



Annual Report 2015

Trafalgar & District
Financial Services Limited

ABN 86 102 573 222

Trafalgar & District **Community Bank**[®] Branch

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Chairperson's report

For year ending 30 June 2015

It gives me great pleasure to present my second Annual Report as Chairperson of Trafalgar & District Financial Services Limited. This year we have achieved a considerable amount including the finalisation of a new strategic plan which will set the direction of the company for the next few years, and the branch refurbishment, which was completed just before the end of the year.

The financial year ended on a pleasing note with initial reports indicating that net profit was about 40% higher than the 2013/14 financial year. Overall income was up 4.3% on 2013/14 results with income from upfront product commission being nearly double that of the previous year. Expenses were again carefully controlled this year which had a large effect on the end result. At the end of June, the Board decided to transfer \$100,000 to the Community Enterprise Foundation™ as a pre-tax contribution. As you will all be aware, cautious business activity has continued again this year, but despite this our branch has increased the value of total business to \$112.3 million.

As a result of the end of year figures, I am pleased to announce that shareholders will receive a 9 cent per share dividend, fully franked, and that the dividend will be paid on 30 November, 2015.

Funds were reserved during the year to complete the branch refurbishment at the end of June. After months of planning, the branch refurbishment took place over a long weekend and resulted in a modern looking banking hall and back office that provides more space and comfort for both staff and customers.

The partnership with Bendigo and Adelaide Bank continues to be both collaborative and supportive. As I mentioned in the last shareholder newsletter, changes to the **Community Bank**® business model through Project Horizon are taking place and the Board is well prepared for any effects this will have on the business.

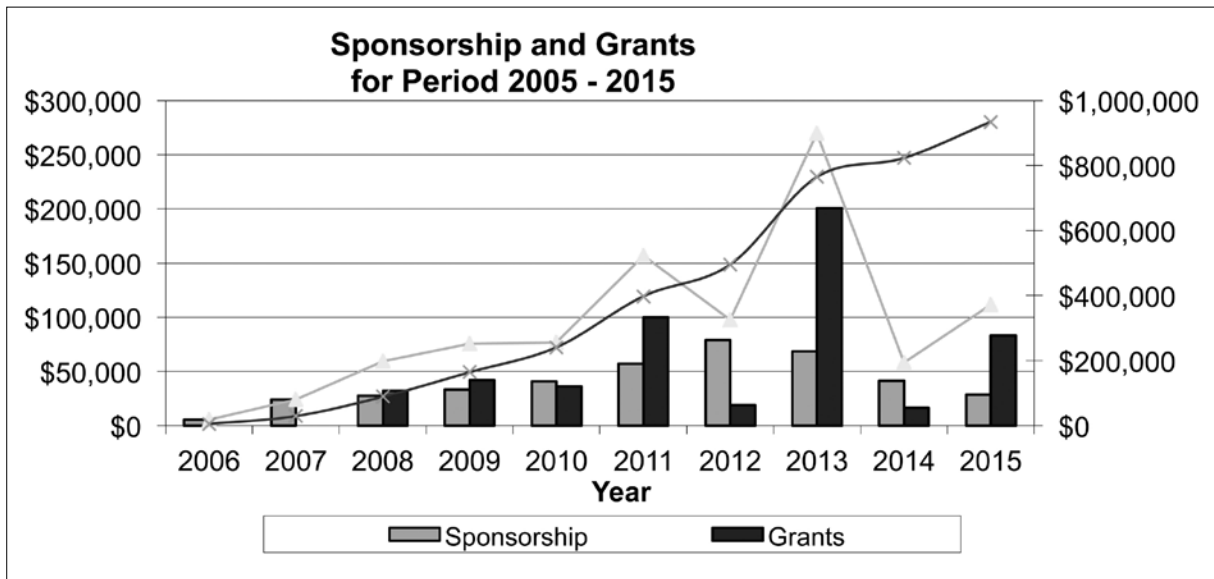
Following the successful lease of the Yarragon Railway Station Building last year, from Vic Track on behalf of Baw Baw Arts Alliance, we have again partnered with the BBAA to lease the station building in Trafalgar from VicTrack with the handover completed in September.

Another project that will increase our presence in Yarragon is the replacement and relocation of the ATM due to the lease with the current business ending in June. Following exhaustive consultation with the local business community we are currently in negotiations with a local property owner to lease a premises in the main street in which to locate the ATM. The Board views this arrangement as an opportunity for future arrangements that will mutually benefit both our business and the local community.

Shareholders will be pleased to note that investment in the local community continued this year with over \$111,000 being returned to the local community. Sponsorship of local organisations totalled \$28,391. Amongst the organisations and events we agreed to support this year was the return of the Thorpdale Potato Festival, the cinema in the Trafalgar Holden Museum and the Hill End Art Show.

At last November's Annual General Meeting (AGM) we announced the successful grants recipients, with further grants being given to Baw Baw Sustainability Network and Erica Kindergarten. As a result of the Board working with Baw Baw Shire Council, the best possible outcome was achieved for Erica Kindergarten. In total \$83,000 was given to the local community in grants, including \$18,000 to scholarship recipients.

Chairperson's report (continued)



Another exciting investment in the community this year was the decision to appoint a Youth Foundation Facilitator and re-launch the Trafalgar & District Youth Foundation with a Greenlight Driver Education program in June. This 'by youth, for youth' funding model will focus on giving local young people the tools and resources to make a positive contribution to their community by turning their ideas into actions. We appointed Jessie Rhodes as Youth Foundation Facilitator in July and look forward to working with her in the coming year.

