	N/A	N/A
Robert Millar	11 (11)	N/A	N/A	7 (7)
John Goddard	9 (11)	N/A	6 (8)	6 (7)
Michael Clahsen	9 (9)	7 (7)	N/A	N/A
Kenneth Armstrong	10 (11)	N/A	6 (8)	5 (7)
Anthony Freeman	11 (11)	9 (9)	N/A	N/A
Terence Hogan	N/A	N/A	N/A	N/A

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.

Directors' report (continued)

Proceedings on behalf of company

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

Company Secretary

John Goddard has been the Company Secretary of Pine Rivers Community Finance Limited since December 2012 and resigned March 2015. The role is now undertaken by Gail Brown who has been a company Director since October 2014.

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 10 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 Samford on 7 October 2015.

Jason Delisser
Director

Auditor's independence declaration

Richmond Sinnott & Delahunty
Chartered Accountants

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

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

16th October 2015

The Directors
Pine Rivers Community Finance Limited
PO Box 7081
BRENDALE QLD 4500

Dear Directors

To the Directors of Pine Rivers Community Finance 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 2015 there has been no contraventions of:

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

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

Kathie Teasdale
Partner
Richmond Sinnott & Delahunty

Financial statements

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

	Note	2015 $	2014 $
Revenue	2	1,301,386	1,317,867
Employee benefits expense	3	(685,804)	(696,091)
Depreciation and amortisation expense	3	(122,715)	(102,306)
Finance costs	3	(1)	(1)
Bad and doubtful debts expense	3	(777)	(1,126)
Rental expense		(182,554)	(155,174)
Other expenses	3	(265,458)	(260,753)
Operating profit before charitable donations & sponsorships		**44,077**	**102,416**
Charitable donations and sponsorships		(60,195)	(80,207)
Profit before income tax		**(16,118)**	**22,209**
Tax expense	4	(8,597)	2,622
Profit for the year		**(7,521)**	**19,587**
Other comprehensive income		-	-
Total comprehensive income for the year		**(7,521)**	**19,587**
Profit attributable to members of the company		(7,521)	19,587
Total comprehensive income attributable to members of the company		**(7,521)**	**19,587**
Earnings per share (cents per share)			
- basic for profit for the year	24	(0.68)	1.78

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2015

	Note	2015 $	2014 $
Assets			
Current assets			
Cash and cash equivalents	6	108,858	142,107
Investments and financial assets	7	266,794	293,679
Trade and other receivables	8	113,692	159,345
Current tax receivable	16	5,343	23,390
Total current assets		**494,687**	**618,521**
Non-current assets			
Property, plant and equipment	9	332,853	336,544
Intangible assets	10	60,316	35,040
Deferred Tax Asset	16	8,597	-
Total non-current assets		**401,766**	**371,584**
Total assets		**896,453**	**990,105**
Liabilities			
Current liabilities			
Trade and other payables	11	126,361	151,881
Provisions	12	27,550	60,611
Total current liabilities		**153,911**	**212,492**
Total liabilities		**153,911**	**212,492**
Net assets		**742,542**	**777,613**
Equity			
Issued capital	13	916,808	916,808
Accumulated losses	14	(174,266)	(139,195)
Total equity		**742,542**	**777,613**

The accompanying notes form part of these financial statements.

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

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2013		**916,808**	**(98,171)**	**818,637**
Profit for the year		-	19,587	19,587
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		**-**	**19,587**	**19,587**
Transactions with owners, in their capacity as owners				
Dividends paid or provided	25	-	(60,611)	(60,611)
Balance at 30 June 2014		**916,808**	**(139,195)**	**777,613**
Balance at 1 July 2014		**916,808**	**(139,195)**	**777,613**
Profit for the year		-	(7,521)	(7,521)
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		**-**	**(7,521)**	**(7,521)**
Transactions with owners, in their capacity as owners				
Dividends paid or provided	25	-	(27,550)	(27,550)
Balance at 30 June 2015		**916,808**	**(174,266)**	**742,542**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2015

