Annual Report 2015

Tumby Bay District Financial Services Limited

ABN 99 145 161 093

Tumby Bay District **Community Bank®** Branch

Contents

Chairman's report

For year ending 30 June 2015

Our community owned company, Tumby Bay District Financial Services Limited has now been operating for over four years, bringing together like minded people to create a positive difference in our region through the Tumby Bay District **Community Bank**® Branch.

Once again I commend this year's Annual Report to our shareholders on behalf of your Board of Directors.

The Directors have spent countless hours of voluntary time diligently promoting the benefits of local people being able to play a part in a self-help community, simply by channelling their need for banking services through the **Community Bank**® model.

The past year has been challenging for us. We have been through several staffing changes, and the economic climate has not been very easy for new businesses to generate good returns.

The great news is that we now have a new dynamic Branch Manager Judy Arbery. Judy is focussed on growing our business with fully equipped competent staff who will together build on the foundations that have been put in place.

I acknowledge at this point the services of our longer term staff, Karlee Dunn, Anita Pedemonte and Michelle Parker, who have maintained an excellent standard of banking professionalism.

I also would like to mention Tim Rombouts, our Branch Manager for a period of time and Sharyn Bellenger, who worked diligently in our branch as well.

Several relief Managers have also provided great support as well as staff from our neighbouring **Community Bank**® branches at Cummins and Port Lincoln, to whom we owe our gratitude.

Chris Miller, the Business Banking Manager for Eyre Peninsula, continues to provide support for the three **Community Bank**® branches.

We continue to receive funds through our partners Bendigo and Adelaide Bank Limited by which we are able to place strategic funding to many community organisations, enabling schools, sporting clubs, not for profit charity groups and others to multiply the benefits to all age groups.

However our apportioned income, under the franchising agreement with Bendigo and Adelaide Bank Limited is dependent upon the total value of the funds under the management of the Tumby Bay District **Community Bank**® Branch (our footings), and we will continually need more businesses and individuals to be serious about their community and join with those who are already making a difference.

The opportunities for growth abound. We are continually investigating ways to support the communities around the Cleve area so that they also will be able to catch the vision of mutually supportive banking that our banking model engenders within people.

Perhaps their desire for something new is a refreshing wake up call for the businesses nearer Tumby Bay – the resellers, trades people and farmers, who may not yet have contemplated what the longer term situation of our towns and rural areas may be without the support that is within their power to give.

As your company, I urge you as the shareholders, to endeavour to do all you can to be fully supportive of this unique opportunity, one which you have enabled to be born and one in which we can all be a part of nurturing and be proud of. The power to change things for the better is in our hands.

M.R Telfer,
Chairman

Bendigo and Adelaide Bank report

For year ending 30 June 2015

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Bendigo and Adelaide Bank report (continued)

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

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

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

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

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

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

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

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

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

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

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

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

Robert Musgrove
Executive Community Engagement

Directors' report

For the financial year ended 30 June 2015

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

Directors

The following persons were Directors of Tumby Bay District Financial Services Limited during or since the end of the financial year up to the date of this report:

Name and position held	Qualifications	Experience and other Directorships
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
Wayne Branson Director Director since 12 July 2010	Tourism Accommodation Manager	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
Janet Shepherd Company Secretary Director since 20 December 2012	Clerical Administration Cert 4 Community Pharmacy Primary Producer Diploma in retail business management	Involved in several local community groups - sports, church, school holding various positions
Grantley Telfer Director Director since 20 December 2012	Agricultural Business Proprietor	Experienced member of several local clubs. Experience in rural industry and property development.
Helen Ware Director Director since 26 November 2013	Primary Producer	Previous experience as a teacher and educational roles. Involved in several local community committees and activities.

Directors (continued)

Name and position held	Qualifications	Experience and other Directorships
Nerrisa Schuster Director Director since 26 November 2013 Resigned October 2014	Business Proprietor	Past Secretary - Eyre Peninsula Field Days Incorporated. 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 activities of the company during the course of the financial year were in providing **Community Bank®** services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

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

Review of operations

The loss of the company for the financial year after provision for income tax was $133,874 (2014 loss: $113,248), which is a 18% increase as compared with the previous year.

The net assets of the company have decreased to $97,386 (2014: $231,260). The decrease is largely due to the operating loss made for the year ended 30 June 2015.

Dividends

No dividends were declared or paid during the financial year.

