Annual Report 2014

Tumbarumba Financial Services Limited

ABN 82 121 010 839

Tumbarumba **Community Bank**® Branch

Contents

Chairman's report

For year ending 30 June 2014

On behalf of the Board of Directors, I am pleased to provide an update of the progress Tumbarumba **Community Bank**® Branch made in the 2013/14 financial year.

Over the last 12 months the business and continued to grow and has returned a net profit before income tax expense of $97,800.

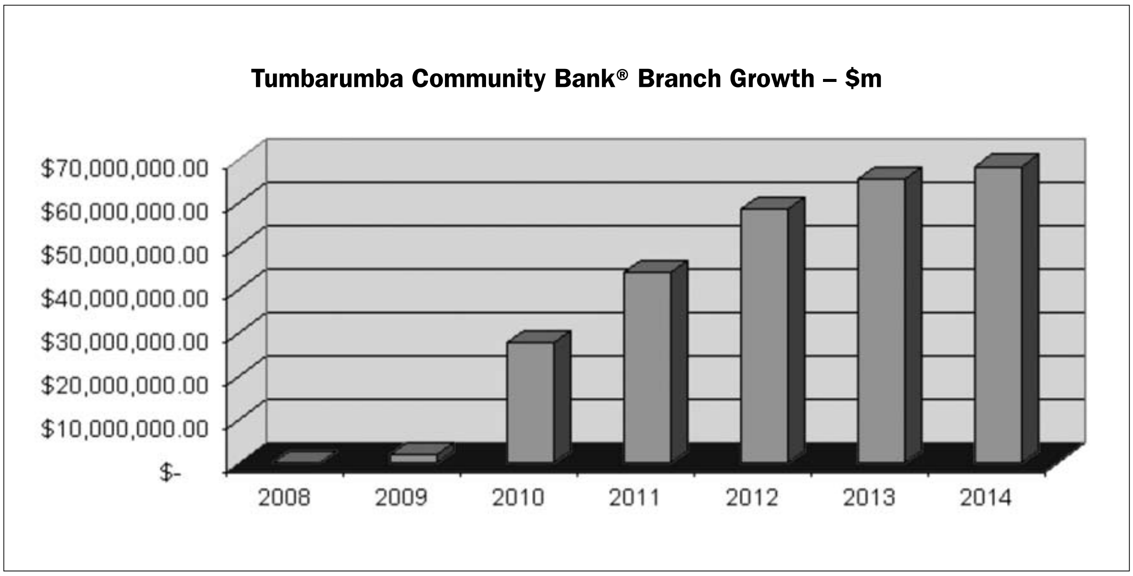
It is pleasing to note that during the 2013/14 financial year, a percentage of the previous tax losses have been brought to account as an asset resulting in a positive net asset position. Taking this into account, our net profit after a credit of income tax expenses was $154,098.

