



Tumby Bay District Community Bank Branch

 Bendigo Bank

Annual Report 2014

Tumby Bay District
Financial Services Limited

ABN 99 145 161 093

Tumby Bay District **Community Bank**[®] Branch

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Chairman's report

For year ending 30 June 2014

On behalf of the Board of Tumby Bay District Financial Services Limited, I commend this year's Annual Report to our shareholders.

Your Directors have been diligently promoting the **Community Bank**[®] model to the people of our districts, as we continue to encourage greater participation for the benefit of all.

Our first half year growth was on track, with our footings getting close to \$35 million, but had unfortunately retreated back to around \$32 million by 30 June.

As our franchise income from Bendigo and Adelaide Bank is dependent on the returns generated by our footings meeting our budgeted targets, we have had to access further funding for our operations.

However, due to the Bendigo and Adelaide Bank's commitment to the community, we have continued to receive funds to enable grants and sponsorships to be made to a variety of organisations. Since our opening the total amount distributed has grown to over \$35,000. This type of commitment, I believe, is not replicated by any other banking model.

The Board currently consists of eight Directors, with an equal gender balance, who volunteer their time and energy so that we all can develop and grow a prosperous and supportive community. It does this by seeking input from the public as to their needs, and providing not only seed funding for development initiatives, but training opportunities, support at sporting functions, school activities, environment protection and many other areas.

We do, however, emphasise that Tumby Bay District Financial Services Limited is a public company seeking a return on its investment for the betterment of the community, and as such is not a service club, but provides a banking service that has a unique point of difference and purpose.

We commend to our shareholders to participate in the company's growth by having a business relationship with the Tumby Bay District **Community Bank**[®] Branch, which will in turn help the company achieve a position of profit to enable any future dividend payments, which are not yet able to be made.

Our staff have continued to maintain a high standard of service to our customers, and although we lost the services of our Branch Manager earlier this year, they have been able to utilise support from the network to continue the operations necessary. I take the opportunity to thank Karlee, Anita, Michelle and Emily for the professional manner in which they have been part of the team making a difference in our community.

Our focus has been on planning for the next stage of growth, which we believe is achievable with greater community support. We are expanding into further areas north as the public there also catches the vision.

As at the end of June we have the positive prospect of gaining the services of an experienced new Branch Manager, whom we believe will greatly enhance our engagement with the community.

We look forward with anticipation to being a part of an opportunity not seen in any other way, in which everyone has the ability to make a difference in their community.



M.R Telfer
Chairman

Manager's report

For year ending 30 June 2014

It is with pleasure that I submit the annual Manager's Report to the shareholders of Tumby Bay District Financial Services Limited.

We have had a few changes in our staffing this financial year. Fiona Wilkinson, who was our Branch Manager, left us in February. The search for our new Branch Manager is still under way at the end of this financial year. We had a new part-time Customer Service Officer, Emily Southon, join our team in March. Emily has settled into her new role and together with the existing staff members Anita Pedemonte, Michelle Parker, and myself, we are providing local residents and businesses a full banking service.

We are well supported from our local Eyre Peninsula Business Banking Manager Chris Miller, and his support team through Bernadette Redden (Business Banking Assistant), and we also have regular visits from our Wealth Consultant, Lakshmi Sreedhar.

During the year we announced and awarded our second round of Tumby Bay District Community Grants Program. This year we saw five different community groups/organisations share the grant funding, which has assisted a wide variety of community projects from disabled toilets to sail shades over playgrounds. Since our inaugural community grants program we have now seen \$20,000 up for grabs through this particular program. Through Bendigo and Adelaide Bank's Marketing & Development Fund contribution we can also put funds back into our community through sponsorships.

To those shareholders who are not yet banking with us, I urge you to reconsider your decision. To be able to increase our community contributions we need to be able to increase our business and this is where we need you. If you do already support us with your banking please recommend us to your family and friends.

This next financial year will again be a challenging one. We as a branch team will continue with our commitment to provide the best of service and meet your financial needs at all times.

Keep the support coming and not only will your **Community Bank**[®] branch reward you personally for this support but you will also see the community benefit.



Karlee Dunn
Acting 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

Your Directors present their report, together with the financial statements of the company, for the financial year ended 30 June 2014.

