



**Annual Report 2015**  
Redlands Community Financial Services Ltd

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## Events



**10th Birthday  
Celebration,  
Annual General  
Meeting and  
Dividends paid**



*We are a part of a bigger picture*

## **Bendigo Bank is Australia's 5th largest bank and Australia's favourite business bank**

**An insight in to how Victoria Point Community Bank® Branch of the Bendigo Bank is a part of a strong Bank and bank network**

Bendigo Bank is Australia's favourite business bank, according to the latest customer satisfaction research.

Bendigo's business customers are 50 per cent more likely than big bank customers to recommend their bank to others.

Bendigo also topped the customer satisfaction count.

The findings announced by Morgan Research in January 2015, were based on a six-month sample of 12,000 business decision-makers across Australia.

Bendigo's Retail Executive, Dennis Bice, said the results reflected the bank's people and their focus on the success of their customers.

"We believe if our customers are successful, then that will flow through to our own success.

"Everything starts with that connection to the customer, but it's bigger than that: We've also invested in bringing customers the latest and best in digital technology, particularly our mobile payments solution GoPos which has been a big hit."

While these results are really pleasing, we don't intend to rest on our laurels.

Our customers can expect to see some further major initiatives this year that will deliver them service and advice whenever and wherever they need it."

The Morgan study found 74.3 per cent of Bendigo customers would recommend their bank compared with an average of less than 50 per cent of major bank customers.

### **More About Bendigo Bank**

Bendigo and Adelaide Bank ('Bendigo') is Australia's fifth-largest bank with 1.6 million customers and assets of \$65 billion. Our retail arm, Bendigo Bank, has more than 600 service outlets, including 311 locally owned **Community Bank®** branches that collectively have reinvested more than \$130 million of their profits into local projects.

# OUT AND ABOUT!

Over 800 hours volunteering!



Business Networks



Redlands Centre for Women

We facilitate  
a long-term  
Vision for  
Organisations



Our support embeds  
confidence in  
community  
organisations

Volunteer and assist with mobile point of sale too



Time on the Bay Islands



Behind the scenes support of  
those challenged

Because people matter on both sides of the counter

# OUR GUIDING PHILOSOPHIES

The Branch Team and Board spent a day together, to share how each of us feels about our work with the Community Bank®, and our long term purpose and value to the Community.

Together, we formed statements we all agree reflect our collective philosophies.



## Purpose

Enabling a better community

## Values

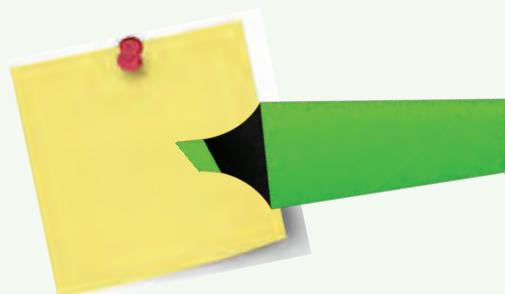
Empowering & inspiring others, people matter, sustainability and contribution

## Vision

Community hub whereby we are a community organisation that does banking

## 5 Year Strategy

To build the Redland community by enabling social outcomes, through funding and facilitation.



# Chairman's report



## For year ended 30 June 2015

In keeping with the spirit of reconciliation, Redlands Community Financial Services Ltd acknowledges the Quandamooka people as the traditional owners of the land where our Branch is located, and where we contribute to community. We recognise that these have always been places of community and teaching. We pay respect to their elders; past, present and emerging, and acknowledge the important role they continue to have in the Redlands.

Dear shareholders,

Well; here we are; closing in on 10 years since we opened the Branch and it's once again an honour to present the company's annual report. I recognise my report is not the usual Chairman's report, full of numbers and analysis; it's more about our people, our performance 'on the ground' and community outcomes. For us and our culture, people matter "on both sides of the counter" and by placing people and community first in our minds, our values and our actions, the community and the business builds respectively. This is why I report more on who we are and what we do, and I let the numbers speak for themselves essentially.

I wanted this years report to be different. Not just because we are 10 years young; because I believe we need to present a broader picture from many perspectives and therefore present more clearly our activities and achievements. I have once again asked our Branch team to provide a report and I have asked Bendigo Bank's Regional Manager, Mark Lally, to provide a report reflecting on our culture and performance. Mark oversees many **Community Bank®** and Corporate Branches, calls a spade a spade and can therefore reflect on our performance against what is ideal and how we compare to the 'norm'.

For the Branch team and Board, it has been quite a frustrating year. Our Branch team deserve recognition ahead reporting on the performance of the **Community Bank®** Company.

Firstly; a short story. Late 2009, I met with Mark Lally and Justine. Justine had not long transferred from Townsville. We met at a coffee shop, in a cold, dark arcade, adjacent to a busy street where the noise of the busses and trucks seemed to be magnified by the tiles that lined the walls of the arcade. Justine, Mark and I discussed briefly why Justine had transferred, a little of her life and banking background, the concept and model of a **Community Bank®** compared to a corporate Branch, and talked generally for around 25 minutes.

When the conversation reached a point where we all had to quietly assess what was the right, the next move for us all, Justine returned to her work and I took the opportunity visit Bendigo Bank State office support staff who I had talked with on the phone, yet never met face to face.

When I left the building to return to my car, I was reflecting on meeting Justine and I became aware that I was feeling or sensed something quite significant was missing. As I passed by the Bendigo Bank main entrance, the automatic doors opened and I saw Justine sitting by herself at a desk in the banking chamber. I almost kept walking because I was late for my next appointment. Instead, responding to the innate feeling that something was missing, I went in, sat down and as if I had known Justine for years, advised that I would support her decision, no matter what that was, that Justine should ensure that any change is right for her first, and us second, and, in regards to her experience in life to that point, I look forward to reading her biography. I didn't plan what to say, I simply wanted to relay that Justine had total support for a decision that was hers and hers alone; and to relay that her life seemed enriched from a mix of good and bad and one day, it would be good to know more.