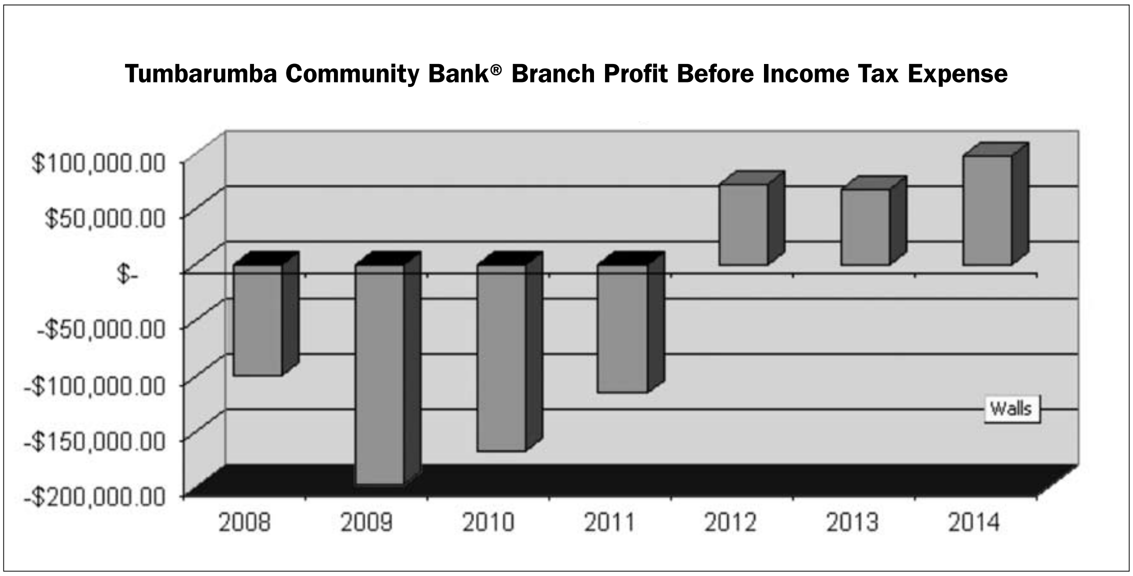
In relation to payment of a dividend to shareholders, Bush and Campbell Accountants advise:

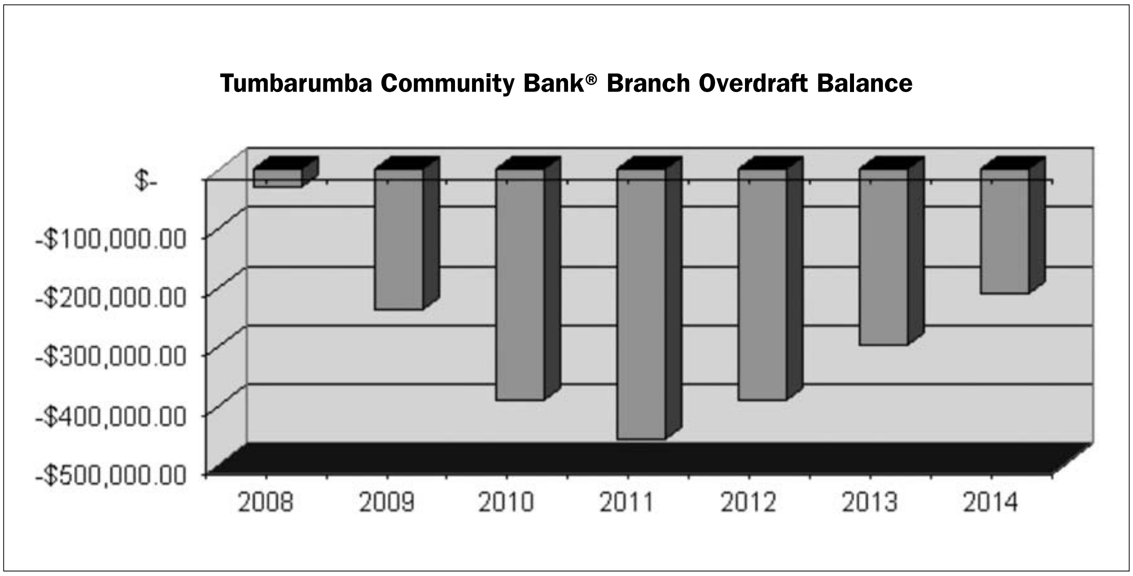
> "The legislation requirements to allow a company to issue a dividend has changed over the years. Prior to 2010, dividend could only be paid out of profits. From 2010, dividends have been able to be paid by companies where:
>
> Company assets exceeds its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend; and
>
> The payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
>
> The payment of the dividend does not materially prejudice the company's ability to pay its creditors
>
> Should the company be in a position in 2015 to satisfy the above conditions a dividend may be able to be paid. We advise that this dividend would be unfranked."

The overdraft continues to decrease with a closing balance of $209,514, a reduction of $86,497 from the previous financial year.