The Board of Directors wishes to express their appreciation of the hard work and dedication of the Manager, Phil Drummond and all the staff who have worked at the branch during the year. Long-serving staff member, Lorraine Morland retired in March this year to spend more time with her family and we said good-bye to Kathryn and Caroline who took positions in Bendigo Bank branches. Late last year, Erin and Christie joined the staff.

I would like to thank Phil, Lorraine, Sharon, Tiffany, Kathryn, Caroline, Gavin, Erin and Christie for their fantastic service and teamwork which is the key to our continued success. Many thanks also for their efforts over and above the usual banking duties. Our participation in community events such as the Thorpdale Potato Festival in March, for which they prepared hundreds of showbags and packing up the branch for the weekend refurbishment would not be possible without their help.

Our Administration Officer, Gemma resigned from the company last December to move to Phillip Island, and was replaced in March by Claire Anderson. The Board would also like to thank all our staff, Gemma, Melanie, Claire and Annemieke for their hard work and support to Directors during the past year and their invaluable contribution to the company.

I would also like to thank all the Directors for their unfailing hard work this year. Following the departure of Wayne McArdle and Ross McDermott at the AGM last November, three Directors also resigned due to other commitments. On behalf of the Board, I would like to thank Dianne Harrison, Vic Hill and Luc Valiquette for their hard work and support over the last few years.

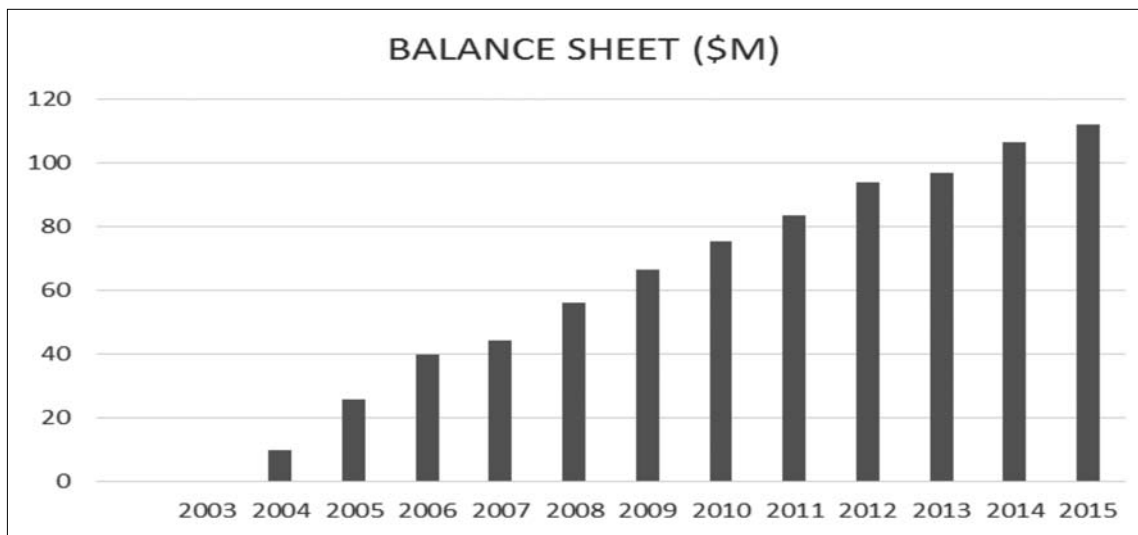
Earlier this year we welcomed two new Directors, Grant Coulthard, who is returning for a second term as Director and Lindsay Jarvis. I look forward to working with them and the other Directors in the coming year.

Jane Coots
Chairperson

Manager's report

For year ending 30 June 2015

This year we are pleased to advise that the branch has increased its balance sheet by \$5.582 million during the year to finish with an overall balance of \$112.143 million of funds under management. This includes a loan balance of \$49.805 million, deposit balance of \$53.081 and off balance sheet business of \$9.257 million. This is a gratifying result under the circumstances with growth being ahead of budget for the year. The economic conditions in which we have been operating this year have remained very flat with the La Trobe Valley and the wider Gippsland region experiencing limited economic growth and a number of ongoing economic challenges. Added to this has been increased competition from other financial institutions and ever reducing margins resulting from lower interest rates. The result has been a challenging environment for the **Community Bank**[®] branch making this growth even more satisfying.



An important strategy for our business is to increase the number of customers from local communities who bank with us. This will be a continuing focus for us in the coming year in order to maintain our strong position in the local market by working to have “locals” bank with us in order to strengthen their own local community.

During the year we ran a campaign to attract small business to Bendigo Bank. This initiative is a result of this year's Roy Morgan poll results which showed that Bendigo Bank's business banking customers were the most satisfied of all the Australian banks' business banking customers for the fourth year in a row. To support this promotion, the Bendigo Bank reviewed its equipment finance policies and application processes which enables us to manage the process in branch enabling customers to gain access to finance for their equipment requirements within 24 hours in most cases. Bendigo Bank has also reviewed its lending rates and establishment fees for its Business Solutions range of products which is a suite of lending products designed for Small to medium sized enterprises looking for credit facilities of up to \$250,000 - \$500,000.

The branch has been undertaking collaborative marketing campaigns during the year in conjunction with Neerim & District **Community Bank**[®] Branch and Drouin & District **Community Bank**[®] Branch. These campaigns included the Warragul & Drouin Gazette and radio 3GG. We have continued to support the local community based newspapers and newsletters as well with our marketing campaigns throughout the year.

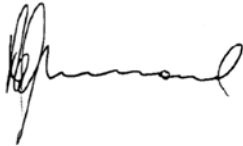
Manager's report (continued)

We undertook renovations at the branch this year. The Chairperson will go into further detail in her Chairperson's report. However, it is completed and we hope you enjoy the new look of our branch. For those of you who have ever completed a renovation, you will know that it is an emotionally charged time. Thank you for your patience during this time. The only things we had delays with was the carpet and the new red couch, which was a few weeks late. However, all is in place now and ready for use.