Well, despite the noise in the arcade, the hard metal chairs, the wonky table and coffee that arrived cold and spilled on the saucer, it was the best coffee I have ever had. So, it is with the utmost respect that I acknowledge our CEO, our Manager; Justine Kennedy.



Justine is generous, thoughtful, strong, determined, observant, gracious and caring. Her leadership through a difficult year has been a model performance. The demands, especially those most significant that came without notice; were dealt with swiftly and with composure. Justine is truly a **Community Bank®** champion and at the top of her field. Justine's discipline; with the full and timely support of our reliable and faithful Branch team; resulted in achieving a profit well above the budget in a flat economy. Our **Community Bank®** Company is blessed to have Justine lead us all.

The Branch team overall volunteered in excess of 800 hours collectively, on their own initiative, in their own time. They have each made a significant personal investment and their contribution to Redland City in addition to their collective achievement through the **Community Bank®** outcomes is exemplary. They have all become well known in the community and have been recognised by others, in various ways, including invitations to join community groups and have been offered roles on committees etc. I hope whenever you see them, you too recognise their strength, loyalty and discipline.

As for the performance of the company;

- in what is probably old news to most of you, the Cleveland agency opened early in the 14-15 FY
- the Branch team and Board revisited our strategies for the next 5 years
- we drafted a Reconciliation Action Plan which continues to progress to registration with Reconciliation Australia, and are the first **Community Bank®** Branch to do so
- we researched then established the first full-time Indigenous Traineeship; the first in the whole network of over 500 branches, **Community Bank®** and corporate. Karisa Rapana is a welcome addition to our team and has already made a positive difference within the Branch
- Macleay Island agency moved, has been refreshed, is building business and providing the expected community service
- we passed a significant milestone and now have footings; savings and loans; of over \$100M
- we have more than 3,000 customers. One of our measures of success is whether we are a wanted business and with this size customer base, we are well on the way to success
- in the last 6 years we were awarded Branch of the year in our region 4 times in a row and have placed second two years in a row; the only Branch in our region to finish in the top 2; 6 years in a row
- we increased the amount and level of our activities and partnerships, which incurred increased costs, and in the current economy where profit margins are squeezed by record low interest rates, achieved a profit equivalent to last financial year, an excellent result
- in terms of the network of 310 **Community Bank®** Branches, we lead the way on social media. Bendigo Bank refer all other **Community Bank®** Branches to our pages as the platform or best example for others to mimic

At a time when Federal, State and Local Governments are reducing support for social services, we have increased our support and we can proudly say, we are not part of the problem; we are part of the solution. We also know from feedback that we are doing things right and importantly are also doing the right things! An excellent example of this is when Rebecca Jenkins was recognised and presented the "Being the Bendigo" award and recognised in our region for the same award.

There are so many reports in the media of the glass half full, glass half empty, bubbles, squeezes, confidence and consumers I will finish with noting that; half full or half empty, we are grateful we have a glass, and for our 10<sup>th</sup> birthday we hope to raise the glass, at least half full of bubbles, a squeeze of lime and with confidence, consume the contents and celebrate our journey so far; "Cheers!"

Yours faithfully,

**Garry White, Chairman**

# Manager's report

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For year ended 30 June 2015



Dear Shareholders,

This year has been one of the most challenging years for many reasons and especially in terms of growth for our branch. However, the mark of a good business model is one that works when times are most challenging and it is then we must do our best work individually and with others.

This year has seen over 800 hours spent working in and for our community through our 'People Matter' strategy. We know that people matter and we also understand that people matter to others, so the work we have been concentrating on this year has been connecting others to people who share our philosophy. This has allowed us to once again outperform expectations by;

- Exceeding growth budget, we ended the year achieving \$6.4 million growth;
- Exceeding insurance target;
- Exceeding merchant target;
- Exceeding margin income budget;
- Exceeding upfront product commission budget;
- Exceeding trailer product commission budget;
- Exceeding Net Profit budget; and
- Exceeding Gross Margin budget.

Focussing on 'People Matter' to others has also provided us with a year of firsts:

- Hit the \$100 million in footings; wow what an achievement!
- Welcomed our first ever indigenous trainee; Karisa Rapana
- Opened our third agency.

I would like to thank Mark Lally for his belief in us, all Bendigo Bank staff that support us and then most importantly the Board for guiding us to continue to make purposeful social and economic contributions through the **Community Bank®** model for our local community.

People Matter - more than their assets  
People Matter - in maximising opportunities  
People Matter - as enablers  
People Matter - in everything we do

Yours faithfully,

**Justine Kennedy**  
**Branch Manager**  
**Victoria Pont Community Bank® Branch**

# Branch Team's report

For year ended 30 June 2015

The year 2015 marks the milestone of an incredible 10 years in business for the Victoria Point **Community Bank**<sup>®</sup> Branch, and each of the staff members feel an overwhelming sense of pride in being part of this milestone as we reflect upon not only the past financial year, on our involvement in each of the years before.



To each of us, the **Community Bank**<sup>®</sup> model is a means of empowering us to give back to the community that we not only live and work in, but are also very passionate about. Each of us have invested our time and effort in to growing the business and supporting our community even more over the 2014/15 financial year, and we are proud to report that, although challenging, we have had another fantastic and successful year.

Each staff member has achieved, not only a sense of personal reward, but also professional rewards and milestones throughout the year, being recognised at the Regional Awards night for a sixth year in a row in the top two spots for our Region's 'Branch of the Year'.