The graph below shows business footings, profit and overdraft balance since Tumbarumba **Community Bank**® Branch was established in 2007.







As always, I'd like to thank Samantha and our staff for their ongoing commitment – they are the face of the business and we could not ask for a more professional, hardworking and caring group of people.

Colin Nagle
Chairman

Manager's report

For year ending 30 June 2014

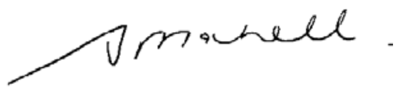
As always, I would like to thank our valued customers, shareholders, community members and Directors for their continued support and business. Since our inception, we have returned $120,000 to local community groups and have committed a further $125,000 towards the Sports Hub which is nearing completion. We hope this is the first of many major community partnerships.

As at 30 June 2014 our total business footings are $68.629 million and we continue to grow and be profitable in a tough economic environment. We are always keen to further assist our customers and welcome new business, so if you have family or friends who require banking assistance or advice, please point them in our direction.

Part of our growth has come from further afield with just over $4 million in lending from the Jindabyne area. We will continue to build relationships with customers and business contacts and I am excited by the potential for further growth in this area.

I must acknowledge our fantastic team of Merissa, Sue, Shanan and Jane who always deliver excellent service and continue to build on their current skill base. It is a great pleasure to work with such wonderful people.

Our Board of Directors are committed to the local community and continue to tell the **Community Bank**® branch story with passion and enthusiasm. I personally appreciate their support and confidence in myself and the team.



Samantha Machell
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2014

The past year marked two very significant milestones for our **Community Bank®** network, celebrating the opening of its 300th branch while also reaching $120 million in community contributions. Both achievements could not have been accomplished without your ongoing support as shareholders and customers.

The **Community Bank®** network has grown considerably since it was first launched in 1998, in partnership with the people from the western Victorian farming towns of Rupanyup and Minyip. For these communities the **Community Bank®** model was seen as a way to restore branch banking services to the towns, after the last of the major banks closed its doors.

Sixteen years later, the model has grown into something even bigger than that. It has rapidly developed into a partnership that generates a valued, alternative source of income for a community, funding activities or initiatives that make a local town or suburb a better place to live.

In June 2014, the network welcomed its 305th branch in Penola, South Australia, and in the same week, the Victorian coastal town of Port Fairy introduced its community to our unique style of banking. These branches join a robust and maturing banking network where valued partnerships enhance banking services, taking the profits their banking business generates and reinvesting that funding into initiatives that will ultimately strengthen their community.

The **Community Bank®** network has returned more than $20 million in contributions to local communities in this financial year alone. Our branches have been able to fund projects that make a difference to a community; improved health services, sports programs, aged care facilities, education initiatives and community events that connect communities and encourage prosperity.

Demand from communities remains strong, with about 30 **Community Bank®** branch sites currently in development, and 10 branches expected to open nationally in 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 realise shared aspirations by harnessing the power of community.

At the end of the financial year 2013/14 the **Community Bank®** network had achieved the following:

- Returns to community – $122.2 million
- **Community Bank®** branches – 305
- **Community Bank®** branch staff – more than 1,500
- **Community Bank®** company Directors – 1,900
- Banking business – $24.46 billion
- Customers – 550,000
- Shareholders – 72,000
- Dividends paid to shareholders since inception – $36.7 million.

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

Bendigo and Adelaide Bank report (continued)

In September last year the Bank announced it would commence a comprehensive review of the **Community Bank®** model. The intention of the review is to rigorously explore and analyse the model, setting the vision and strategy for a sustainable and successful commercial model, regardless of changes to operational and market conditions. An update of this review will be provided at the **Community Bank®** National Conference in Darwin in September.

Bendigo and Adelaide Bank's vision is to be Australia's most customer-connected bank. We believe our strength comes from our focus on the success of our customers, people, partners and communities. We take a 100-year view of our business; we respectfully listen and respond to every customer's choice, needs and objectives. We partner for sustainable long-term outcomes and aim to be relevant, connected and valued.