Options

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

Significant changes in the state of affairs

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

After balance date events

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

Indemnifying Officers or Auditor

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

Indemnifying Officers or Auditor (continued)

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

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' meetings

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

Director	Board Meetings #	Audit Committee Meetings #
Malvern Telfer	10(10)	3(3)
Wayne Branson	8(10)	n/a
Edward Roberts	7(10)	3(3)
Julie Elliott	9(10)	n/a
Janet Shepherd	9(10)	n/a
Grantley Telfer	7(10)	3(3)
Helen Ware	8(10)	n/a
Nerrisa Schuster	0(4)	n/a

The first number is the meetings attended while in brackets is the number of meetings eligible to attend.
N/A - not a member of that Committee.

Likely developments

The company will continue its policy of providing banking services to the community.

Environmental regulations

The company is not subject to any significant environmental regulation.

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.

Directors' report (continued)

Company Secretary

Janet Shepherd has been the Company Secretary of Tumby Bay District Financial Services Limited since 13 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 2015 is included within the financial statements.

Signed in accordance with a resolution of the Board of Directors at Tumby Bay on 24 September 2015.

Malvern Telfer
Director

Auditor’s independence declaration

RSM Bird Cameron Partners

RSM Bird Cameron Partners
Level 4, 191 Pulteney Street Adelaide SA 5000
GPO Box 973 Adelaide SA 5001
T +61 8 8232 3000 **F** +61 8 8223 3555
www.rsmi.com.au

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 2015, 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.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

David Wall

Adelaide, South Australia	DAVID WALL
Date: 24th September 2015	Partner

Financial statements

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

	Note	2015 $	2014 $
Revenue	2	245,863	253,919
Employee benefits expense	3	(254,324)	(231,325)
Depreciation and amortisation expense	3	(21,636)	(23,674)
Finance costs	3	(11,158)	(1,658)
Other expenses		(151,671)	(153,331)
Operating loss before charitable donations & sponsorships		**(192,926)**	**(156,069)**
Charitable donations and sponsorships		(8,894)	(16,286)
Loss before income tax		**(201,820)**	**(172,355)**
Tax benefit	4	67,946	59,107
Loss for the year		**(133,874)**	**(113,248)**
Other comprehensive income		-	-
Total comprehensive loss for the year attributable to members		**(133,874)**	**(113,248)**

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2015

	Note	2015 $	2014 $
Assets			
Current assets			
Cash and cash equivalents	6	100	100
Trade and other receivables	7	18,465	11,900
Other current assets	8	1,333	8,309
Total current assets		**19,898**	**20,309**
Non-current assets			
Property, plant and equipment	9	107,477	127,114
Deferred tax assets	14	318,565	252,112
Intangible assets	10	1,000	3,000
Total non-current assets		**427,042**	**382,226**
Total assets		**446,940**	**402,535**
Liabilities			
Current liabilities			
Trade and other payables	11	17,316	11,103
Borrowings - bank overdraft	6	314,892	145,149
Short term financial liabilities	12	5,000	-
Provisions	13	12,247	8,431
Total current liabilities		**349,455**	**164,683**
Non current liabilities			
Long term financial liabilities	12	-	5,000
Deferred tax liability	14	99	1,592
Total non current liabilities		**99**	**6,592**
Total liabilities		**349,554**	**171,275**
Net assets		**97,386**	**231,260**
Equity			
Issued capital	15	863,359	863,359
Accumulated losses	16	(765,973)	(632,099)
Total equity		**97,386**	**231,260**

The accompanying notes form part of these financial statements.

Financial statements (continued)

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

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2013		**863,359**	**(518,851)**	**344,508**
Loss for the year		-	(113,248)	(113,248)
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		**-**	**(113,248)**	**(113,248)**
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	23	-	-	-
Balance at 30 June 2014		**863,359**	**(632,099)**	**231,260**
Balance at 1 July 2014		**863,359**	**(632,099)**	**231,260**
Loss for the year		-	(133,874)	(133,874)
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		**-**	**(133,874)**	**(133,874)**
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	23	-	-	-
Balance at 30 June 2015		**863,359**	**(765,973)**	**97,386**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2015

	Note	2015 $	2014 $
Cash flows from operating activities			
Receipts from customers		239,278	253,406
Payments to suppliers and employees		(397,883)	(399,666)
Interest paid		(11,158)	(1,658)
Interest received		20	-
Net cash provided by/(used in) operating activities	**16**	**(169,743)**	**(147,918)**
Cash flows from investing activities			
Purchase of property, plant & equipment		-	(326)
Net cash flows from/(used in) investing activities		**-**	**(326)**
Cash flows from financing activities			
Proceeds from issue of shares		-	-
Net cash provided by/(used in) financing activities		**-**	**-**
Net increase/(decrease) in cash held		**(169,743)**	**(148,244)**
Cash and cash equivalents at beginning of financial year		(145,049)	3,195
Cash and cash equivalents at end of financial year	**6**	**(314,792)**	**(145,049)**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2015

These financial statements and notes represent those of Tumby Bay District Financial Services Limited.