There have been further changes in staffing in the branch during the year with Lorraine Morland retiring after more than 10 years of dedicated service to our branch and this community and Kathryn Gourley taking the opportunity to advance her career by taking on a more senior role at the Traralgon branch of Bendigo Bank. We wish both Lorraine and Kathryn all the best for the future.

Tiffany Kokshoorn has been welcomed back to part time work after maternity leave. Erin Hastie and Christie Ashe have joined us and have been a welcome addition to the staff.

Staff who have worked in the branch during the year are Gavin Duffy, Tiffany Kokshoorn, Sharon Bowyer, Kathryn Gourley, Lorraine Morland, Caroline Dyal, Erin Hastie, Christie Ashe and Phil Drummond.



Phil Drummond
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2015

In the 2015 financial year, the **Community Bank**[®] network opened its 310th branch and community contributions since the model's inception exceed \$130 million. Both of these achievements could not have been achieved without your ongoing support as a shareholder, customer and advocate of what is a truly unique way of banking for the benefit of your local community.

Local communities continue to embrace the **Community Bank**[®] model, a banking movement founded on the simple belief that successful customers and successful communities create a successful bank.

Seventeen years later communities are still approaching us and the model is as robust and relevant as ever, however a review of what we were doing, why and how we could do it better was timely.

During an 18 month period the Bank, in partnership with the **Community Bank**[®] network, undertook a comprehensive review of the **Community Bank**[®] model. Project Horizon was the largest single engagement process ever undertaken by our organisation.

As a result, a focus for the next 18 months will be the implementation of 64 recommendations. What was overwhelmingly obvious is that our **Community Bank**[®] network, and our Bank, care deeply about what has been developed and in what the future holds for the network.

In the early days of **Community Bank**[®] development, the **Community Bank**[®] model was seen as a way to restore branch banking services to rural towns, regional cities and metropolitan suburbs after the last of the banks closed their doors.

Today, although the focus is still about providing banking services, there is perhaps an even greater interest in the way in which the model creates a successful community enterprise used to effectively, and sustainably, build community capacity.

In October 2014, we welcomed **Community Bank**[®] branches in Bacchus Marsh, Kilmore, Maffra, Kwinana and Nubeena. All of these branches join a strong and mature banking network where valued partnerships enhance banking services, taking the profits their banking business generates and reinvesting that funding into initiatives to ultimately strengthen their community.

Following consultation with local residents and business owners responding to other banks reducing their branch presence, Aldinga Beach **Community Bank**[®] Branch opened the Willunga Customer Service Centre in April 2015, providing a full banking service to local people five days a week.

The **Community Bank**[®] model is a great example of shared value and was centre stage at an international Shared Value conference in the United States earlier this year.

Funding generated by **Community Bank**[®] branches support projects that make a difference to a community. But no matter how big or small the place people call home, the **Community Bank**[®] network recognises that when they act as one, powered by the good that money can bring, bigger things can happen for local towns, regions and states.

In WA, a \$125,000 commitment to Ronald McDonald House by Collie & Districts **Community Bank**[®] Branch resulted in a further \$125,000 from 21 branches (both community and company owned) in the state.

In QLD, Longreach farming families are now feeding their stock thanks to a dedicated Rotary Club and financial contributions from 16 **Community Bank**[®] (and company) branches.

Across regional and rural NSW, young people are today better drivers thanks to a driver education program supported by **Community Bank**[®] branches and across Australia, 58 young people headed off to their first year of university with the help of a **Community Bank**[®] scholarship.

Bendigo and Adelaide Bank report (continued)

Interest in the **Community Bank**[®] model remains strong, with 20 **Community Bank**[®] sites currently in development and a further six **Community Bank**[®] branches expected to open nationally during the next 12 months.

The network's steady expansion demonstrates the strength and relevance of a banking model where the desire to support the financial needs of customers is equalled by the desire to support the community with the good that money can bring.

By the end of the financial year 2014/15 the **Community Bank**[®] network achieved the following:

- Returns to community – over \$130 million since the model's inception
- **Community Bank**[®] branches – 310
- **Community Bank**[®] branch staff – more than 1,500
- **Community Bank**[®] company Directors – 1,946
- Banking business – \$28.79 billion
- Customers – 699,000
- Shareholders – 74,393
- Dividends paid to shareholders since inception – \$38.6 million

The communities we partner with also have access to the Bank's extensive range of other community building solutions including Community Enterprise Foundation™ (philanthropic arm), Community Sector Banking (banking service for not-for-profit organisations), Generation Green™ (environment and sustainability initiative), Community Telco[®] Australia (telecommunications solution), tertiary education scholarships and community enterprises that provide **Community Bank**[®] companies with further development options.

In Bendigo and Adelaide Bank, your **Community Bank**[®] company has a committed and strong partner and over the last financial year our company has continued its solid performance. Our Bank continues to be rated at least "A-" by Standard & Poor's, Moody's and Fitch in recognition of its strong performance in the face of what continues to be a challenging economic environment.

Our **Community Bank**[®] partners played an integral role in the Bank's involvement in the Financial Systems Inquiry, lobbying their local Federal Government representatives and calling for a level playing field.

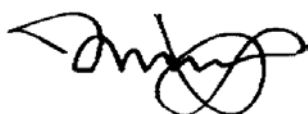
Recent APRA announcements regarding changes to risk weights on mortgages will positively impact our Bank – providing customers with a level playing field by giving them more choice from a wider variety of financial providers.

Thanks to the efforts of our people, our peers and **Community Bank**[®] partners, we're starting to see the benefits. In continuing to take a collaborative approach, we act as one network driving positive outcomes for all Australians.