To this aim, the Bank supports the Financial Systems Inquiry (FSI) which calls for an even playing field for all banks in an effort to increase customer choice. It takes a principled approach to governing, encouraging banks to consider all members of a community when they do business.

Bendigo and Adelaide Bank is a signatory to the Regional Banking submission in collaboration with Bank of Queensland, Suncorp and ME Bank, while our independent submission focuses on the important role banks play in communities.

Banks inject a high-level of capability and knowledge in the places they operate, supporting the sustainability of communities and helping to ensure they're viable. The Bank calls for a framework that incentivises banks, and the people who work for them, to be good corporate citizens, while promoting ethical decision making, innovation and better outcomes for customers and communities.

This financial year we launched our new **www.bendigobank.com.au** website. Packed with useful information and easy to access online services, our 1.4 million customers can easily connect with us at home, at work or on their mobile or tablet as well as learn more about our commitment to strengthening and supporting local communities.

In line with increasing demand for "anywhere, anytime" banking, we're excited about the impending introduction of our improved online banking platform to our customers later this year.

As **Community Bank®** shareholders you are part of something special, a unique banking movement founded on a whole new way of thinking about banking and the role it plays in modern society.

The **Community Bank®** model is the ultimate example of a win/win partnership and I thank you for your important support of your local **Community Bank®** branch.

Robert Musgrove
Executive Community Engagement

Directors' report

For the financial year ended 30 June 2014

The Directors present their report together with the accounts of Tumbarumba Financial Services Limited for the year ended 30 June 2014.

Directors

The names of Directors who held office during or since the end of the year are:

Colin James Nagle	Malcolm Antony Marshall	Daniel Murray Martin
Anthony Owen A'Beckett	Lachlan Ian MacKenzie	Dannye Martin Brennan
Malcolm Paul Barclay	Bruce Bertram Alleyn	Jon Burgun
Julie Maree Giddings	Martin Joseph Sullivan	

Principal activities

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

There has been no significant change in the nature of these activities during the year.

Result

The net profit of the company for the financial year after provision for income tax was $154,098 (2013 profit of $46,617).

Matters subsequent to the end of the reporting period

There are no matters or circumstances that have arisen since the end of the reporting year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company.

Directors interests and benefits

Since the end of the previous financial year no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors shown in the accounts) because of a contract made by the company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial interest.

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 the following page.

Dated at Wagga Wagga this 3 September 2014

Signed in accordance with a resolution of the Directors:

Colin Nagle
Director

Auditor's independence declaration

John L
Bush & Campbell Accountants
Experts by your side.

PARTNERS:
C.J. Long
S.J. Taylor
P.J. King
A.P. Powell
J.K. Maxwell
D.R.Uden

AUDITORS INDEPENDENCE DECLARATION

As lead auditor for the audit of Tumbarumba Financial Services Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been:

(a) No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(b) No contraventions of any applicable code of professional conduct in relation to the audit.

John L Bush & Campbell
Chartered Accountants

Peter King
Partner

Wagga Wagga
3 September 2014

WAGGA WAGGA
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Wagga Wagga NSW 2650
ABN. 33 225 395 249

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Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation

Financial statements

Statement of Comprehensive Income
for the year ended 30 June 2014

	Note	2014 $	2013 $
Revenues from ordinary activities	2	617,559	599,199
Employee expenses		(322,059)	(284,741)
Advertising and promotion expense		(20,087)	(38,687)
Borrowing costs		(12,713)	(20,077)
Occupancy and associated costs		(36,153)	(33,301)
Depreciation and amortisation		(19,130)	(26,691)
Systems costs		(22,824)	(38,293)
Administration expenses		(86,793)	(89,984)
Net profit from ordinary activities before income tax expense		**97,800**	**67,425**
Income tax expense relating to ordinary activities	3	(56,298)	20,808
Net profit from ordinary activities after related income tax expense		154,098	46,617
Total comprehensive income for the year		**154,098**	**46,617**
Earnings per share	**16**	**24.59 cents**	**7.53 cents**

The Statement of Comprehensive Income is to be read in conjunction with the notes to and forming part of the accounts.