We welcomed our very first Trainee, Karisa, in February who has already become an integral and valuable asset to our business and our team. Karisa has been "thrown in the deep end", as the team would say, already joining in on weekends away building the team spirit, and engaging in many community events in her short time being on Board. In February 2016, Karisa will officially be welcomed as a fully-fledged Victoria Point **Community Bank**<sup>®</sup> Branch champion, when her traineeship comes to an end.

Collectively, we have supported many local community groups, attended many community events and given over 800 hours of our own time to supporting the Redlands Community; whether putting our general knowledge hats on for trivia nights, delivering much needed meals to local community members through our Victoria Point Meals on Wheels service, trying out our golfing skills to support the local Crime Stoppers initiative, or running laps of the Victoria Point Sharks oval in support of the Run for Redlands 48 hour Charity Relay, or just cooking a few sausages at a Bunnings Barbecue, we are always out and about supporting and getting involved in our local Redlands community.

We must give special thanks and recognition to our ever supportive Board, who are always more than willing to jump in and lend a hand at community events, run along beside us in support of charity relays, or put their brains to the test in support of local community group trivia nights. The Board empower us to represent the **Community Bank**<sup>®</sup> model to the best of our ability and they entrust us to create an ever-growing, successful business that is well known and respected within our local community.

Justine, our team leader, our behind the scenes support and our Branch Manager, has once again proven her commitment, passion and integrity throughout the year, continuing to support the team she leads and driving the business she represents. Justine is a vital part of our success and never backs down from the challenge of leading a team to professional success, and to personal success too.

Now, we have reported our "what", so it is only fitting that we share with you our "why". Why do we invest so much out of hours' time? Why do we proudly represent the **Community Bank**<sup>®</sup> branch? Why do we, as staff, report on the people, rather than the monetary contributions?

Why? **Because people matter, on both sides of the counter.**

Jane Nelson, Karen Gold, Karen Woolan, Sandra Bucknall, Rebecca Jenkins and Karisa Rapana.

# Bendigo Bank Regional Manager's report

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For year ended 30 June 2015

Victoria Point **Community Bank**<sup>®</sup> Branch is certainly a very different and special bank branch, even for a Bendigo Bank **Community Bank**<sup>®</sup> branch.

Their commitment to the community, staff and the financial "health" of their customers is their number one priority, this in turns leads to success; a perfect example of the **Community Bank**<sup>®</sup> model in practice. Events that work for them don't necessarily work at other branches and this I believe comes down to their commitment and belief in the priorities above.

Their use of Facebook and the professional touch they put on this area makes them highly regarded not only through the social networking fraternity but also the branch. A clear example that whilst Social Media can be fun and a bit casual that when utilise in the right way it is also good for business. Another strength of the Victoria Point **Community Bank**<sup>®</sup> Branch is the strong branch/Board relationship. The respect levels shown by both parties is evident and also the genuine concern when things go wrong and the support shown is something that I have not evidenced in my several years as a Regional Manager.

The leadership from the Branch Manager, Justine Kennedy has never been stronger as Justine develops her skills further becoming engrained in the community and a very successful business woman, and never forgetting her team; a fantastic work ethic! Along with this is the relationship with the Bendigo Bank Corporate side of the Bank, from myself as a Regional Manager, right through to the Managing Director. And whilst we can't always agree there is always the attitude of lets talk it through and move forward. A great business and relationship building great attitude.

It has not always been this way, tough beginnings with profitability a distant haze. Through their commitment and working together this has been turned around to the point that over the last six years they have become a leading example in the region, an inspiration to other **Community Bank**<sup>®</sup> branches and a constant support both to myself and the branch. The credit for this turnaround is due primarily to the vision, hard work and dogged determination by the Chairman, Garry White. Garry's commitment to the **Community Bank**<sup>®</sup> model has been amazing with his never-ending work ethic and tireless support to the community and Bendigo Bank.

This best practice model that Victoria Point **Community Bank**<sup>®</sup> Branch displays also results in business success with them being the 'Branch of the Year' in South East Queensland region four years out of the last six and two second placings; an outstanding achievement. The last year has seen a below budget result for most of the branches not only in this region but also across the state, however Victoria Point has achieved their best profit result to date; again testimony to their strong business model and its resilience.

Yours faithfully,

**Mark Lally**  
Regional Manager Bendigo and Adelaide Bank



# Feedback from Facebook followers...



**“The staff at Bendigo Bank Victoria Point always make me feel welcome. They explain very clearly the answers to my questions and offer only products that suit mine and my families needs. We often talk to our friends about the high quality and efficient service and proudly Recommend”**

**“Love the old feel banking style and exceptional customer service. One day I had lots to sort out and I even got a cup of tea and a biscuit!!”**

**“I enjoy the variety of Facebook posts—very much a combination of information, community spirit, good humour and all round engagement. More organisations need to take now on how you are doing this so well. Keep up the good work!”**

**“I love how you do ‘banking’ like no other bank.... It’s like the ‘good ol’ days’ where you walk in to a branch and staff; really; say hello.... Really you know!**

**It feels like it’s not about the ‘bottom line’ but about how a business can support the community as the community supports the bank—well done!”**

**“It blew my mind just how community based and rewarding this bank is. Customer Service is top of their to do list every day and it’s great to see in today’s world of banking that they are doing such a great job. Cant wait to change banks at the first opportunity. Who ever heard of a bank that gives back to locals, 80% of it’s profits!”**



# **Redlands**

**Community Financial Services Limited**

**Financial Statements**

**as at**

**30 June 2015**

**Redlands Community Financial Services Limited**  
**ABN 52 116 190 875**  
**Directors' Report**



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

**Directors**

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

Garry Francis White

Chairman

Occupation: Business Continuity Manager

Qualifications, experience and expertise: Garry has been a Director of RCFS for 8 years. He has also been volunteering for 36 years with various community groups and is a foundation Life Member of the Redlands Netball Association after 25 years including holding various executive positions. Garry is experienced in Workplace Health and Safety, Risk Assessment and Governance, Business Continuity, People Management and fairness and diversity

Special responsibilities: Audit and Due Diligence, HR and Business Development.