As **Community Bank**[®] company shareholders you are part of a unique banking movement.

The model offers an alternative way to think about banking and the role banks play in modern society, and because of your support there really is no limit to what can be achieved for local people and the communities in which you live.

Thank you for your ongoing support of your local **Community Bank**[®] branch.



Robert Musgrove
Executive Community Engagement

Committee report

For year ending 30 June 2015

The company's four governance committees and three operational committees continued their operations during the reporting period. The activities of each committee are outlined below (members of each committee are as at 30 June 2015).

Corporate Governance Committees

Audit & Risk Committee

Stephen Peterson (Lead), Jane Coots, Grant Coulthard, Vic Hill and Luc Valiquette.

The Audit & Risk Committee met twice during the 2014/15 financial year.

In the first half of the 2014/15 financial year the committee reviewed the method by which risk is assessed and managed. The company risk register was modified to meet Basle 3 compliance requirements. Training was delivered by Bendigo Bank to the committee to assist in the implementation of the new risk management framework.

Risks to the company have been carefully managed throughout the 2014/15 financial year by means of strict mitigatory controls of the above framework. Although the risk register has been simplified, risk categorisation and control remain comprehensive and robust.

Crisis Response Committee

Jane Coots (Lead) and Phil Drummond.

This committee did not meet due to there being no crises.

Finance Committee

Grant Coulthard (Lead), Jane Coots, Dianne Harrison, Vic Hill and Annemieke Heijden.

The Finance Committee is responsible for the financial performance of the company. The committee prepared the budget with a strong focus on controlling expenses. The committee monitored the financial performance of the company throughout the year, met monthly, set the annual budget and reported to the Board. The committee has started to implement strategies which should improve our income in the 2015/16 financial year.

The major financial cost in the coming financial year will be the much-needed renovation of the branch.

HR Committee

Karen Baum (Lead), Jane Coots, Lindsay Jarvis and Stephen Peterson.

During the financial year the HR Committee reviewed and updated the Director Induction Kit. The kit is provided to all new Directors when they commence with Trafalgar & District Financial Services Limited (TDFSL) and provides guidelines and resources for Directors.

Review of the Administration Officer Position description took place early in 2015 and in March 2015 we were able to advertise, interview and recruit an additional Administration Office. Claire Anderson commenced work in April.

The HR Committee provided support in the process for developing the Branch Manager Performance criteria. This process was ratified by the Board at their July Board meeting.

Support and guidance was provided to the Youth Foundation Committee to assist with the recruitment of the Youth Foundation Facilitator. We are pleased to advise that Jessy Rhodes commenced work in July 2015.

Committee report (continued)

The HR Committee has commenced a review of all committee charters, requesting each committee lead to review their respective charters and update and implement as required. Work is continuing on this project and we aim to have all charters in place by the end of 2015.

Low Volume Market

Stephen Peterson (Lead) and Jane Coots, Dianne Harrison and Luc Valiquette.

The Low Volume Market Committee is responsible for the administration of Trafalgar and District Financial Services Limited shares trading. The committee met once during the past year. A review of the share registry was conducted to ensure that there were no shareholders with a prohibited shareholding interest. No breaches to the company's constitution or the Low Volume Market rules were noted.

During the 2014/15 financial year there were a total of nine transfers. As at 30 June, there were seven parties interested in selling shares and three parties interested in purchasing shares.

Operational Committees

IT Committee

Stuart Earle (Lead), Jane Coots, Grant Coulthard, Lindsay Jarvis and Luc Valiquette.

The IT Committee met several times during the year. It considered the purchase of new equipment, reviewed and updated policies in regard to protecting electronic data and mobile computing. It also reviewed and updated the company's intranet structure, file naming conventions and started a review of the backup procedures.

Marketing & Sponsorship Committee

Stuart Earle (Lead), Karen Baum, Jane Coots, Phil Drummond, Dianne Harrison, Vic Hill and Christie Ashe.

The committee has had a name change from Community Building to Marketing and Sponsorship to best reflect that it is responsible for sponsorship, advertising and marketing of the business. During the 2014/15 financial year the committee oversaw an active sponsorship program with \$28,391 returned to the community and also a grants round which returned \$82,970.

This year the following organisations received sponsorship from the Trafalgar & District **Community Bank**[®] Branch:

Organisation	Amount
Baw Baw Arts Alliance	\$211
Bendigo Bank Charity Golf Day	\$1,500
Big Blokes BBQ	\$1,250
Gippsland Greenkeepers & Bowlers	\$300
Hill End Community Inc.	\$2,500
Hill End Grove Rovers Junior Football Club	\$390
Moe Rotary Club (Blue Rock Classic)	\$5,000
Narracan Primary School	\$600
Tanjil Valley Progress Association	\$2,500
Thorpdale Potato Festival	\$2,000
Thorpdale Primary School	\$1,300
Trafalgar Bowls Club	\$400

Organisation	Amount
Trafalgar East Hall Committee	\$960
Trafalgar Golf Club	\$330
Trafalgar High School	\$1,000
Trafalgar Holden Museum	\$1,500
Trafalgar Lioness Club	\$500
Trafalgar Lions Club	\$1,500
Trafalgar Probus Club	\$250
Trafalgar Tennis Club	\$1,800
Walhalla Heritage & Development League Inc.	\$600
Willow Grove Primary School	\$1,500
Yarragon Bowling Club	\$500
Total	\$28,391

Committee report (continued)

This year we held a grants round through the Community Enterprise Foundation™, the following organisations received grants this year:

Organisation	Amount	Organisation	Amount
Anglican Trust (Walhalla Church)	\$5,200	Trafalgar Bowls Club	\$3,000
Baw Baw Sustainability Network	\$3,250	Trafalgar Cricket Club	\$22,120
Erica Pre School	\$5,000	Trafalgar Rotary Club	\$4,900
Hill End Community Inc.	\$1,500	Trafalgar-Thorpdale RSL	\$20,000
Student Scholarships	\$18,000	Total	\$82,970

The Trafalgar & District **Community Bank**® Branch student scholarship program continues to provide much needed financial support to local students pursuing higher education opportunities. This year, nine students received scholarships valued at \$2,000 each. Since 2012, \$52,000 has been awarded in scholarships through the Community Enterprise Foundation™ to local students.