Directors

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

Name and position held	Qualifications	Experience and other Directorships
Malvern Telfer Chairman Director since 12 July 2010	Agricultural Business Proprietor	Board member for several local clubs. Advanced Diploma of Rural Business Management. Local Government member 1990-94 DC Tumby Bay COI member with Company Receivers
Wayne Branson Director Director since 12 July 2010	Tourism Accommodation Manager and Farmer & Grazier	Board member for several local clubs. Over 40 years experience in the rural industry.
Edward Roberts Treasurer Director since 13 July 2010	Retired District Clerk	Board member for several local clubs. Member of the Australian Society of Accountants.
Julie Elliott Director Director since 12 July 2010	Clerical Officer	Board member for several local clubs. Local Government experience. Past Company Secretary
Ian Fulton Director Resigned 26 November 2013	Business Proprietor	Board member for several local clubs. Over 40 years experience in the rural industry.
Janet Shepherd Company Secretary Director since 20 December 2012	Clerical Administration Cert 4 Community Pharmacy Primary Producer	Involved in several local community groups - sports, church, school holding various positions
Sally Richardson Director Resigned 26 November 2013	Retired Teacher	Board member for several local and regional organisations. Over 40 years experience in Education and Arts. BA, Grad Dip Teaching

Directors' report (continued)

Directors (continued)

Name and position held	Qualifications	Experience and other Directorships
Grantley Telfer Director Director since 20 December 2012	Business Proprietor	Experienced member of several local clubs. Experience in rural industry and property development.
Damian Modra Director Resigned 30th July, 2013	Business Proprietor	Board member of several local committees. Experience in Tourism and Hospitality Industries.
Helen Ware Director Appointed 26 November 2013	Primary Producer	Previous experience as a teacher and educational roles. Involved in several local community committees and activities.
Nerissa Schuster Director Appointed 26 November 2013	Business Proprietor	Past Secretary - Eyre Peninsula Field Days Inc. Experience in finance and project management.

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

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

Principal activities

The principal activity and focus of the company's operations during the financial year was the operation of a Branch of Bendigo and Adelaide Bank Limited, pursuant to a franchise agreement.

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

Operating results

The loss of the company after providing for income tax amounted to \$113,248.

Dividends

No dividends were declared or paid during the financial year.

Financial position

The net assets of the company have decreased from \$344,508 as at 30 June 2013 to \$231,260 as at 30 June 2014.

The decrease is largely due to the operating loss made for the year ended 30 June 2014.

Significant changes in the state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the company that occurred during the financial year under review, not otherwise disclosed in these financial statements.

Directors' report (continued)

After balance date events

There have been no matters or circumstances arisen since the end of the financial year that significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in subsequent financial years.

Future developments

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice in future financial years.

Environmental issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth, State or Territory.

Options

No options over issued shares or interests in the company were granted to Directors or Executives during or since the end of the financial year and there were no options outstanding at the date of this report.

The Directors and Executive do not own any options over issued shares or interests in the company at the date of this report.

Proceedings on behalf of company

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

Indemnifying Officers or Auditor

Indemnities have been given, during and since the end of the financial year, for any persons who are or have been a Director or an Officer, but not an Auditor, of the company. The insurance contract prohibits disclosure of any details of the cover.

Corporate governance

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

- (a) The establishment of an audit committee;
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

Directors' report (continued)

Directors' meetings

The number of Directors' meetings attended during the year were:

Director	Directors' meetings		Audit committee meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Malvern Telfer	12	10	3	1
Janet Shepherd	12	10	n/a	n/a
Edward Roberts	12	8	3	3
Julie Elliott	12	12	n/a	n/a
Ian Fulton	4	4	n/a	n/a
Wayne Branson	12	9	n/a	n/a
Sally Richardson	4	4	n/a	n/a
Grantley Telfer	12	11	3	2
Damian Modra	0	0	n/a	n/a
Helen Ware	8	7	n/a	n/a
Nerissa Schuster	8	5	n/a	n/a

n/a - not a member of that Committee

Company Secretary

Malvern Telfer was the Company Secretary of the company up to 7 January 2014.

Janet Shepherd has been the Company Secretary of the company since 7 January 2014.