Interest in shares: 10,003

Arnal Pravikash Chand

Director

Occupation: Full-time Student

Arnal is currently completing his final year of Law/Commerce at the University of Queensland. Arnal is a community volunteer which includes student tutoring, electoral support and Amnesty International, and is vice president of the UQ Red Cross Club. Present part-time occupation as Pharmacy Assistant and legal advisor for legal aid Queensland.

Special responsibilities: Marketing sub-committee.

Interest in shares: Nil

James Andrew McNamara

Director

Occupation: Self Employed Consultant

Qualifications, experience and expertise: James has a Bachelor's Degree in Commerce and runs his own boutique consulting firm called The Impact Factory. James' primary focus is leadership and teaching business people how to get others to willingly follow their lead. James is a skilled keynote presenter, group facilitator and coach. He has a keen mind for sales and marketing and often works with business owners to help them build and expand their businesses. James has a keen interest in grass roots community development initiatives and has been involved in a previous charity event to raise food for those in need.

Special responsibilities: Marketing Committee.

Interest in shares: Nil

John James Goodwin

Director

Occupation: Development manager

Qualifications, experience and expertise: State manager community sector banking, dealing with community groups, NFP and Charities. Past president of the Sharks Junior Cricket. Has experience in business lending, budgeting skills and credit management.

Interest in shares: Nil

David John McGovern

Director

Occupation: Qld Regional Director - Catholic Mission

David is a trained journalist and public relations practitioner, and is also a qualified Primary School teacher. David has developed extensive fundraising experience and networking skills, working in the charity/NFP sector. David helps raise the profile of the branch through the distribution of releases to local media and providing content for the social media outlets of the branch.

Special responsibilities: Member Marketing Committee.

Interest in shares: Nil

Dulise Coral Maxwell

Director

Occupation: Management Consultant

Dulise's current role of management consultant, executive coach, mentor and facilitator is the product of a range of corporate positions in the for-profit, not-for-profit and government sectors at local, state and national level. Roles have included positions in strategic HR, strategic planning and business development and management. Dulise has also undertaken and lectured in small business start-ups, entrepreneurship and personal and business hardship.

Special responsibilities: Deputy Chair

Interest in shares: Nil

**Redlands Community Financial Services Limited**  
**ABN 52 116 190 875**  
**Directors' Report**

**Directors (continued)**

Christopher Francis Webster

Director (*Appointed 25 September 2014*)

Occupation: Retired

Qualifications, experience and expertise: Christopher worked as a technical officer with Telstra until 1998 (30 years), and also worked as a retail sales assistant for 5 years (1998-2003) and Admin/Bookkeeping part time since 2003. Since 2001 Christopher volunteered with World Vision (2001-2009), Parkinson's Queensland (2006), Boystown (2007-2014), Circle of Men (2010-2011). Christopher currently volunteers with the Community Visitors Scheme (aged care) since 2010, Wynnum State School since 2011, Cleveland High School and Vitae (the last resort first) both started in 2015. Christopher is also a life member of the Capalaba State College Amateur Swimming Club and a life member of Tennis Officials Australia.

Interest in shares: 10,500

Bill Joe Parkes

Director (*Appointed 25 September 2014*)

Occupation: Accountant

Qualifications, experience and expertise: Preparation and audit of financial statements for public, private companies and not for profit companies, trust and incorporated associations. Pro bono preparation and audit of income tax returns and financial statements for not for profit companies, trust and incorporated associations. Incorporation of not for profit associations and companies and application for deductible gift receipt status.

Interest in shares: Nil

Frederick James Powers

Secretary/Treasurer (*Resigned 25 August 2014*)

Occupation: Retired (Accountant)

Qualifications, experience and expertise: Fred is a Fellow, Institute of Public Accountants and an Associate, Governance Institute of Australia (to 31/12/2014.) He has previous experience in domestic and offshore banking, financial accounting and taxation. Fred is a former proprietor of a local registered tax agency. He now specialises in self-managed super fund establishment and administration.

Special responsibilities: Company Secretary (resigned 28/05/2015), Assistant Treasurer, HR committee.

Interest in shares: Nil

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

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

**Company Secretary**

The company secretary is Christopher Francis Webster. Christopher was appointed to the position of secretary on 28 May 2015, who took over the role from Frederick James Powers. Refer to above for Chris' qualifications, experience and expertise.

**Principal Activities**

The principal activities of the company during the financial year were facilitating **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.

**Operating results**

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

Year ended 30 June 2015	Year ended 30 June 2014
\$	\$
71,383	72,339



**Redlands Community Financial Services Limited**  
**ABN 52 116 190 875**  
**Directors' Report**

**Directors' meetings**

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

	<b>Board Meetings Attended</b>	
	<u>Eligible</u>	<u>Attended</u>
Garry Francis White	9	9
Arnal Pravikash Chand	9	6
James Andrew McNamara	9	2
John James Goodwin	9	6
David John McGovern	9	4
Dulise Coral Maxwell	9	7
Christopher Francis Webster ( <i>Appointed 25 September 2014</i> )	6	5
Bill Joe Parkes ( <i>Appointed 10 November 2014</i> )	6	5
Frederick James Powers ( <i>Resigned 25 August 2014</i> )	1	1

**Proceedings on behalf of the company**

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

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

**Non audit services**

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

The board of directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

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

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

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

Signed in accordance with a resolution of the board of directors at Redlands, Queensland on 21 September 2015.