	Note	2015 $	2014 $
Cash flows from operating activities			
Receipts from customers		1,336,983	1,415,946
Payments to suppliers and employees		(1,253,369)	(1,279,165)
Borrowing Costs		(1)	(1)
Interest received		10,056	19,484
Income tax paid		18,047	(6,408)
Net cash provided by operating activities	**14**	**111,716**	**149,856**
Cash flows from investing activities			
Purchase of property, plant & equipment		(67,704)	(225,046)
Purchase of intangible assets		(76,596)	-
Purchase of investments		26,885	256,426
Net cash flows used in investing activities		**(117,415)**	**31,380**
Cash flows from financing activities			
Dividends paid		(27,550)	(60,611)
Net cash used in financing activities		**(27,550)**	**(60,611)**
Net decrease in cash held		**(33,249)**	**120,625**
Cash and cash equivalents at beginning of financial year		142,107	21,482
Cash and cash equivalents at end of financial year	**6**	**108,858**	**142,107**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2015

These financial statements and notes represent those of Pine Rivers Community Financial Services Limited.

Pine Rivers Community 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 1 October 2015.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

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

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

Economic dependency

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

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;
- raining for the Branch Managers and other employees in banking, management systems and interface protocol;
- Methods and procedures for the sale of products and provision of services;

Note 1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Economic dependency (continued)

- Security and cash logistic controls;
- Calculation of company revenue and payment of many operating and administrative expenses;
- The formulation and implementation of advertising and promotional programs; and
- Sale techniques and proper customer relations.

(b) Income tax

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

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

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

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

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

(c) Fair value of assets and liabilities

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

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

As fair value is a market-based measure, the 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)

(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.

Plant and equipment

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

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

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

Depreciation

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

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

Class of asset	Depreciation rate
Leasehold improvements	2.5%
Plant & equipment	2.5% - 37.5%

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

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

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

(e) Leases

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

Note 1. Summary of significant accounting policies (continued)

(e) Leases (continued)

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

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

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

(f) Impairment of assets

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

(g) Goods and services tax (GST)

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

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

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

(h) Intangible assets and franchise fees

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

(i) 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.

(j) Revenue and other income

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.

Note 1. Summary of significant accounting policies (continued)

(j) Revenue and other income (continued)

Interest, dividend and fee revenue is recognised when earned.

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

(k) Trade and other receivables

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

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

(l) Trade and other payables

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

(m) New accounting standards for application in future periods

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

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

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

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

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

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

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

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

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

- identify the contract(s) with customers;

Note 1. Summary of significant accounting policies (continued)

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

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

- identify the performance obligations in the contract(s);

- determine the transaction price;

- allocate the transaction price to the performance obligations in the contract(s); and

- recognise revenue when (or as) the performance obligations are satisfied.

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

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

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

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

(o) Provisions

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

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

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

(p) 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.

(q) Comparative figures

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

(r) 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.

Note 1. Summary of significant accounting policies (continued)

(r) Critical accounting estimates and judgements (continued)

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.

(s) 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.

(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.

Note 1. Summary of significant accounting policies (continued)

(s) Financial instruments (continued)

Impairment (continued)

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

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

Derecognition

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

Note 2. Revenue and other income

	2015 $	2014 $
Revenue		
- services commissions	321,573	297,871
- profit share	969,477	999,512
	1,291,050	**1,297,383**
Other revenue		
- interest received	10,056	19,484
- other revenue	280	1,000
	10,336	**20,484**
Total revenue	**1,301,386**	**1,317,867**

Notes to the financial statements (continued)

	2015 $	2014 $
Note 3. Expenses		
Employee benefits expense		
- wages and salaries	489,749	521,429
- superannuation costs	49,113	51,860
- workers compensation	3,509	4,270
- payroll tax	28,275	29,927
- other costs	115,158	88,605
	685,804	**696,091**
Depreciation of non-current assets:		
- plant and equipment	33,195	31,616
- leasehold improvements	38,200	47,136
Amortisation of non-current assets:		
- intangible assets	51,320	23,554
	122,715	**102,306**
Finance costs:		
- Interest paid	1	1
Bad debts:	777	1,126
Other expenses		
- accounting	19,086	22,386
- advertising and promotion	18,809	9,461
- marketing	22,899	9,396
- Freight and Cartage	11,950	13,103
- insurance	19,736	18,221
- printing - stationery	14,938	13,553
- telephone	11,354	11,383
- IT equipment lease	21,120	22,271
- IT running costs	18,319	18,624
- IT support costs	18,272	18,163
- other costs	88,975	104,192
	265,458	**260,753**