Non audit services

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

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

Auditor independence declaration

The lead Auditor's independence declaration under s307C of the Corporations Act 2001 for the year ended 30 June 2014 is included within the financial statements.

This Report of the Directors is signed in accordance with a resolution of the Board of Directors at Tumby Bay on 26 September 2014.



Malvern Telfer
Director

Auditor's independence declaration



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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Tumby Bay District Financial Services Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief there have been no contraventions of:

- a. the auditor independence requirements of the *Corporations Act 2001* in relation to the audit, and
- b. any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink that reads "RSM Bird Cameron Partners".

RSM BIRD CAMERON PARTNERS

A handwritten signature in blue ink that reads "David Wall".

DAVID WALL
Partner

Adelaide, South Australia
Date: 26 September 2014

Liability limited by a
scheme approved
under Professional
Standards Legislation

Major Offices in:
Perth, Sydney,
Melbourne, Adelaide,
Canberra and Brisbane
ABN 36 965 185 036

RSM Bird Cameron Partners is a member of the RSM network. Each member of the RSM network is an independent accounting and advisory firm which practises in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

Financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2014

	Note	2014 \$	2013 \$
Revenue	2	253,919	211,502
Employee benefits expense	3	(231,325)	(247,897)
Depreciation and amortisation expense	3	(23,674)	(25,735)
Finance costs	3	(1,658)	-
Other expenses		(153,331)	(151,535)
Loss before charitable donations & sponsorships		(156,069)	(213,665)
Charitable donations and sponsorship		(16,286)	(15,672)
Loss before income tax		(172,355)	(229,337)
Income tax benefit	4	59,107	77,895
Loss for the year		(113,248)	(151,442)
Other comprehensive income		-	-
Total comprehensive loss for the year attributable to members		(113,248)	(151,442)

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Financial Position as at 30 June 2014

	Note	2014 \$	2013 \$
Current assets			
Cash and cash equivalents	6	100	3,195
Trade and other receivables	7	11,900	11,387
Other current assets	8	8,309	10,268
Total current assets		20,309	24,850
Non-current assets			
Plant and equipment	9	127,114	148,462
Deferred tax assets	16	252,112	192,993
Intangible assets	10	3,000	5,000
Total non-current assets		382,226	346,455
Total assets		402,535	371,305
Current liabilities			
Trade and other payables	11	11,103	10,608
Borrowings - bank overdraft	6	145,149	-
Short term provisions	13	8,431	9,609
Total current liabilities		164,683	20,217
Non-current liabilities			
Long term financial liabilities	12	5,000	5,000
Deferred tax liabilities	16	1,592	1,580
Total non-current liabilities		6,592	6,580
Total liabilities		171,275	26,797
Net assets		231,260	344,508
Equity			
Issued capital	14	863,359	863,359
Accumulated losses		(632,099)	(518,851)
Total equity		231,260	344,508

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Changes in Equity for the year ended 30 June 2014

	Note	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2012		863,359	(367,409)	495,950
Issue of share capital		-	-	-
Total comprehensive income for the year		-	(151,442)	(151,442)
Subtotal		863,359	(518,851)	344,508
Dividends paid or provided for	22	-	-	-
Balance at 30 June 2013		863,359	(518,851)	344,508
Balance at 1 July 2013		863,359	(518,851)	344,508
Issue of share capital		-	-	-
Total comprehensive income for the year		-	(113,248)	(113,248)
Subtotal		863,359	(632,099)	231,260
Dividends paid or provided for	22	-	-	-
Balance at 30 June 2014		863,359	(632,099)	231,260

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2014

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Receipts from customers		253,406	203,782
Payments to suppliers and employees		(401,324)	(410,948)
Interest received		-	4,774
Net cash provided by operating activities	15	(147,918)	(202,392)
Cash flows from investing activities			
Purchase of property, plant and equipment		(326)	-
Net cash used in investing activities		(326)	-
Cash flows from financing activities			
Proceeds from issue of shares		-	-
Net cash provided by financing activities		-	-
Net increase / (decrease) in cash held		(148,244)	(202,392)
Cash and cash equivalents at beginning of financial year		3,195	205,587
Cash and cash equivalents at end of financial year	6	(145,049)	3,195

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2014

Note 1. Statement of significant accounting policies

(a) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The financial report covers the company as an individual entity. The company is a public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified where applicable by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

The financial statements were authorised for issue on 26 September 2014 by the Directors of the company.