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**Garry Francis White, Chairman**

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

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

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



**Andrew Frewin Stewart**  
61 Bull Street, Bendigo Vic 3550



**David Hutchings**  
Lead Auditor

Dated: 21 September 2015



**Redlands Community Financial Services Limited**  
**ABN 52 116 190 875**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**for the year ended 30 June 2015**

	Notes	2015 \$	2014 \$
Revenue from ordinary activities	4	825,327	770,924
Employee benefits expense		(442,479)	(404,267)
Charitable donations, sponsorship, advertising and promotion		(61,438)	(71,374)
Occupancy and associated costs		(57,902)	(46,550)
Systems costs		(16,486)	(16,411)
Depreciation and amortisation expense	5	(29,295)	(32,032)
Finance costs	5	(6)	(118)
General administration expenses		(113,991)	(96,063)
<b>Profit before income tax expense</b>		<b>103,730</b>	<b>104,109</b>
Income tax expense	6	(32,347)	(31,770)
<b>Profit after income tax expense</b>		<b>71,383</b>	<b>72,339</b>
<b>Total comprehensive income for the year</b>		<b>71,383</b>	<b>72,339</b>
<b>Earnings per share for profit attributable to the ordinary shareholders of the company:</b>		¢	¢
Basic earnings per share	21	10.51	10.65

The accompanying notes form part of these financial statements

**Redlands Community Financial Services Limited**  
**ABN 52 116 190 875**  
**Balance Sheet**  
**as at 30 June 2015**

	Notes	2015 \$	2014 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	332,036	249,101
Trade and other receivables	8	50,675	43,128
<b>Total Current Assets</b>		<b><u>382,711</u></b>	<b><u>292,229</u></b>
<b>Non-Current Assets</b>			
Property, plant and equipment	9	122,614	120,557
Intangible assets	10	6,334	20,219
Deferred tax asset	11	23,340	55,687
<b>Total Non-Current Assets</b>		<b><u>152,288</u></b>	<b><u>196,463</u></b>
<b>Total Assets</b>		<b><u>534,999</u></b>	<b><u>488,692</u></b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	12	17,197	19,537
Provisions	13	9,302	7,716
<b>Total Current Liabilities</b>		<b><u>26,499</u></b>	<b><u>27,253</u></b>
<b>Non-Current Liabilities</b>			
Provisions	13	9,128	6,278
<b>Total Non-Current Liabilities</b>		<b><u>9,128</u></b>	<b><u>6,278</u></b>
<b>Total Liabilities</b>		<b><u>35,627</u></b>	<b><u>33,531</u></b>
<b>Net Assets</b>		<b><u>499,372</u></b>	<b><u>455,161</u></b>
<b>Equity</b>			
Issued capital	14	642,560	642,560
Accumulated losses	15	(143,188)	(187,399)
<b>Total Equity</b>		<b><u>499,372</u></b>	<b><u>455,161</u></b>

The accompanying notes form part of these financial statements



**Redlands Community Financial Services Limited**  
**ABN 52 116 190 875**  
**Statement of Changes in Equity**  
**for the year ended 30 June 2015**

	Issued capital \$	Accumulated losses \$	Total equity \$
<b>Balance at 1 July 2013</b>	642,560	(239,359)	403,201
<b>Total comprehensive income for the year</b>	-	72,339	72,339
<b>Transactions with owners in their capacity as owners:</b>			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(20,379)	(20,379)
<b>Balance at 30 June 2014</b>	<u>642,560</u>	<u>(187,399)</u>	<u>455,161</u>
<b>Balance at 1 July 2014</b>	642,560	(187,399)	455,161
<b>Total comprehensive income for the year</b>	-	71,383	71,383
<b>Transactions with owners in their capacity as owners:</b>			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(27,172)	(27,172)
<b>Balance at 30 June 2015</b>	<u>642,560</u>	<u>(143,188)</u>	<u>499,372</u>

The accompanying notes form part of these financial statements

**Redlands Community Financial Services Limited**  
**ABN 52 116 190 875**  
**Statement of Cash Flows**  
**for the year ended 30 June 2015**

	Notes	2015 \$	2014 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		901,966	851,519
Payments to suppliers and employees		(781,972)	(710,667)
Interest received		7,586	6,018
Interest paid		(6)	(118)
<b>Net cash provided by operating activities</b>	16	<u>127,574</u>	<u>146,752</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(17,467)	(19,553)
<b>Net cash provided by/(used in) investing activities</b>		<u>(17,467)</u>	<u>(19,553)</u>
<b>Cash flows from financing activities</b>			
Dividends paid		(27,172)	(20,379)
<b>Net cash provided by/(used in) financing activities</b>		<u>(27,172)</u>	<u>(20,379)</u>
<b>Net increase in cash held</b>		82,935	106,820
Cash and cash equivalents at the beginning of the financial year		249,101	142,281
<b>Cash and cash equivalents at the end of the financial year</b>	7(a)	<u><u>332,036</u></u>	<u><u>249,101</u></u>

The accompanying notes form part of these financial statements

**Redlands Community Financial Services Limited**  
**ABN 52 116 190 875**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2015**



**Note 1. Summary of significant accounting policies**

**a) Basis of preparation**

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

Compliance with IFRS

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

Critical accounting estimates

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

Historical cost convention

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

Comparative figures

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

Application of new and amended accounting standards

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

- AASB 2012-3 Amendments to Australian Accounting Standards (AASB 132) – Offsetting Financial Assets and Financial Liabilities.
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets.
- AASB 2013-4 Amendments to Australian Accounting Standards (AASB 139) – Novation of Derivatives and Continuation of Hedge Accounting.
- AASB 2013-5 Amendments to Australian Accounting Standards (AASB 10) – Investment Entities.
- AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles).
- AASB 2014-1 Amendments to Australian Accounting Standards (Part B: Defined Benefit Plans: Employee Contributions Amendments to AASB 119).
- Interpretation 21 Levies.
- AASB 1031 Materiality, AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part B: Materiality), AASB 2014-1 Amendments to Australian Accounting Standards (Part C: Materiality).