To date an amount of \$934,512 has been returned to local and surrounding districts of Trafalgar, through sponsorships and grants, since the branch first opened on 23 November 2003.

Youth Foundation Committee

Karen Baum (Lead), Jane Coots, Lindsay Jarvis and Stephen Peterson.

During the 2014/15 financial year, the Youth Foundation Committee focussed on reinvigorating the Trafalgar Youth Foundation.

One of the highlights of the year was bringing a Motorvation driving simulator to Trafalgar for a one-day workshop for secondary school students. TDFSL was able to sponsor 17 Trafalgar High School students to participate in the Green Light Driver Education program which included theory, simulated driving and practical experience.

With assistance from the HR Committee, we developed a position description for the Youth Foundation Facilitator role. We were able to advertise, interview and recruit the new Facilitator (Jessy Rhodes) in June/July 2015.

Jessy is working on creating opportunities to work with local young people and is exploring the opportunity of developing a social media presence and launching and a Youth Foundation grants round.

Directors' report

For the financial year ended 30 June 2015

The Directors present their report on the company for the financial year ending 30 June 2015.

1. The Directors in office at any time during or since the end of the year are:

Dianne Harrison

Dianne was appointed Director on 4 November 2010 and is a lecturer at Federation University. She holds a Bachelor of Arts, Bachelor of Education, Master of Education and is a graduate of the Gippsland Community Leadership Program (2010). She became Deputy Chairman on 8 November 2013 and was responsible for writing our media releases. Dianne was also the Lead of the Community Building Committee and a member of the Low Volume Market Committee until her resignation from the Board on 28 February 2015.

Wayne McArdle

Wayne was appointed Director on 5 May 2011 and is a barrister and solicitor. His qualifications are Bachelor of Law, Bachelor of Economics, Diploma of Law and Government and a Diploma of Legal Practice. Wayne is a member of the Law Institute of Victoria. He was a member of the Audit and Risk Committee until his retirement at the AGM on 14 November 2014.

Jane Coots

Jane was appointed Director on 3 November 2011 and re-elected on 14 November 2014. She was elected as Chairman for a second term in November 2014. She is a local dairy farmer and an accountant and has a Bachelor of Business and Commerce (Accounting), and is working towards her CPA accreditation. Jane is a member of all the Committees in an ex-officio capacity.

Stuart Earle

Stuart was appointed Director on 20 November 2012 and re-elected on 14 November 2014. He owns a photographic and movie archiving business in Yarragon and is a graphic designer. He is the lead of the Marketing and Sponsorship and the Information Technology Committees.

Vic Hill

Vic was appointed Director on 7 December 2012 and became Treasurer in August 2013. He is an accountant, tax agent and ASIC registered SMSF Auditor. He is a member of the Institute of Public Accountants (Fellow) and Specialist Advisor and Auditor. Vic has degrees in Bachelor Applied Science (Physics), Masters Applied Science (Physics), a Graduate Diploma (Education) and a Graduate Diploma Business (Accounting). Vic was the lead of the Finance Committee and member of the Audit & Risk Committee until his resignation from the Board on 28 June 2015.

Luc Valiquette

Luc was appointed Director on 8 February 2013 and became Company Secretary in August 2013. He is a Finance Manager and has a Bachelor of Business Administration. Luc was the lead of the Low Volume Market, Audit & Risk and Information Technology Committees until his resignation from the Board on 28 June 2015.

Directors' report (continued)

1. The Directors in office at any time during or since the end of the year are (continued)

Karen Baum

Karen was appointed Director on 1 March 2013, and is Deputy Chairman. Karen is a passionate agriculturalist with a career spanning 20 years in the Australian dairy industry.

Karen holds a Diploma in Business (Human Resources), Associate Diploma in Applied Science (Agriculture Services) and a Certificate in Dairy Farm Management. In 2012 Karen completed the Gippsland Community Leadership Program and has extensive experience contributing to local committees. Karen is the lead of the Human Resource Committee, a member of the Sponsorship and Marketing Committee and is the Director responsible for the Trafalgar & District Youth Foundation.

Stephen Peterson

Stephen was appointed Director in 25 March 2014, and became Company Secretary on 28 June 2015. He is a lawyer and holds a Bachelor of Arts, Bachelor of Law and a Graduate Diploma in Legal Practice. He is a member of the Law Institute and is on the Executive Committee of the Gippsland Law Association. Stephen is a member of the Audit & Risk and Low Volume Market Committees.

Ross McDermott

Ross was appointed Director on 25 March 2014 for a second term as a Director. He holds a Certificate IV in Training and Assessment, Diploma in Technical Teaching, Diploma of Business, Vocational Graduate Certificate in Competitive Enterprise and a Masters in Organisational Leadership. Ross was a member of the Audit and Risk and Community Building Committees until his resignation from the Board on 14 November 2014.

Grant Coulthard

Grant was appointed as a Director on 28 May 2015 and was elected Treasurer on 25 June 2015. Grant is an accountant and has a Bachelor of Business, he also has a graduate diploma in Education, together with a graduate certificate in Governance for Not for Profits. Grant is the lead of the Finance Committee and is a member of the Audit and Risk and IT Committees.