	2015 $	2014 $

Note 4. Tax expense

	2015 $	2014 $
a. The components of tax expense comprise		
- current tax expense/(income)	(8,597)	2,622
- deferred tax expense/(income) relating to the origination and reversal of temporary differences	-	-
- recoupment of prior year tax losses	-	-
- adjustments for under/(over)-provision of current income tax of previous years	-	-
	(8,597)	**2,622**
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 30% (2014: 30%)	(4,835)	6,662
Add tax effect of:		
- Prior year over/(under) provision for tax	-	-
- Deductible Expenses	(30,378)	(34,732)
- Non-deductible expenses	26,616	30,692
Current income tax expense	**(8,597)**	**2,622**
Income tax attributable to the entity	**(8,597)**	**2,622**
The applicable weighted average effective tax rate is	53.34%	11.81%

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

Note 5. Auditors' remuneration

	2015 $	2014 $
Remuneration of the Auditor for:		
- Audit or review of the financial report	8,030	5,100
- Share registry services	1,872	2,583
	9,902	**7,683**

Note 6. Cash and cash equivalents

	2015 $	2014 $
Cash at bank and on hand	68,601	142,107
Short-term bank deposits	40,257	-
	108,858	**142,107**

	2015 $	2014 $

Note 7. Investments and financial assets

Short-term bank deposits	**266,794**	**293,679**

The effective interest rate on short-term bank deposits was 2.83% (2014: 3.55%); these deposits have an average maturity of 23.5 days.

Note 8. Trade and other receivables

Current

	2015 $	2014 $
Trade receivables	109,908	125,356
Other assets	3,459	7,100
GST receivable		22,994
Prepayments	325	3,895
	113,692	**159,345**

Credit risk

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

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

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

	Gross amount $	Past due and impaired $	Past due but not impaired			Not past due $
			< 30 days $	31-60 days $	> 60 days $	
2015						
Trade receivables	109,908	-	-	-	-	109,908
Other receivables	3,459	-	-	-	-	3,459
Total	**113,367**	**-**	**-**	**-**	**-**	**113,367**
2014						
Trade receivables	125,356	-	-	-	-	125,356
Other receivables	7,100	-	-	-	-	7,100
Total	**132,456**	**-**	**-**	**-**	**-**	**132,456**

Notes to the financial statements (continued)

	2015 $	2014 $

Note 9. Property, plant and equipment

	2015 $	2014 $
Leasehold improvements		
At cost	218,769	195,068
Less accumulated depreciation	(47,036)	(8,836)
	171,733	**186,232**
Plant and equipment		
At cost	317,243	338,879
Less accumulated depreciation	(156,123)	(188,567)
	161,120	**150,312**
Total written down amount	**332,853**	**336,544**
Movements in carrying amounts		
Leasehold improvements		
Balance at the beginning of the reporting period	186,232	66,624
Additions	23,701	166,744
Disposals	-	-
Depreciation expense	(38,200)	(47,136)
Balance at the end of the reporting period	**171,733**	**186,232**
Plant and equipment		
Balance at the beginning of the reporting period	150,312	123,626
Additions	44,003	58,302
Disposals	-	-
Depreciation expense	(33,195)	(31,616)
Balance at the end of the reporting period	**161,120**	**150,312**

Note 10. Intangible assets

	2015 $	2014 $
Franchise fee		
At cost	240,148	167,768
Less accumulated amortisation	(179,832)	(132,728)
	60,316	**35,040**
Total Intangible assets	**60,316**	**35,040**

	2015 $	2014 $

Note 10. Intangible assets (continued)

Movements in carrying amounts

Franchise fee		
Balance at the beginning of the reporting period	35,040	58,594
Additions	72,380	-
Disposals	(34,186)	-
Amortisation expense	(12,918)	(23,554)
Balance at the end of the reporting period	**60,316**	**35,040**

Note 11. Trade and other payables

Current

Unsecured liabilities:		
Trade payables	65,301	88,814
Grants payable	24,645	41,576
Accrued Expenses	18,423	10,703
Unclaimed Dividends	9,499	5,788
Other payables and accruals	8,493	5,000
	126,361	**151,881**

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

Note 12. Provisions

(a) Dividends

Dividends Payable	**27,550**	**60,611**

(b) Employee Entitlements

All staff requirements are provided by permanently seconded employees of Bendigo and Adelaide Bank Limited

Note 13. Share capital

1,102,010 Ordinary shares fully paid	960,308	960,308
Less: Equity raising costs	(43,500)	(43,500)
	916,808	**916,808**

Note 13. Share capital (continued)

544,708 fully paid shares were issued on 24 June 2002 at $1 each.