(b) Income tax

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

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

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

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

(b) Income tax (continued)

Current tax assets and liabilities are offset where a legally enforceable right of set off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(c) Plant and equipment

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

Plant and Equipment

Plant and equipment are measured on the cost basis.

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

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

Depreciation

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

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

Class of asset	Depreciation rate
Fit out costs	10%
Plant & equipment	20 - 40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount.

These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

(c) Plant and equipment (continued)

Depreciation (continued)

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(d) Goods and services tax (GST)

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

Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(e) Employee benefits

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.

(f) Intangibles

Franchise Fee

The franchise fee paid by the company pursuant to a Franchise Agreement with Bendigo and Adelaide Bank Limited is being amortised over the initial five (5) years period of the agreement, being the period of expected economic benefits of the franchise fee.

(g) Cash and cash equivalents

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

(h) Revenue and other income

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.

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

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

(i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

(j) Provisions

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

(k) Comparative figures

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

(l) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key estimates - Estimation of useful lives of assets

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

Key estimates - Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of intangibles for the year ended 30 June 2014. Should the projected turnover figures be materially outside of budgeted figures incorporated in value-in-use calculations, an impairment loss would be recognised up to the maximum carrying value of intangibles at 30 June 2014 amounting to \$3,000.

(m) Financial instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

(m) Financial instruments (continued)

Derecognition

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

Classification and subsequent measurement

(i) Loans and receivables

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

(ii) Financial Liabilities

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

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the statement of comprehensive income unless they are designated as hedges.

The company does not hold any derivative instruments.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Financial guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the company gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The company has not issued any financial guarantees.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

(n) New accounting standards for application in future periods

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

The company has decided not to early adopt any of the new and amended pronouncements.

The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in the future reporting periods is set below:

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

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

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

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

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

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

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

(o) Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the company incurred a loss of \$113,248 and had net cash outflows from operating activities of \$147,918 for the year ended 30 June 2014. As at that date, the company had net current liabilities of \$144,374 and net assets of \$231,260.

The Directors believe that it is reasonably foreseeable that the company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

1. The company recognises that losses will be incurred during the start up phase of the business and while market access is being developed;
2. The business activities are supported by Bendigo and Adelaide Bank Limited, including assistance with the preparation and review of the company's annual cash flow budgets;
3. Bendigo and Adelaide Bank Limited has confirmed that it currently provides working capital by way of an overdraft facility with a limit of \$270,000 (refer Note 15(b)); and
4. The provision of additional funding by Bendigo and Adelaide Bank Limited is dependent upon the company fulfilling its ongoing responsibilities under the Franchise Agreement and continuing to work closely with Bendigo and Adelaide Bank Limited management to further develop the business. The company believes that it is fulfilling these responsibilities.

Notes to the financial statements (continued)

	2014	2013
	\$	\$
Note 2. Revenue		
Franchise margin income	247,781	200,576
Interest received	-	4,031
Other revenue	6,138	6,895
	253,919	211,502

Note 3. Expenses

Employee benefits expense		
- wages and salaries	201,864	214,492
- superannuation costs	19,032	19,667
- other costs	10,429	13,738
	231,325	247,897
Depreciation of non-current assets:		
- plant and equipment	2,669	4,730
- buildings	19,005	19,005
Amortisation of non-current assets:		
- intangible assets	2,000	2,000
	23,674	25,735
Finance costs:		
- Borrowing expenses	1,658	-
Bad debts	59	48

Note 4. Income tax

(a) The components of tax benefit comprise:

Current tax	-	-
Deferred tax (Note 16)	(59,107)	(77,895)
	(59,107)	(77,895)

(b) The prima facie tax on loss before income tax is reconciled to the income tax as follows:

Prima facie tax on loss before income tax at 30% (2013: 30%)	(51,707)	(68,801)
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Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 4. Income tax		
Add / (less) tax effect of:		
- Adjustment to tax losses carried forward	-	(1,693)
- Deductible depreciation and amortisation	600	600
- Other non-allowable items	7,102	7,722
- Other allowable items	(15,102)	(15,723)
Income tax attributable to company	(59,107)	(77,895)
Deferred tax assets		
Deferred tax assets arising from tax losses and deductible temporary differences are recognised at reporting date as realisation of the benefit is regarded as probable.		
	250,520	191,413

Note 5. Auditors' remuneration

Remuneration of the Auditors of the company

- Audit services	5,130	4,900
- Other services	6,100	6,090
	11,230	10,990

Note 6. Cash and cash equivalents

Cash at bank and in hand	100	3,195
Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
As per the statement of financial position	100	3,195
(Less) bank overdraft	(145,149)	-
As per the statement of cash flows	(145,049)	3,195

Note 7. Trade and other receivables

Current

Trade receivables:

Trade debtors	11,900	11,387
Total current receivables	11,900	11,387

Notes to the financial statements (continued)

Note 7. Trade and other receivables (continued)

a. Provision for impairment of receivables

Current trade and term receivables are non-interest bearing loans and generally on 30-day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract.

A provision for impairment is recognised when there is an objective evidence that an individual trade or term receivable is impaired. These amounts will be included in the other expenses item of the statement of comprehensive income.

There is no provision for impairment of receivables.

	2014 \$	2013 \$
Note 8. Other assets		
Current		
Prepayments	5,309	5,268
Prepaid training costs	3,000	5,000
	8,309	10,268

Note 9. Plant and equipment

Fit out costs

At cost	190,031	190,031
Less accumulated depreciation	(64,674)	(45,669)
	125,357	144,362

Plant and equipment

At cost	13,567	13,241
Less accumulated depreciation	(11,810)	(9,141)
	1,757	4,100

Total written down amount	127,114	148,462
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Movements in carrying amounts

Fit out costs

Carrying amount at beginning of year	144,362	163,367
Additions	-	-
Disposals	-	-
Depreciation expense	(19,005)	(19,005)
Carrying amount at end of year	125,357	144,362

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 9. Plant and equipment (continued)		
Plant and equipment		
Carrying amount at beginning of year	4,100	8,830
Additions	326	-
Disposals	-	-
Depreciation expense	(2,669)	(4,730)
Carrying amount at end of year	1,757	4,100

Note 10. Intangible assets

Franchise fee		
Cost	10,000	10,000
Accumulated amortisation	(7,000)	(5,000)
	3,000	5,000

Pursuant to a five year franchise agreement with Bendigo and Adelaide Bank Limited, the company operates a branch of Bendigo and Adelaide Bank Limited, providing a core range of banking products and services.

Note 11. Trade and other payables

Current		
Trade creditors	259	991
GST payable	3,634	2,261
Other creditors and accruals	7,210	7,356
	11,103	10,608

Note 12. Financial Liabilities

Non-current		
Loan - unsecured	5,000	5,000

Note 13. Provisions

Current		
Provision for employee entitlements	8,431	9,609
Number of employees at year end	5	6

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 14. Equity		
863,359 (2013: 863,359) fully paid ordinary shares	863,359	863,359

Note 15. Statement of cash flows

(a) Reconciliation of cash flow from operations with loss after tax

Loss after income tax	(113,248)	(151,442)
Non cash items included in loss		
- Depreciation	21,674	23,735
- Amortisation of franchise fee	2,000	2,000
Movement in assets and liabilities		
- (Increase) decrease in receivables / other assets	1,446	166
- (Increase) decrease in deferred tax asset	(59,119)	(81,389)
- Increase (decrease) in payables	495	401
- Increase (decrease) in provisions	(1,178)	643
- Increase (decrease) in deferred tax liability	12	3,494
Net cash used in operating activities	(147,918)	(202,392)

(b) Credit standby arrangement and loan facilities

The company has put in place a bank overdraft facility amounting to \$270,000 (2013: \$nil) to assist with working capital requirements.

The facility was progressively loaded as follows:

Amount of Facility	Date Loaded
90,000	On settlement
180,000	15/12/13
270,000	15/05/14

The overdraft facility is secured by a general security deed over all present and after acquired property granted by the company.