Lindsay Jarvis

Lindsay was appointed Director on 25 June 2015. Lindsay holds a Diploma in Social & Community Services, Certificate IV in Animation for Screen and graduated from the Academy of Interactive Entertainment with an Advanced Diploma in Game Development (Art). Lindsay completed the Gippsland Community Leadership Program in 2014 and is a member of the Information Technology Committee, Human Resources Committee, Trafalgar & District Youth Foundation Committee and the Finance Committee.

Directors have been in office since the start of the financial year to the date of the report, unless otherwise stated.

2. The principal activity of the company during the financial year was the management of a **Community Bank®** branch.
3. The net profit after tax of the company for the financial year was \$63,928 (2014: \$100,327).
4. During the financial year the company continued its trading activities, The results of those operations were in line with projections.
5. There was no significant change in the state of the affairs on the company during the financial year.

Directors' report (continued)

6. No matters of circumstances have arisen since the end of the financial year which significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.
7. The Directors are not aware of any likely developments in the operation of the company or of any change in the expected results of those operations in future financial years.
8. No Indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an Officer or Auditor of the company.
9. No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is party for the purpose of taking responsibility on behalf of the company of all or any part of those proceedings.
10. The company was not a party to any such proceedings during the year.
11. The company's operation are not regulated by any significant environmental regulation under a law of the Commonwealth, or of a State or Territory.
12. No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company with a Director, a firm of which a Director is a member, or an entity in which a Director has a substantial financial interest other than the benefits disclosed in Note 7. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the accounts, or the fixed salary or an employee of the company.
13. During the Financial year, 11 meetings of Directors were held. Attendances by each Director were as follows:

Director	Director since	Directors' meetings	
		Eligible to Attend	Number Attended
Dianne Harrison *	2010	7	5
Wayne McArdle **	2011	4	1
Jane Coots	2011	11	11
Stuart Earle	2012	11	10
Vic Hill ^	2012	11	11
Luc Valiquette ^	2013	11	8
Karen Baum	2013	11	9
Stephen Peterson	2014	11	9
Ross McDermott ^^	2014	4	2
Grant Coulthard #	2015	2	2
Lindsay Jarvis ##	2015	1	1

* Resigned 26 February 2015

** Did not seek re-election at 2014 AGM

^ Resigned on 28 June 2015

^^ Resigned at the 2014 AGM

Appointed 28 May 2015

Appointed 25 June 2015

All Directors are widely experienced in the general business environment in which the company operates.

Directors' report (continued)

Auditors independence declaration

The Directors received the following declaration from the Auditor of the company:

Kidmans Partners Pty Ltd

Signed in accordance with a resolution of the Board of Directors.



Jane Coots
Chairman

Date: 27 October 2015

Auditor's independence declaration

TAYLOR PARTNERS PTY. LTD.
CHARTERED ACCOUNTANTS A.C.N. 006 597 235

R MALE FCA
G JAMES CA

**Auditors Independence Declaration
Under Section 307C of the Corporations Act 2001**

**To the Directors of
Trafalgar & District Financial Services Limited**

I declare that, to the best of my knowledge and belief, in relation to the review of Trafalgar & District Financial Services Limited for the financial year ended 30th June, 2015 there have been;

- a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.



R L Male FCA

Taylor Partners Pty Ltd
Suite 5, 255 Whitehorse Road, Balwyn Vic

Dated this 27th day of October 2015

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VICTORIA, AUSTRALIA 3103

Liability Limited by a Scheme approved under Professional Standards Legislation.

Financial statements

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

	Note	2015 \$	2014 \$
Revenue			
Income from operations		796,562	761,740
Interest received		9,472	10,289
Total revenue		806,034	772,029
Expenses			
Employee benefit expenses		433,564	413,177
Depreciation		8,121	9,849
Amortisation of franchise fee		14,513	14,177
General administration		109,833	111,553
Leasing costs		7,889	7,906
Audit services		1,460	1,420
Advertising and promotion		20,882	32,710
Marketing and sponsorships		33,225	46,956
Occupancy costs		35,221	40,986
Total expenses		664,707	678,732
Profit/(loss) from ordinary activities before market development		141,327	93,296
Market development grants		50,000	50,000
Donation - CEF		(100,000)	-
Profit/(loss) before income tax		91,327	143,296
Income tax expense/(benefit)	3	27,399	42,989
Profit/(loss) for the period		63,928	100,307
Other comprehensive income		-	-
Total comprehensive income for the period		63,928	100,307
Earnings per share (cents per share)			
- Basic earnings per share (cents)		12.00	18.82
- Diluted earnings per share (cents)		12.00	18.82

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Financial Position as at 30 June 2015

	Note	2015 \$	2014 \$
Assets			
Current assets			
Cash and cash equivalents	5	404,684	393,701
Trade and other receivables		76,836	77,429
Tax assets		19,157	-
Other		1,665	-
Total current assets		502,342	471,130
Non-current assets			
Intangibles	13	49,383	63,895
Property, plant & equipment	2	534,953	542,874
Deferred tax asset	3	7,959	10,343
Total non-current assets		592,295	617,113
Total assets		1,094,637	1,088,243
Liabilities			
Current liabilities			
Interest bearing liabilities		679	584
Trade and other payables		66,929	70,195
Provisions	4	17,121	11,207
Total current liabilities		84,729	81,985
Non-current liabilities			
Interest bearing liabilities		174,007	189,184
Deferred tax liability	3	500	-
Provisions	4	7,928	22,008
Total non-current liabilities		182,435	211,192
Total liabilities		267,164	293,178
Net assets		827,473	795,065
Equity			
Contributed equity		532,859	532,859
Accumulated profits (losses)	9	294,614	262,206
Total equity		827,473	795,065

The accompanying notes form part of these financial statements.