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

**Redlands Community Financial Services Limited**  
**ABN 52 116 190 875**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2015**

**Note 1. Summary of significant accounting policies (continued)**

**a) Basis of preparation (continued)**

Application of new and amended accounting standards (continued)

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

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

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

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank®** branch at Victoria Point, Queensland.

The branch operates 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®** branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank®** branch are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

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

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

**Redlands Community Financial Services Limited**  
**ABN 52 116 190 875**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2015**

**Note 1. Summary of significant accounting policies (continued)**

**a) Basis of preparation (continued)**

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

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

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank®** 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 manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations.

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

**b) Revenue**

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

Revenue calculation

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

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

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

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

Core banking products

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

**Redlands Community Financial Services Limited**  
**ABN 52 116 190 875**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2015**

**Note 1. Summary of significant accounting policies (continued)**

**b) Revenue (continued)**

Margin

Margin is arrived at through the following calculation:

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

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

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

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

Commission

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

Fee income

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

Ability to change financial return

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

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

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

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

Monitoring and changing financial return

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

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

**Redlands Community Financial Services Limited**  
**ABN 52 116 190 875**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2015**

**Note 1. Summary of significant accounting policies (*continued*)**

**b) Revenue (*continued*)**

Monitoring and changing financial return (*continued*)

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

**c) Income tax**

Current tax

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

Deferred tax

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

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

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

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

Current and deferred tax for the period

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

**d) Employee entitlements**

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

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

**e) Cash and cash equivalents**

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

**Redlands Community Financial Services Limited**  
**ABN 52 116 190 875**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2015**

**Note 1. Summary of significant accounting policies (continued)**

**f) Trade receivables and payables**

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

**g) Property, plant and equipment**

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

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

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

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

**h) Intangibles**

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

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

**i) Payment terms**

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

**j) Borrowings**

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

**k) Financial instruments**

Recognition and initial measurement

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

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

Derecognition

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

**Redlands Community Financial Services Limited**  
**ABN 52 116 190 875**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2015**

**Note 1. Summary of significant accounting policies (*continued*)**

**k) Financial instruments (*continued*)**

Classification and subsequent measurement

(i) *Loans and receivables*

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

(ii) *Held-to-maturity investments*

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

(iii) *Available-for-sale financial assets*

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

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

(iv) *Financial liabilities*

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

Impairment

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

**l) Leases**

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

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

**m) Provisions**

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

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

**n) Contributed equity**

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

**o) Earnings per share**

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

**Redlands Community Financial Services Limited**  
**ABN 52 116 190 875**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2015**

**Note 1. Summary of significant accounting policies (continued)**

**p) Goods and Services Tax**

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

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

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

**Note 2. Financial risk management**

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

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

(i) Market risk

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

(ii) Price risk

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

(iii) Credit risk

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

(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

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

(vi) Capital management

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

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

The distribution limit is the greater of:

- (a) 20% of the profit or funds of the franchisee otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the franchisee over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

**Redlands Community Financial Services Limited**  
**ABN 52 116 190 875**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2015**

**Note 2. Financial risk management (continued)**

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

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

**Note 3. Critical accounting estimates and judgements**

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

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

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

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

**Taxation**

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

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

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

**Estimation of useful lives of assets**

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

**Impairment of assets**

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

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

**Redlands Community Financial Services Limited**  
**ABN 52 116 190 875**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2015**

**Note 3. Critical accounting estimates and judgements (continued)**

Impairment of assets (continued)

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

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

**Note 4. Revenue from ordinary activities**

	2015	2014
	\$	\$
Operating activities:		
- services commissions	817,741	764,906
Total revenue from operating activities	817,741	764,906
Non-operating activities:		
- interest received	7,586	6,018
Total revenue from non-operating activities	7,586	6,018
Total revenues from ordinary activities	825,327	770,924

**Note 5. Expenses**

Depreciation of non-current assets:		
- plant and equipment	14,680	13,314
- leasehold improvements	730	730
- furniture & fittings	-	3,849
- computer software	-	-
- leasehold improvements	-	254
Amortisation of non-current assets:		
- franchise agreement	2,314	2,314
- franchise renewal fee	11,571	11,571
	29,295	32,032
Finance costs:		
- interest paid	6	118
Bad debts	745	1,764

**Redlands Community Financial Services Limited**  
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**Notes to the Financial Statements**  
**for the year ended 30 June 2015**

<b>Note 6. Income tax expense</b>	<b>2015</b> <b>\$</b>	<b>2014</b> <b>\$</b>
The components of tax expense comprise:		
- Movement in deferred tax	(1,333)	(538)
- Adjustment to deferred tax to reflect change to tax rate in future periods	1,228	-
- Recoupment of prior year tax losses	32,452	31,923
- Under/(Over) provision of tax in the prior period	-	385
	<u>32,347</u>	<u>31,770</u>

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows

Operating profit	103,730	104,109
Prima facie tax on profit from ordinary activities at 30%	31,119	31,233
Add tax effect of:		
- non-deductible expenses	-	152
- timing difference expenses	1,333	538
	<u>32,452</u>	<u>31,923</u>
Movement in deferred tax	(1,333)	(538)
Adjustment to deferred tax to reflect change of tax rate in future periods	1,228	-
Under/(Over) provision of income tax in the prior year	-	385
	<u>32,347</u>	<u>31,770</u>