At 30 June 2014, \$145,149 of this facility was used (2013: \$nil). Variable interest rates apply to this overdraft facility.

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 16. Tax		
(a) Liability		
Current		
Income tax	-	-
(b) Deferred tax assets		
Non- current		
Deferred tax asset comprises:		
Carried forward tax losses	247,994	188,970
Provisions	2,530	2,883
Accruals	1,588	1,140
	252,112	192,993
(c) Deferred tax liability		
Non-current		
Deferred tax liability comprises:		
Prepayments	(1,592)	(1,580)
	(1,592)	(1,580)
(d) Reconciliations		
Gross movements		
The overall movement in the deferred tax account is as follows:		
Opening balance	191,413	113,518
Credit to statement of comprehensive income	59,107	77,895
Closing balance	250,520	191,413
Deferred tax asset		
The movement in the deferred tax asset for each temporary difference during the year is as follows:		
Carried forward tax losses		
Opening balance	188,970	115,210
Credit to statement of comprehensive income	59,024	73,760
Closing balance	247,994	188,970
Provisions		
Opening balance	2,883	(2,690)
(Charged) / credit to statement of comprehensive income	(353)	5,573
Closing balance	2,530	2,883

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 16. Tax (continued)		
(d) Reconciliations (continued)		
Accruals		
Opening balance	1,140	(916)
(Charged) / credit to statement of comprehensive income	448	2,056
Closing balance	1,588	1,140
Deferred tax liability		
The movement in the deferred tax liability for each temporary difference during the year is as follows:		
Prepayments		
Opening balance	(1,580)	1,914
(Charged) / credit to statement of comprehensive income	(12)	(3,494)
Closing balance	(1,592)	(1,580)

Note 17. Related party transactions

The related parties have not entered into a transaction with the company during the financial years ended 30 June 2014 and 30 June 2013.

Note 18. Key management personnel compensation

(a) Names and positions

Name		Position
Malvern Telfer		Chairman
Janet Shepherd		Non-Executive Director / Secretary
Edward Roberts		Non-Executive Director
Julie Elliott		Non-Executive Director
Ian Fulton	Resigned 26 November 2013	Non-Executive Director
Wayne Branson		Non-Executive Director
Sally Richardson	Resigned 26 November 2013	Non-Executive Director
Grantley Telfer		Non-Executive Director
Damian Modra	Resigned 30 July 2013	Non-Executive Director
Helen Ware	Appointed 26 November 2013	Non-Executive Director
Nerissa Schuster	Appointed 26 November 2013	Non-Executive Director

Notes to the financial statements (continued)

Note 18. Key management personnel compensation (continued)

(b) Remuneration of key management positions

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

(c) Shareholdings

Number of ordinary shares held by key management personnel.

2014 Directors		Balance at beginning of period	Purchased during the period	Other changes	Balance at end of period
Malvern Telfer		4,001	-	-	4,001
Janet Shepherd		3,000	-	-	3,000
Edward Roberts		2,501	-	-	2,501
Julie Elliott		2,051	-	-	2,051
Wayne Branson		11,301	-	-	11,301
Grantley Telfer		22,000	-	-	22,000
Helen Ware	Appointed 26/11/13	-	-	-	3,000
Nerissa Schuster	Appointed 26/11/13	-	-	-	-
		44,854	-	-	47,854

Note 19. Events after the statement of financial position date

There have been no matters or circumstances arisen since the end of the financial year that significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in subsequent financial years.

Note 20. Contingent liabilities and assets

There were no contingent liabilities or contingent assets at the reporting date.

Note 21. Operating segments

Types of products and services by segment

The company operates in the financial services sector as a branch of Bendigo and Adelaide Bank Limited in Tumbly Bay, South Australia.

Major customers

The company operates under the terms of a franchise agreement with Bendigo and Adelaide Bank Limited, which accounts for all of the franchise margin income.

Notes to the financial statements (continued)

Note 22. Dividends paid or provided for on ordinary shares

No dividends were paid or proposed by the company during the period.

Note 23. Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**[®] branch at Tumby Bay, South Australia.