Statement of Financial Position
as at 30 June 2014

	Note	2014 $	2013 $
Current assets			
Cash	5	271	150
Receivables	6	56,175	56,571
Total current assets		**56,446**	**56,721**
Non-current assets			
Property, plant & equipment	9	120,824	126,090
Intangible assets	10	36,972	50,836
Deferred tax asset	8	79,248	22,950
Total non-current assets		**237,044**	**199,876**
Total assets		**293,490**	**256,597**
Current liabilities			
Payables	11	29,690	40,247
Provisions	12	14,610	11,584
Borrowings	7	248,146	357,820
Total current liabilities		**292,446**	**409,651**
Total liabilities		**292,446**	**409,651**
Net assets		**1,044**	**(153,054)**
Equity			
Issued capital	13	593,875	593,875
Retained profits	14	(592,831)	(746,929)
Total equity		**1,044**	**(153,054)**

The Statement of Financial Position is to be read in conjunction with the notes to and forming part of the accounts.

Statement of Changes in Equity
as at 30 June 2014

	Economic entity		
	Issued capital $	**Retained earnings $**	**Total equity $**
Balance as at 1 July 2012	593,875	(199,671)	394,204
Profit / (loss) for the year	-	46,617	46,617
Balance as at 30 June 2013	**593,875**	**(153,054)**	**440,821**
Profit / (loss) for the year	-	154,098	154,098
Balance as at 30 June 2014	**593,875**	**1,044**	**594,919**

The Statement of Changes in Equity is to be read in conjunction with the notes to and forming part of the accounts.

Statement of Cash Flows
for the year ended 30 June 2014

	Note	2014 $	2013 $
Cash flows from operating activities			
Cash receipts in the course of operations		679,711	659,119
Cash payments in the course of operations		(569,916)	(553,246)
Net cash used by operating activities	**15(ii)**	**109,795**	**105,873**
Cash flows from investing activities			
Payments for property, plant & equipment		-	(7,057)
Net cash used in investing activities		-	-7,057
		-	**-**
Cash flows from financing activities			
Repayment of loan		(23,177)	(7,727)
Net cash used in financing activities		**(23,177)**	**(7,727)**
Net increase / (decrease) in cash held		**86,618**	**91,089**
Cash at the beginning of the financial year		(295,861)	(386,950)
Cash at the end of the financial year	**15(i)**	**(209,243)**	**(295,861)**

The Statement of Cash Flows is to be read in conjunction with the notes to and forming part of the accounts.

Notes to the financial statements

For year ended 30 June 2014

Note 1. Statement of significant accounting policies

The significant policies that have been adopted in the presentation of these financial statements are:

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001.

(b) Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS). These financial statements and notes comply with IFRS.

(c) Historical cost convention

The financial report has been prepared under the historical cost conventions 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.

(d) Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of Goods and Services Tax (GST). 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.

(e) 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 for 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 statement of financial position. 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 ATO are classified as operation cash flows.

(f) Income tax

<u>Current tax</u>

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax 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).

Note 1. Statement of significant accounting policies (continued)

(f) Income tax (continued)

Deferred tax

Deferred tax is accounted for using the comprehensive statement of financial position 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/consolidated entity intends to settle its tax assets and liabilities on a net basis.

Current and deferred tax for the period

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

(g) 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.

(h) Intangibles

The cost of the company's franchise fee has been recorded at cost and is amortised on a straight line basis at a rate of 20% per annum.

(i) Cash

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 statement of financial position.

Note 1. Statement of significant accounting policies (continued)

(j) Comparative figures

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

(k) 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

(l) 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.