**Note 7. Cash and cash equivalents**

Cash at bank and on hand	70,202	11,800
Term deposits	261,834	237,301
	<u>332,036</u>	<u>249,101</u>

**Note 7.(a) Reconciliation to cash flow statement**

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

Cash at bank and on hand	70,202	11,800
Term deposits	261,834	237,301
	<u>332,036</u>	<u>249,101</u>

**Note 8. Trade and other receivables**

Trade receivables	41,836	34,688
Prepayments	6,928	6,595
Other receivables and accruals	1,911	1,845
	<u>50,675</u>	<u>43,128</u>

**Redlands Community Financial Services Limited**  
**ABN 52 116 190 875**

**Notes to the Financial Statements**  
**for the year ended 30 June 2015**

<b>Note 9. Property, plant and equipment</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Leasehold improvements		
At cost	29,217	29,217
Less accumulated depreciation	(6,934)	(6,204)
	<u>22,283</u>	<u>23,013</u>
Plant and equipment - Victoria Point		
At cost	110,893	108,332
Less accumulated depreciation	(49,177)	(43,873)
	<u>61,716</u>	<u>64,459</u>
Plant and equipment - Macleay Island		
At cost	12,468	7,692
Less accumulated depreciation	(2,781)	(2,298)
	<u>9,687</u>	<u>5,394</u>
Plant and equipment - Cleveland		
At cost	20,214	18,972
Less accumulated depreciation	(4,049)	(4,101)
	<u>16,165</u>	<u>14,871</u>
Furniture and fittings		
At cost	39,263	36,975
Less accumulated depreciation	(26,500)	(24,155)
	<u>12,763</u>	<u>12,820</u>
Computer Software		
At cost	13,661	13,661
Less accumulated depreciation	(13,661)	(13,661)
	<u>-</u>	<u>-</u>
Total written down amount	<u>122,614</u>	<u>120,557</u>
<b>Movements in carrying amounts:</b>		
Leasehold improvements		
Carrying amount at beginning	23,013	23,743
Additions	-	-
Disposals	-	-
Less: depreciation expense	(730)	(730)
Carrying amount at end	<u>22,283</u>	<u>23,013</u>
Plant and equipment - Victoria Point		
Carrying amount at beginning	64,459	72,062
Additions	5,543	1,640
Disposals	-	-
Less: depreciation expense	(8,286)	(9,243)
Carrying amount at end	<u>61,716</u>	<u>64,459</u>
Plant and equipment - Macleay Island		
Carrying amount at beginning	5,394	5,648
Additions	4,776	-
Disposals	-	-
Less: depreciation expense	(483)	(254)
Carrying amount at end	<u>9,687</u>	<u>5,394</u>

**Redlands Community Financial Services Limited**  
**ABN 52 116 190 875**

**Notes to the Financial Statements**  
**for the year ended 30 June 2015**

<b>Note 9. Property, plant and equipment (continued)</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Movements in carrying amounts (continued):</b>		
Plant and equipment - Cleveland		
Carrying amount at beginning	14,871	-
Additions	5,314	18,972
Disposals	-	-
Less: depreciation expense	(4,020)	(4,101)
Carrying amount at end	<u>16,165</u>	<u>14,871</u>
Furniture and fittings		
Carrying amount at beginning	12,820	16,640
Additions	2,287	-
Disposals	-	-
Less: depreciation expense	(2,344)	(3,820)
Carrying amount at end	<u>12,763</u>	<u>12,820</u>
Total written down amount	<u><u>122,614</u></u>	<u><u>120,557</u></u>
<b>Note 10. Intangible assets</b>		
Franchise fee		
At cost	21,570	21,570
Less: accumulated amortisation	(20,514)	(18,200)
	<u>1,056</u>	<u>3,370</u>
Renewal processing fee		
At cost	57,853	57,853
Less: accumulated amortisation	(52,575)	(41,004)
	<u>5,278</u>	<u>16,849</u>
Total written down amount	<u><u>6,334</u></u>	<u><u>20,219</u></u>
<b>Note 11. Tax</b>		
<b>Non-Current:</b>		
Deferred tax assets		
- accruals	983	1,065
- employee provisions	5,253	4,198
- tax losses carried forward	17,599	50,977
	<u>23,835</u>	<u>56,240</u>
Deferred tax liability		
- accruals	495	553
	<u>495</u>	<u>553</u>
Net deferred tax asset	<u><u>23,340</u></u>	<u><u>55,687</u></u>
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	<u><u>32,347</u></u>	<u><u>31,770</u></u>
<b>Note 12. Trade and other payables</b>		
<b>Current:</b>		
Trade creditors	1,326	7,267
Other creditors and accruals	4,874	4,860
BAS Payable	10,997	7,410
	<u><u>17,197</u></u>	<u><u>19,537</u></u>

**Redlands Community Financial Services Limited**  
**ABN 52 116 190 875**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2015**

<b>Note 13. Provisions</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Current:</b>		
Provision for annual leave	<u>9,302</u>	<u>7,716</u>
<b>Non-Current:</b>		
Provision for long service leave	<u>9,128</u>	<u>6,278</u>
 <b>Note 14. Contributed equity</b>		
679,310 ordinary shares fully paid (2014: 679,310)	679,310	679,310
Less: equity raising expenses	<u>(36,750)</u>	<u>(36,750)</u>
	<u>642,560</u>	<u>642,560</u>

Rights attached to shares

(a) *Voting rights*

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

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

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

(b) *Dividends*

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

(c) *Transfer*

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 266. As at the date of this report, the company had 295 shareholders.