Tumby Bay District Financial Services Limited (‘the company’) is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on the 24 September 2015.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

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

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

Economic dependency

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

The branches operate as a franchise of Bendigo and Adelaide Bank Limited, using the name “Bendigo Bank” and the logo and system of operations of Bendigo and Adelaide Bank Limited. The company manages the **Community Bank®** branches on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank®** branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

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

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

- Advice and assistance in relation to the design, layout and fit out of the **Community Bank®** branch;
- Training for the Branch Managers and other employees in banking, management systems and interface protocol;

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Economic dependency (continued)

- 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
- Sale techniques and proper customer relations.

(b) Income tax

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

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

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

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

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

(c) Fair value of assets and liabilities

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

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

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair value of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant’s ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(d) Property, plant and equipment

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

Plant and equipment

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

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

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

Depreciation

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

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

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

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

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

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

(e) Leases

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

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

Note 1. Summary of significant accounting policies (continued)

(e) Leases (continued)

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

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

(f) Impairment of assets

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

(g) Goods and Services Tax (GST)

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

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

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

(h) Employee benefits

<u>Short-term employee benefits</u>

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligation for short-term employee benefits such as wages and salaries are recognised as part of current trade and other payables in the statement of financial position. The company's obligation for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Note 1. Summary of significant accounting policies (continued)

(h) Employee benefits (continued)

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurement for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(i) Intangible assets and franchise fees

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

(j) Cash and cash equivalents

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

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

(k) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any discounts and volume rebates allowed. Revenue comprises service commissions and other income received by the company.

Interest, dividend and fee revenue is recognised when earned.

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

(l) Trade and other receivables

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(m) Trade and other payables

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

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

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

(o) New accounting standards for application in future periods

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

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

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

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

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

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

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

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

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

- identify the contract(s) with customers;

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

- determine the transaction price;

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

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

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

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

Note 1. Summary of significant accounting policies (continued)

(p) Loans and borrowings

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

(q) Provisions

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

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

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

(r) Share capital

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

(s) Comparative figures

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

(t) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company. Estimates and judgements are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and judgements that have a significant risk of causing material adjustments to the carrying values of assets and liabilities are as follows:

Estimation of useful lives of assets

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

Employee benefits provision

Assumptions are required for wage growth and CPI movements. The likelihood of employees reaching unconditional service is estimated. The timing of when employee benefit obligations are to be settled is also estimated.

Income tax

The company is subject to income tax. Significant judgement is required in determining the deferred tax asset. Deferred tax assets are recognised only when it is considered sufficient future profits will be generated. The assumptions made regarding future profits is based on the company’s assessment of future cash flows.

Impairment

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

Note 1. Summary of significant accounting policies (continued)

(u) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to the profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discount estimated future cash payments or receipts over the expected life (or where this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in the profit or loss.

(i) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Financial liabilities

Non derivative financial liabilities are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

A financial asset (or group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency on interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

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

Note 1. Summary of significant accounting policies (continued)

(u) Financial instruments (continued)

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

Derecognition

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

(v) 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 $133,874 and had net cash outflows from operating activities of $169,743 for the year ended 30 June 2015. As at that date, the company had net current liabilities of $329 557 and net assets of $97,386.

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 $415,000 (refer Note 17(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.

	2015 $	2014 $

Note 2. Revenue and other income

Revenue		
- Franchise margin income	245,555	247,781
	245,555	**247,781**

Notes to the financial statements (continued)

	2015 $	2014 $
Note 2. Revenue and other income (continued)		
Other revenue		
- interest received	20	-
- other revenue	288	6,138
	308	**6,138**
Total revenue	**245,863**	**253,919**

Note 3. Expenses

	2015 $	2014 $
Employee benefits expense		
- wages and salaries	207,982	201,864
- superannuation costs	20,021	19,032
- other costs	26,321	10,429
	254,324	**231,325**
Depreciation of non-current assets:		
- plant and equipment	19,636	21,674
Amortisation of non-current assets:		
- intangible assets	2,000	2,000
	21,636	**23,674**
Finance Costs:		
- Interest paid	11,158	1,658

Note 4. Tax expense

	2015 $	2014 $
a. The components of tax benefit comprise		
Current tax	-	-
Deferred tax	(67,946)	(59,107)
	(67,946)	**(59,107)**
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% (2014: 30%)	(60,546)	(51,707)
Add / (less) tax effect of:		
- Deductible depreciation and amortisation	600	600
- Other non-allowable items	6,491	7,102
- Other allowable items	(14,491)	(15,102)
Income tax attributable to the company	**(67,946)**	**(59,107)**