- 27,300 bonus shares were issued on a one for one basis on 8 July 2002 to certain shareholders for no consideration.
- 114,402 bonus shares were issued on a one for five basis on 8 May 2009 for no consideration
- 415,600 fully paid shares were issued on 16 October 2009 at $1 each pursuant to the prospectus dated 25 June 2009.

	2015 $	2014 $
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	1,102,010	1,102,010
Shares issued during the year	-	-
At the end of the reporting period	**1,102,010**	**1,102,010**

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

Capital management

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

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

(i) the Distribution Limit is the greater of:

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

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

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

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

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

Notes to the financial statements (continued)

	2015 $	2014 $

Note 14. Accumulated losses

	2015 $	2014 $
Balance at the beginning of the reporting period	(139,195)	(98,171)
Dividends Paid	-	-
Dividends Payable	(27,550)	(60,611)
Profit after income tax	(7,521)	19,587
Balance at the end of the reporting period	**(174,266)**	**(139,195)**

Note 15. Statement of cash flows

Reconciliation of cash flow from operations with profit after income tax

	2015 $	2014 $
Profit after income tax	(7,521)	19,587
Non cash flows in profit		
- Depreciation	71,395	78,752
- Amortisation	51,320	23,554
Changes in assets and liabilities		
- (Increase) decrease in receivables	45,653	(12,432)
- Increase (decrease) in income tax payable	18,047	(3,786)
- Increase (decrease) in deferred tax liability	(8,597)	
- Increase (decrease) in payables	(25,520)	44,181
- Increase (decrease) in provisions	(33,061)	-
Net cash flows from/(used in) operating activities	**111,716**	**149,856**

Note 16. Tax balances

(a) Tax assets

	2015 $	2014 $
Current		
Income tax receivable	5,343	23,390
	5,343	**23,390**
Non-current		
Deferred tax asset comprises:		
- tax losses carried forward	8,597	-
	8,597	**-**

	2015 $	2014 $

Note 17. Leases

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the Statement of Financial Position.		
Payable - minimum lease payments		
- no later than 12 months	126,508	125,626
- between 12 months and 5 years	212,149	338,656
- greater than 5 years	-	-
	338,657	**464,282**

The two property leases are non-cancellable leases with varying terms (5 years and 2 years), with rent payable monthly in advance. The leases also have varying extension options (1 5-year term and 2 1-year terms).

Note 18. 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.

No Director of the company receives remuneration for services as a company Director or committee member.

There are no executives within the company whose remuneration is required to be disclosed.

(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.

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

Name of entity	Description	$ Value
First Class Accounts - The Gap (Paul Outen)	For Bookkeeping and BAS Agent Services	$12,000

Note 18. Related party transactions (continued)

(d) Key management personnel shareholdings

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

	2015	2014
Robert Millar	3,501	3,501
Jason Delisser	3,200	3,200
Michael Clahsen	12,000	12,000
Anthony Freeman	1,500	500
Terence Hogan	500	500
	-	-

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 19. 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 20. Contingent liabilities and contingent assets

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

Note 21. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in two geographic area being Brendale and Samford, Queensland. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited which accounts for 100% of the revenue (2014: 100%).

	2015 $	2014 $
Note 22. Leases		
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the Statement of Financial Position		
Payable - minimum lease payments	**126,508**	**125,626**
- no later than 12 months		
- between 12 months and 5 years	**212,149**	**338,657**

Note 23. Company details

The registered office and principle place of business is: Shop 4 Brendale 7-Day Shopping Centre
Kremzow Road,
Brendale QLD 4500

Note 24. Earnings per share

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

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

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

	2015 $	2014 $
Profit after income tax expense	**(7,521)**	**19,587**
Weighted average number of ordinary shares for basic and diluted earnings per share	**1,102,010**	**1,102,010**

Note 25. Dividends paid or provided for on ordinary shares

(a) Dividends provided for during the year

Current year final		
Fully Franked dividend - 2.5 cents per share (2014: Unfranked 5.5 cents per share)	**27,550**	**60,611**