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

**Redlands Community Financial Services Limited**  
**ABN 52 116 190 875**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2015**

**Note 14. Contributed equity (continued)**

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

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

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

<b>Note 15. Accumulated losses</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Balance at the beginning of the financial year	(187,399)	(239,359)
Net profit from ordinary activities after income tax	71,383	72,339
Dividends paid or provided for	(27,172)	(20,379)
Balance at the end of the financial year	<u>(143,188)</u>	<u>(187,399)</u>

**Note 16. Statement of cash flows**

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

Profit from ordinary activities after income tax	71,383	72,339
Non cash items:		
- depreciation	15,410	18,147
- amortisation	13,885	13,885
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(7,547)	7,874
- (increase)/decrease in other assets	32,347	31,770
- increase/(decrease) in payables	(2,340)	(495)
- increase/(decrease) in provisions	4,436	3,232
Net cash flows provided by operating activities	<u>127,574</u>	<u>146,752</u>

**Note 17. Leases**

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable - minimum lease payments:

- not later than 12 months	17,524	34,116
- between 12 months and 5 years	-	14,233
	<u>17,524</u>	<u>48,349</u>

The branch premises lease is a non-cancellable lease with a five-year term. The first renewal of the lease was taken on the 1 December 2010, with one remaining renewal option of a 5 year term remaining. Rent is payable monthly in advance and is increased annually by CPI.

**Redlands Community Financial Services Limited**  
**ABN 52 116 190 875**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2015**

**Note 18. Auditor's remuneration**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Amounts received or due and receivable by the auditor of the company for:		
- audit and review services	5,050	4,950
- non audit services	2,200	1,651
	<u>7,250</u>	<u>6,601</u>

**Note 19. Director and related party disclosures**

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

There were no transactions with directors during the period under review.

	<b>2015</b>	<b>2014</b>
Key Management Personnel Shareholdings		
Ordinary shares fully paid	20,503	10,003

**Note 20. Dividends paid or provided**

**a. Dividends paid during the year**

Current year dividend		
100% (2014: Unfranked) dividend - 4 cents (2014: 3 cents) per share	<u>27,712</u>	<u>20,379</u>

**Note 21. Earnings per share**

(a)	Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	71,383	72,339
		<b>Number</b>	<b>Number</b>
(b)	Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	679,310	679,310

**Note 22. Events occurring after the reporting date**

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

**Note 23. Contingent liabilities and contingent assets**

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

**Note 24. Segment reporting**

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

**Note 25. Registered office/Principal place of business**

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

Registered Office	Principal Place of Business
Shop 5/127 Colburn Avenue	Shop 5/127 Colburn Avenue
Victoria Point QLD 4163	Victoria Point QLD 4163

**Redlands Community Financial Services Limited**  
**ABN 52 116 190 875**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2015**

**Note 26. Financial instruments**

Financial Instrument Composition and Maturity Analysis

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

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average		
			1 year or less		Over 1 to 5 years		Over 5 years						
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%	
<b>Financial assets</b>													
Cash and cash equivalents	70,202	11,800	261,834	237,301	-	-	-	-	-	-	2.65	2.68	
Receivables	-	-	-	-	-	-	-	-	-	41,836	34,688	N/A	N/A
<b>Financial liabilities</b>													
Payables	-	-	-	-	-	-	-	-	-	899	6,195	N/A	N/A

Net Fair Values

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

Credit Risk

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

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

Interest Rate Risk

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

Sensitivity Analysis

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

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

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Change in profit		
Increase in interest rate by 1%	3,320	2,491
Decrease in interest rate by 1%	3,320	2,491
Change in equity		
Increase in interest rate by 1%	3,320	2,491
Decrease in interest rate by 1%	3,320	2,491

**Redlands Community Financial Services Limited**  
**ABN 52 116 190 875**  
**Directors' Declaration**

In accordance with a resolution of the directors of Redlands Community Financial Services Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and
  - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

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



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**Garry Francis White, Chairman**

Signed on the 21st of September 2015.

## **Independent auditor's report to the members of Redlands Community Financial Services Limited**

### **Report on the financial report**

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

### **Directors' responsibility for the financial report**

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

### **Auditor's responsibility**

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

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

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

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

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

## Independence

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

## Auditor's opinion on the financial report

In our opinion:

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

## Report on the remuneration report

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

## Auditor's opinion on the remuneration report

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



**Andrew Frewin Stewart**  
61 Bull Street, Bendigo Vic 3550



**David Hutchings**  
Lead Auditor

Dated: 21 September 2015

AS A BANK WE  
ARE GOOD WITH

*money*

BUT IT'S BIGGER THAN THAT. WE ARE MORE  
INTERESTED IN THE GOOD THAT MONEY CAN DO.

---

**WE CARE ABOUT PEOPLE  
AND WHAT THEY CARE ABOUT.**

PEOPLE SHOULD BE TREATED FAIRLY AND  
DECENTLY NO MATTER THEIR CIRCUMSTANCES.

---

WE KNOW PEOPLE WITH A  
**PURPOSE** MAKE GREAT  
THINGS HAPPEN

---

**COMMUNITY**  
IS AS IMPORTANT TO US  
AS IT IS TO ITS MEMBERS.

---

WE STRIVE TO  
CREATE AND **SHARE VALUE**  
WITH EVERYONE CONNECTED WITH OUR BUSINESS.

---

WE WEIGH ALL OF OUR DECISIONS  
BECAUSE THEY AFFECT THE **FUTURE** WE HELP TO  
CREATE.

---

**OUR ACTIONS** DEFINE US MORE THAN  
OUR WORDS WILL.

 **Bendigo Bank**  
Bigger than a bank.

Victoria Point  
Community Bank® Branch

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