The branch operates as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank" and the logo and system of operations of Bendigo and Adelaide Bank Limited. The company manages the **Community Bank**[®] branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank**[®] branch are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

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

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

- Advice and assistance in relation to the design, layout and fit out of the **Community Bank**[®] branch;
- Training for the Branch Manager and other employees in banking management systems and interface protocol;
- Methods and procedures for the sale of products and provision of services;
- Security and cash logistic controls;
- Calculation of company revenue and payment of many operating and administrative expenses;
- The formulation and implementation of advertising and promotional programs; and
- Sales techniques and proper customer relations.

Note 24. Company details

The registered office and principal place of business is: 7 North Terrace, Tumby Bay SA 5605.

Notes to the financial statements (continued)

Note 25. Financial risk management

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

	Note	2014 \$	2013 \$
Financial assets			
Cash & cash equivalents	6	100	3,195
Trade and other receivables	7	11,900	11,387
Total financial assets		12,000	14,582
Financial liabilities			
Trade and other payables	10	11,103	10,608
Borrowings	11	5,000	5,000
Bank overdraft		145,149	-
Total financial liabilities		161,252	15,608

Financial risk management policies

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

The company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments. There have been no substantive changes in the types of risks the company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) Credit risk

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

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

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

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

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

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

Notes to the financial statements (continued)

Note 25. Financial risk management (continued)

(a) Credit risk (continued)

	2014 \$	2013 \$
Cash and cash equivalents:		
A rated	100	3,195

(b) Liquidity risk

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

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

In addition the company has established an overdraft facility of \$270,000 with Bendigo and Adelaide Bank Limited. Financial liability and financial asset maturity analysis:

30 June 2014	Note	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
Financial liabilities due					
Trade and other payables	10	(11,103)	(11,103)	-	-
Loans and borrowings	11	(5,000)	-	(5,000)	-
Bank overdraft		(145,149)	(145,149)		
Total expected outflows		(161,252)	(156,252)	(5,000)	-
Financial Assets - realisable					
Cash & cash equivalents	6	100	100	-	-
Trade and other receivables	7	11,900	11,900	-	-
Total anticipated inflows		12,000	12,000	-	-
Net (outflow)inflow on financial instruments		(149,252)	(144,252)	(5,000)	-

Notes to the financial statements (continued)

Note 25. Financial risk management (continued)

(b) Liquidity risk (continued)

30 June 2013	Note	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
Financial liabilities due					
Trade and other payables	10	(10,608)	(10,608)	-	-
Loans and borrowings	11	(5,000)	-	(5,000)	-
Total expected outflows		(15,608)	(10,608)	(5,000)	-
Financial Assets - realisable					
Cash & cash equivalents	6	3,195	3,195	-	-
Trade and other receivables	7	11,387	11,387	-	-
Total anticipated inflows		14,582	14,582	-	-
Net (Outflow)/Inflow on financial instruments		(1,026)	3,974	(5,000)	-

(c) Market risk

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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company reviews the exposure to interest rate risk as part of the regular Board meetings.

The weighted average interest rates of the company's interest-bearing financial assets are as follows:

	2014 \$	2013 \$
Financial assets		
Cash and cash equivalents (net of bank overdrafts)	-%	0.10%
Short-term investments:		
- held-to-maturity investments	-%	4.50%
Loans receivable	-%	-%
Financial liabilities		
Overdraft facility	4.08%	-%

Sensitivity analysis

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

Notes to the financial statements (continued)

Note 25. Financial risk management (continued)

(c) Market risk (continued)

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

	Profit \$	Equity \$
Year ended 30 June 2014		
+/- 1% in interest rates	(1,500)	(1,500)
	(1,500)	(1,500)
Year ended 30 June 2013		
+/- 1% in interest rates	(18)	(18)
	(18)	(18)

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Fair values

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

Capital management

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

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

(i) the Distribution Limit is the greater of:

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

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

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

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2014 can be seen in the statement of comprehensive income.

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

Directors' declaration

The Directors of the company declare that:

- 1 the accompanying financial statements and notes are in accordance with the Corporations Act 2001 and:
 - (a) comply with Australian Accounting Standards, 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;
- 2 the financial statements and notes thereto comply with International Financial Reporting Standards, as disclosed in Note 1; and
- 3 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.