Note 26. Financial risk management

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

	Note	2015 $	2014 $
Financial assets			
Cash and cash equivalents	6	108,858	142,107
Investments and financial assets	7	266,794	293,679
Trade and other receivables	8	113,367	132,456
Total financial assets		**489,019**	**568,242**

	Note	2015 $	2014 $

Note 26. Financial risk management (continued)

Financial liabilities			
Trade and other payables	11	126,361	151,881
Total financial liabilities		**126,361**	**151,881**

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

Specific financial risk exposure and management

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

(a) Credit risk

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

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

Credit risk exposures

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

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

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

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

	2015 $	2014 $
Cash and cash equivalents:		
A rated	108,858	142,107

Note 26. Financial risk management (continued)

(b) Liquidity risk

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

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

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

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

Financial liability and financial asset maturity analysis:

30 June 2015	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial liabilities due for payment					
Trade and other payables	11	126,361	126,361	-	-
Total expected outflows		**126,361**	**126,361**	**-**	**-**
Financial assets - cash flows realisable					
Cash & cash equivalents	6	108,858	108,858	-	-
Investments and financial assets	7	266,794	266,794		
Trade and other receivables	8	113,367	113,367	-	-
Total anticipated inflows		**489,019**	**489,019**	**-**	**-**
Net (outflow)inflow on financial instruments		**362,658**	**362,658**	**-**	**-**

Note 26. Financial risk management (continued)

(b) Liquidity risk (continued)

30 June 2014	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial liabilities due for payment					
Trade and other payables	11	151,881	151,881	-	-
Total expected outflows		**151,881**	**151,881**	**-**	**-**
Financial assets - cash flows realisable					
Cash & cash equivalents	6	142,107	142,107	-	-
Investments and financial assets	7	293,679	293,679		
Trade and other receivables	8	132,456	132,456	-	-
Total anticipated inflows		**568,242**	**568,242**	**-**	**-**
Net inflow on financial instruments		**416,361**	**416,361**	**-**	**-**

(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.

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

Sensitivity analysis

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

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

Note 26. Financial risk management (continued)

(c) Market risk (continued)

Sensitivity analysis (continued)

	Profit $	Equity $
Year ended 30 June 2015		
+/- 1% in interest rates (interest income)	3,757	3,757
+/- 1% in interest rates (interest expense)	-	-
	3,757	**3,757**
Year ended 30 June 2014		
+/- 1% in interest rates (interest income)	5,716	5,716
+/- 1% in interest rates (interest expense)	-	-
	5,716	**5,716**

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

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Fair values

- Fair value estimations

  The fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. Fair Value is the amount at which an asset could be exchanged, or liability settled, between knowledgable, willing parties in an arm's length transaction. The company does not have any unrecognised financial instruments at year end.

Directors' declaration

In accordance with a resolution of the Directors of Pine Rivers Community Finance Limited, the Directors of the company declare that:

1 The financial statements and notes, as set out on pages 11 to 36 are in accordance with the Corporations Act 2001 and:

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

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

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

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

Jason Delisser
Director

Signed at Samford on 7 October 2015.

Independent audit report

Richmond Sinnott & Delahunty
Chartered Accountants
Level 2, 10-16 Forest Street
Bendigo, VICTORIA
PO Box 30, Bendigo VICTORIA 3552

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

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PINE RIVERS COMMUNITY FINANCE LIMITED

Report on the Financial Report

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

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.

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 Pine Rivers Community Finance 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 Pine Rivers Community Finance Limited is in accordance with the Corporations Act 2001, including:

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

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

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

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

KATHIE TEASDALE
Partner

Dated at Bendigo, 16th October 2015

Samford **Community Bank®** Branch
Shop 3, 37 Main Street, Samford QLD 4520
Phone: (07) 3289 6710 Fax: (07) 3289 6726
www.bendigobank.com.au/samford

Brendale **Community Bank®** Branch
Shop 4, Brendale 7 Day Shopping Centre,
Kremzow Road, Brendale QLD 4500
Phone: (07) 3881 0720 Fax: (07) 3889 6645
www.bendigobank.com.au/brendale

Franchisee: Pine Rivers Community Finance Limited
Shop 4, Brendale 7 Day Shopping Centre,
Kremzow Road, Brendale QLD 4500
Phone: (07) 3289 5379
ABN: 14 098 199 476

www.bendigobank.com.au
(BMPAR15037) (07/15)