Financial statements (continued)

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

	Contributed equity \$	Retained earnings \$	Total equity \$
Balance at 1 July 2014	532,859	262,217	795,076
Total comprehensive income for the period	-	63,928	63,928
Transactions with owners in their capacity as owners:			
Shares issued during the period	-	-	-
Dividends recognised for the period	-	(31,530)	(31,530)
Balance at 30 June 2015	532,859	294,615	827,474
Balance at 1 July 2013	532,859	188,163	721,022
Total comprehensive income for the period	-	100,307	100,307
Transactions with owners in their capacity as owners:			
Shares issued during the period	-	-	-
Dividends recognised for the period	-	(26,265)	(26,265)
Balance at 30 June 2014	532,859	262,217	795,064

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2015

	Note	2015 \$	2014 \$
Cash flows from operating activities			
Receipts from customers		797,155	790,115
Payments to suppliers and employees		(723,935)	(601,333)
Interest received		9,472	10,289
GST Paid		(383)	40,904
Income tax paid		(24,515)	(45,197)
Net cash provided by operating activities	6	57,795	194,778
Cash flows from investing activities			
Payments for property, plant and equipment		(200)	(60,316)
Net cash flows used in investing activities		(200)	(60,316)
Cash flows from financing activities			
Repayment of borrowings		(15,083)	(13,366)
Dividends paid		(31,530)	(26,265)
Net cash used in financing activities		(46,613)	(39,631)
Net increase / (decrease) in cash held		10,982	94,831
Cash and cash equivalents at beginning of period		393,701	298,870
Cash and cash equivalents at end of period	5	404,684	393,701

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2015

Note 1. Summary of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other Authoritative Pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the economic entity of Trafalgar & District Financial Services Limited (“the company”) as an individual entity. The company is a company limited by shares, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based in historical costs and does not take into account changing money values, or except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied.

(a) Basis of preparation

These general purpose financial statements for the year reporting period ended 30 June 2014 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This financial report is intended to provide users with an update on the latest annual financial statements of the company. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the company for the year ended 30 June 2015, together with any public announcements made during the following year.

(b) Accounting policies

The same accounting policies and methods of computation have been followed in this financial report as were applied to prior annual financial statements.

(c) Critical accounting estimates and judgements

The critical estimates and judgements are consistent with those applied and disclosed in the June 2013 annual report.

For the year reporting period to 30 June 2015, a number of new and revised Accounting Standard requirements became mandatory for the first time, some of which are relevant to the company. A discussion of these new and revised requirements that are relevant to the company is provided below:

The company adopted AASB 2011-9: Amendments to Australian Accounting Standards- Presentation of Items of Other Comprehensive Income on 1 July 2012. AASB 2011-9 is mandatorily applicable from 1 July 2012 and amends AASB 101: Presentation of Financial Statements.

AASB 2011-9 amends the presentation requirements of other comprehensive income. As the financial report contains no other comprehensive income, this has not affected the presentation of the financial statements.

AASB 2011-9 also amends AASB 101 to change the title “Income Statement” to “Statement of Profit or Loss and Other Comprehensive Income” when the single statement approach is followed. Although other titles are also permitted, the company has decided to use the title “Statement of Profit or Loss and Other Comprehensive Income.”

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(d) New and revised accounting requirements applicable to the current year reporting period

The adoption of AASB 2011-9 only changed the presentation of the company's financial statements and did not have any impact on the amounts reported for the current period or for any prior period in the company's financial statements.

The company has not elected to adopt any other new standards or amendments that are issued but not yet effective.

(e) Events subsequent to reporting date

There have been no events subsequent to the reporting date that would materially effect the financial statements at the reporting date.

(f) Property, plant and equipment

Each class of property, plant and equipment are carried at cost less where applicable any accumulated depreciation.

The carrying amount of fixed assets is reviewed annually to ensure it is not in excess of the recoverable amount of those assets. The recoverable amount is assessed on the basis of expected net cash flows which will be received from the assets, employment and subsequent disposal. The expected net cash flows have been discounted to their present value in determining the recoverable amounts.

The depreciable amount of all fixed assets are depreciated using the diminishing value method over their useful lives to the company commencing from the time the asset is held ready for use.

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

- Plant and equipment 5% - 100%

(g) Cash

For the purpose of the Statement of Cash Flows, cash includes:

- (i) cash at bank: and
- (ii) cash on at call deposits at bank.

(h) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Revenue is recognised net of the amount of goods and services tax (GST).

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of a cost of acquisition of the asset or as part of an item if the expense. Receivables and payables in the Balance Sheet are shown inclusive of GST. Cash flows are included in the Statement of Cash Flows on a gross basis, and the GST component arising from investing and financing activities, which is recoverable from, or payable to the Australian Taxation Office, are classified as operating activities.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(j) Intangibles

The franchise fee is valued in the accounts at cost and is being amortised over a period of five years. The balance is reviewed annually and any balance representing future benefits for which the realisation is considered to be no longer recoverable is written off.

(k) Comparative figures

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

(l) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits associated to ownership.

Finance leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the group are capitalised at present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease of equal value is also recognised.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and recognized directly in the net profit.

(m) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within the year together with benefits arising from wages, salaries and annual leave, which will be settled after on year, have been measured at the amounts expected to be paid when they are made for those benefits.

Contributions are made by the company to an employee superannuation fund and are charged as expenses when incurred.

(n) Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects either the accounting profit nor taxable profit or loss: and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(n) Income tax (continued)

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business and, at the time of the transaction, effects neither the accounting profit nor taxable profit or loss: and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that are enacted or substantially enacted at the balance date.