There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(m) Payment terms

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

(n) 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.

(o) Borrowings

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

Note 1. Statement of significant accounting policies (continued)

(p) Provisions

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

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

(q) 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.

(r) 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.

	2014 $	2013 $

Note 2. Revenue

Operating activities		
Services Commissions	617,559	599,199
	617,559	**599,199**
Non-operating activities		
Interest		
	617,559	**599,199**

Note 3. Income tax expense

The prima facie tax or loss from ordinary activities before income tax is reconciled as follows:

Operating profit /(loss)	**97,800**	**67,425**
Prima facie tax on loss from ordinary activities at 30%	29,340	20,228
Add/(less) tax effect of:	-	-
blackhole expense	-	580
Recognition of carry forward tax losses for first time	(85,638)	-
Income tax expense	**(56,298)**	**20,808**

Notes to the financial statements (continued)

	2014 $	2013 $

Note 4. Profit from ordinary activities

Profit from ordinary activities before income tax has been determined after:

(a) Expenses		
Amortisation of intangibles	13,864	13,864
Depreciation of non-current assets	5,266	12,830
Auditors renumeration	9,450	9,100

Note 5. Cash assets

Cash at bank	271	150
	271	**150**

Note 6. Receivables

Trade debtors	55,857	56,253
Sundry debtor	318	318
	56,175	**56,571**

Note 7. Borrowings

Current		
Bank overdraft	209,514	296,011
Loan - Bendigo and Adelaide Bank Limited	38,632	61,809
	248,146	**357,820**

Note 8. Deferred tax asset

Future tax benefit	**79,248**	**22,950**

Note 9. Property, plant and equipment

Plant and equipment - at cost	55,042	55,042
Less: accumulated depreciation	(47,175)	(46,893)
	7,867	**8,149**
Leasehold Improvements - at cost	197,442	197,442
Less: accumulated depreciation	(84,485)	(79,501)
	112,957	**117,941**
Total written down amount	**120,824**	**126,090**

	2014 $	2013 $

Note 9. Property, plant and equipment (continued)

Movements in carrying amounts

	2014 $	2013 $
Plant and equipment		
Balance at the beginning of the year	8,149	16,273
Additions	-	-
Depreciation	(282)	(8,124)
Carrying amount at the end of the year	**7,867**	**8,149**
Leasehold improvements		
Balance at the beginning of the year	117,941	115,804
Additions	-	6,843
Disposals	-	-
Depreciation	(4,984)	(4,706)
Carrying amount at the end of the year	**112,957**	**117,941**

Note 10. Intangible assets

	2014 $	2013 $
Franchise fee - at cost	69,322	69,322
Less: accumulated amortisation	(32,350)	(18,486)
Total written down amount	**36,972**	**50,836**

Note 11. Trade and other payables

	2014 $	2013 $
Trade creditors	10,268	14,475
Other creditors & accruals	19,422	25,772
	29,690	**40,247**

Note 12. Provisions

	2014 $	2013 $
Employee Provisions	**14,610**	**11,584**

Note 13. Contributed equity

	2014 $	2013 $
626,650 Ordinary shares paid at $1	626,650	626,650
Less: equity raising expenses	(32,775)	(32,775)
	593,875	**593,875**

	2014 $	2013 $
Note 14. Accumulated losses		
Opening balance	(746,929)	(793,546)
Net profit from activities after income tax	154,098	46,617
	(592,831)	**(746,929)**

Note 15. Cash flow information

(i). Reconciliation of cash

For the purpose of the statement of Cash Flows, cash includes cash on hand and at bank. Cash at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the statement of financial performance as follows:

	2014 $	2013 $
Cash at bank	**(209,243)**	**(295,861)**
(ii). Reconciliation of operating profit to net cash used in operating activities:		
Profit / (loss) for year:	**154,098**	**46,617**
Non cash flows recored in ordinary activities		
Amortisation	13,864	13,864
Depreciation	5,266	12,830
Net cash provided / (used) in operating activities before		
changes in assets and liabilities during the year		
(Increase) / decrease in receivables	396	3,071
(Increase) / decrease in other current assets	-	3,135
(Increase)/ Decrease in Future Tax Benefit	(56,298)	20,807
Increase / (decrease) in payables	(10,557)	7,269
Increase / (decrease) in provisions	3,026	(1,720)
Net cash used in operating activities	**109,795**	**105,873**

Note 16. Earnings per share

	2014 $	2013 $
(a) Profit / (Loss) attributable to ordinary equity holders	**154,098**	**46,617**
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	626,650	626,650

Note 17. Financial instruments

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.

Financial	**Floating interest**		**Fixed interest rate maturing in**						**Non interest bearing**		**Weighted average effective interest rate**	
			1 year or less		**Over 1 to 5 years**		**Over 5 years**					
	2014 $	**2013 $**	**2014 $**	**2013 $**	**2014 $**	**2013 $**	**2014 $**	**2013 $**	**2014 $**	**2013 $**	**2014 %**	**2013 %**
Financial assets												
Cash assets	271	150	-	-	-	-	-	-	-		0.06	0.06
Receivables			-	-	-	-	-	-	56,175	56,571	N/A	N/A
Financial liabilities												
Payables			-	-	-	-	-	-	29,690	49,247	N/A	N/A
Borrowings	(248,146)	(357,820)	-	-	-	-	-	-	-	-	6.1	7.2

Notes to the financial statements (continued)

Note 18. Related party transactions

There were no related party transactions between the company and Directors during the year.

The names of the Directors who have held office during the financial year are:

Colin James Nagle	Julie Maree Giddings
Lachlan Ian McKenzie	Daniel Murray Martin
Anthony Owen A'Beckett	Malcolm Anthony Marshall
Bruce Bertram Alleyn	Martin Joseph Sullivan
Malcolm Paul Barclay	Dannye Martin Brennan
Jon Burgun	

Note 19. Company details

The registered office of the company is:

Tumbarumba Financial Services Limited
27 The Parade.
Tumbarumba NSW 2653

Note 20. Events occurring after the balance date

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

Note 21. Contingent liabilities

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

Note 22. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank**® services pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited. The economic entity operates in one geographic area being Tumbarumba and surrounding districts of New South Wales.

Directors' declaration

The Directors of the company declare that:

1. The financial statements and notes, are in accordance with the Corporations Act 2001:
    a) comply with Accounting Standards and the Corporations Regulations 2001; and
    b) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the company and economic entity;
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.

Colin Nagle
Director

Dated this 3 September 2014

Independent audit report

John L
Bush & Campbell Accountants
Experts by your side.

PARTNERS:
C.J. Long
S.J. Taylor
P.J. King
A.P. Powell
J.K. Maxwell
D.R.Uden

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF

TUMBARUMBA FINANCIAL SERVICES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Tumbarumba Financial Services Limited, which comprises the statement of financial position as at 30 June 2014 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, 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 fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair 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 accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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

WAGGA WAGGA
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30 Blake Street, PO Box 98
Wagga Wagga NSW 2650
ABN. 33 225 395 249

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Chartered Accountants

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Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Tumbarumba Financial Services Limited would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion,

a. the financial report of Tumbarumba Financial Services Limited is in accordance with the Corporations Act 2001, including:
   i. giving a true and fair view of the company's financial position as at 30 June 2014 and of their performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

John L Bush & Campbell

JOHN L BUSH & CAMPBELL
Chartered Accountants

Peter King
Partner

Wagga Wagga
3 September 2014

Tumbarumba **Community Bank**® Branch
27 The Parade, Tumbarumba NSW 2653
Phone: (02) 6948 3399

Franchisee: Tumbarumba Financial Services Limited
27 The Parade, Tumbarumba NSW 2653
Phone: (02) 6948 3399
ABN: 82 121 010 839

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