Malvern Telfer
Director

Dated 26 September 2014

Independent audit report



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TUMBY BAY DISTRICT FINANCIAL SERVICES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Tumby Bay District Financial Services Limited ("the company"), which comprises the statement of financial position as at 30 June 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising 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 of the financial report that give a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the Directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

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 judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 opinions.

Independence

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

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Major Offices in:
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Melbourne, Adelaide,
Canberra and Brisbane
ABN 36 965 185 036

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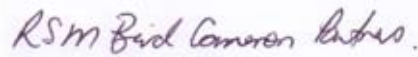
Independent audit report (continued)



Opinion

In our opinion:

- a. the financial report of Tumby Bay District Financial Services Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.



RSM BIRD CAMERON PARTNERS



D J Wall

Partner

Adelaide, South Australia

Date: 26 September 2014

Director history

Inaugural Directors	
Kevin Cook	Chairman
Wayne Branson	Deputy Chairman
Julie Elliott	Company Secretary
Ned Roberts	Treasurer
Emma Pedler	
Donald Bawden	
Ian Fulton	
Robert Heath	
Hartley Modra	
Malvern Telfer	
Previous Directors	
Tania Harris	
Sally Richardson	
Damian Modra	

2013/14 Donations, grants and sponsorships

Name of recipient	Description	Amount
Donations		
Tumby Bay Hospital & Auxiliary	Music Hall	500
2013 Tumby Bay Christmas Tree	3rd prize	100
Tumby Bay Christmas Event	Use of marquee	140
District Council of Tumby Bay	Use of marquee for Australia Day breakfast	140
Tumby Bay Rifle Club	Carnival prize	35
Ungarra Primary School	BBQ meat for sports day	78
Tumby Bay Area School	BBQ meat for sports day, use of marquee	369
Port Neill Primary School	BBQ meat for sports day, use of marquee	233
Lipson AH&F Show Society	Use of marquee	140
Roadrunners Car Club	Use of marquee	140
Tumby Bay Gymkhana Club	Use of marquee	140
Variety Bash Fairy Car	Gift basket	40
	Total donations paid	\$2,055
Community grants		
Tumby Bay Bowls Club	Salt damp repairs	2,785
Tumby Bay Hospital & Auxiliary	Mobile shower chair	600
Pt Neill Progress Association	Playground shade sails	2,500
Ungarra Community Sports Club	Disabled toilet renovations	1,000
Ungarra Community Centre	Establish Community Corner	1,000
	Total community grants paid	\$7,885

2013/14 Donations, grants and sponsorships (continued)

Name of recipient	Description	Amount
Sponsorship		
District Council of Tumby Bay	EPLGA conference	150
Pt Neill Progress Association	Aged Exercise Program	300
Tumby Bay Fishing Competition	Annual Sponsorship	300
Tumby Bay Tennis Club	Juniors t-shirts	300
EP Show Jumping	Joint with EP branches	333
Yallunda Flat A & H Show Society 2013	Cookery & Puissance prize money	225
Eyre Peninsula Field Days 2012	Best Lifestyle, joint with EP branches	84
Tumby Bay Bowls Club	Annual Sponsorship	300
EP Mortlock Cup	Joint with EP branches	1,500
Tumby Bay Youth Advisory Committee	2014 event	300
Eyre United Football Club	Annual Sponsorship	300
Tumby Bay Football Club	Annual Sponsorship	300
Eyre United Netball Club	Annual Sponsorship	300
Tumby Bay Netball Club	Annual Sponsorship	300
Tumby Bay Probus Club	2014 EP Rally	300
Yallunda Flat A & H Show Society 2014	Animal nursery sponsorship	250
Ungarra Primary School	Centenary celebration	500
Tumby Bay Basketball Club	Court re-surfacing	2,500
	Total sponsorship paid	\$8,542
	Grand total	\$18,482

If you are involved with a community organisation or sporting club, Tumby Bay District **Community Bank**[®] Branch welcome your banking



Tumby Bay District **Community Bank**[®] Branch
 7 North Terrace, Tumby Bay SA 5605
 Phone: (08) 8688 2046

Franchisee: Tumby Bay District Financial Services Limited
 7 North Terrace, Tumby Bay SA 5605
 ABN: 99 145 161 093

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