(o) Trade and other payables

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

	2015 \$	2014 \$
Note 2. Property, plant and equipment		
Property, plant and equipment at cost	660,123	659,923
Less provision for depreciation	(125,170)	(117,049)
	534,953	542,874
Reconciliation of written-down value of property, plant & equipment		
Balance at beginning of year	542,874	550,793
Additions	200	1,930
Depreciation expense	(8,121)	(9,849)
Balance at end of year	534,953	542,874

Note 3. Income tax expense

The prima facie tax payable in operating profit is reconciled to the income tax expense as follows:

Prima facie tax payable on accounting profit at 30%	27,399	42,989
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Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 3. Income tax expense (continued)		
Adjust for tax effect:		
Non-deductible permanent differences		
Set-up costs		
Timing differences deductible when incurred		
Provision for holiday pay, accrued and prepaid expenses	(1,025)	(1,114)
Provision for long service leave	(1,358)	1,559
	25,016	43,434
Movement in deferred tax liability	(500)	1,763
Income tax expense	24,516	45,197
Deferred tax asset		
Accrued expenses	221	379
Provision for holiday pay	2,270	3,362
Provision for long service leave	5,244	6,602
	7,735	10,343
Deferred tax liabilities		
Accrued interest	1,665	6,602
	1,665	10,343

Note 4. Provisions

Current

Income tax payable	-	14,634
Annual leave	7,569	11,207
Long service leave	9,552	18,047
	17,121	43,888

Non - current

Long service leave	7,928	3,962
Average number of employees	7	7

Note 5. Cash & cash equivalents

Cash at the end of the year as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:

Cash at bank	404,684	393,701
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Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 6. Cash flow information		
Reconciliation of cash flow from operations with operating profit / (loss)		
Operating profit / (loss)	63,928	100,307
Non-operating cash flows in operating results		
Depreciation	8,121	9,849
Amortisation	14,513	14,177
Changes in assets and liabilities		
(Increase) / decrease in receivables	593	28,349
Increase / (decrease) in payables	(2,873)	3,211
Increase / (decrease) in provisions	(8,166)	25,288
Increase / (decrease) in tax payable	(21,205)	14,915
(Increase) / decrease in deferred tax assets	2,384	445
Increase / (decrease) in deferred tax liabilities	500	(1,763)
Net cash provided by operating activities	57,795	194,778

Note 7. Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

No transactions with related entities.

Note 8. Segment reporting

The company operates in the service sector where it conducts a **Community Bank**[®] branch in the Trafalgar, Yarragon, Willow Grove, Thorpdale, Narracan, Erica, Rawson, Walhalla and Tanjil South of Gippsland in Victoria.

	2015 \$	2014 \$
Note 9. Accumulated profits / (losses)		
Accumulated profit at the beginning of the financial year	262,217	188,163
Net profit after income tax	63,928	100,307
Less dividends paid	(31,530)	(26,265)
Accumulated profit / (loss) at the end of the financial year	294,615	262,217

Notes to the financial statements (continued)

	2015 \$	2014 \$
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Note 10. Dividends paid on ordinary shares

Franked dividends (6 cents per share for 2015, 5 cents per share for 2014)	31,530	26,265
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Note 11. Franking credit balance

Franking account balance as at the end of the financial year	187,093	158,542
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Note 12. Company details

The registered office of the company is 82 Smith Street, Warragul Victoria.

The principal place of business is 107 Princes Highway, Trafalgar Victoria.

Note 13. Intangibles

Franchise fee at cost	72,563	72,563
Less amortisation	(23,180)	(8,668)
	49,383	63,895

Note 14. Earnings per share

Earnings used in calculating basic and diluted earnings per share	63,928	98,099
Weighted average number of shares for basic and diluted earnings per share	532,859	532,859

Note 15. Financial instruments

	Effective interest rate		Floating interest rate		Fixed interest rate				Non-interest bearing	
	2015 %	2014 %	2015 \$	2014 \$	Within 1 year		1 To 5 years		2015 \$	2014 \$
					2015 \$	2014 \$	2015 \$	2014 \$		
Financial assets										
Cash at bank	3.1	3.35	194,800	167,721	209,883	225,980	-	-		
Receivables									76,836	77,429
Total financial assets			194,800	167,721	209,883	225,980	-	-	76,836	77,429
Financial liabilities										
Payables									23,731	16,968
Total financial liabilities									23,731	16,968

Notes to the financial statements (continued)

Note 15. Financial instruments (continued)

(a) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the Statement of Financial Position and Notes to the Financial Statements.

The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

(b) Net fair value

For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in a standardised form. Financial assets where the carrying amount exceeds net fair values have been written down as the company intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and Notes to the Financial Statements.

Directors' declaration

The Directors of Trafalgar & District Financial Services Limited, declare that:

- (1) The financial statements and notes, as set out on pages 16 to 27 are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standard AASB 134, "Interim Financial Reporting"; and
 - (b) giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the year ended on that date.
- (2) In the Directors opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Jane Coots
Director

Dated this 27 October 2015

Independent audit report

TAYLOR PARTNERS PTY. LTD.
CHARTERED ACCOUNTANTS A.C.N. 006 597 235

R MALE FCA
G JAMES CA

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
TRAFALGAR & DISTRICT FINANCIAL SERVICES LTD

SCOPE

We have audited the financial report of Trafalgar & District Financial Services Limited set out in the Income Statement, Balance Sheet, Cash Flow Statement and Notes to the Financial Statements for the year ended 30th June, 2015. The Company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on them to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of their operations and their cash flows.


The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Trafalgar & District Financial Services Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June, 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

TAYLOR PARTNERS
CHARTERED ACCOUNTANTS


R. MALE FCA
PRINCIPAL

Date: 27th October, 2015

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