	2015 $	2014 $
Note 4. Tax expense (continued)		
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.	**318,466**	**250,520**

Note 5. Auditors' remuneration

	2015 $	2014 $
Remuneration of the Auditor for:		
- Audit or review of the financial report	5,180	5,130
- other services	6,260	6,100
	11,440	**11,230**

Note 6. Cash and cash equivalents

	2015 $	2014 $
Cash at bank and in hand	**100**	**100**
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	100
(Less) bank overdraft	(314,892)	(145,149)
As per the statement of cash flows	**(314,792)**	**(145,049)**

Note 7. Trade and other receivables

	2015 $	2014 $
Current		
Trade receivables	18,465	11,900
	18,465	**11,900**

Credit risk

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

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

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

Note 7. Trade and other receivables (continued)

	Gross amount	Past due and impaired	Past due but not impaired			Not past due
			< 30 days	31-60 days	> 60 days	
2015						
Trade receivables	18,465	-	-	-	-	18,465
Total	**18,465**	**-**	**-**	**-**	**-**	**18,465**
2014						
Trade receivables	11,900	-	-	-	-	11,900
Total	**11,900**	**-**	**-**	**-**	**-**	**11,900**

	2015 $	2014 $

Note 8. Other assets

Current		
Prepayments	333	5,309
Prepaid training costs	1,000	3,000
	1,333	**8,309**

Note 9. Property, plant and equipment

Leasehold improvements		
At cost	190,031	190,031
Less accumulated depreciation	(83,679)	(64,674)
	106,352	**125,357**
Plant and equipment		
At cost	13,566	13,567
Less accumulated depreciation	(12,441)	(11,810)
	1,125	**1,757**
Total written down amount	**107,477**	**127,114**
Movements in carrying amounts		
Leasehold improvements		
Balance at the beginning of the reporting period	125,357	144,362
Additions	-	-
Depreciation expense	(19,005)	(19,005)
Balance at the end of the reporting period	**106,352**	**125,357**

	2015 $	2014 $

Note 9. Property, plant and equipment (continued)

Plant and equipment		
Balance at the beginning of the reporting period	1,757	4,100
Additions	-	326
Depreciation expense	(632)	(2,669)
Balance at the end of the reporting period	**1,125**	**1,757**

Note 10. Intangible assets

Franchise Fee		
At cost	10,000	10,000
Less accumulated amortisation	(9,000)	(7,000)
Total Intangible assets	**1,000**	**3,000**
Movements in carrying amounts		
Franchise Fee		
Balance at the beginning of the reporting period	3,000	5,000
Additions	-	-
Disposals	-	-
Amortisation expense	(2,000)	(2,000)
Balance at the end of the reporting period	**1,000**	**3,000**

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		
Unsecured liabilities:		
Trade creditors	1,714	259
GST payable	3,083	3,634
Other creditors and accruals	12,519	7,210
	17,316	**11,103**

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

	2015 $	2014 $

Note 12. Financial liabilities

Current		
Unsecured liabilities		
Loan	5,000	-
	5,000	**-**
Non-Current		
Unsecured liabilities		5,000
Loan	**-**	**5,000**

Note 13. Provisions

Current		
Employee benefits	**12,247**	**8,431**
Number of employees at year end	3	5
Movement in employee benefits		
Opening balance	8,431	9,609
Additional provisions recognised	17,335	17,439
Amounts utilised during the year	(13,519)	(18,617)
Closing balance	**12,247**	**8,431**

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave.

Note 14. Tax balances

(a) Tax Assets		
Current		
Income tax receivable	-	-
	-	**-**
Non-current		
Deferred tax asset comprises:		
- carried forward tax losses	311,858	247,994
- provisions	3,674	2,530
- accruals	3,033	1,588
	318,565	**252,112**

	2015 $	2014 $

Note 14. Tax balances

(b) Tax Liabilities

	2015 $	2014 $
Current		
Income tax payable	-	-
	-	**-**
Non-current		
Deferred tax liability		
- prepayments	99	1,592
	99	**1,592**

Note 15. Share capital

	2015 $	2014 $
863,359 Ordinary Shares fully paid	863,359	863,359
Less: Equity raising costs	-	-
	863,359	**863,359**
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	863,359	863,359
Shares issued during the year	-	-
At the end of the reporting period	**863,359**	**863,359**

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

Capital management

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

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

(i) the Distribution Limit is the greater of:

- (a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

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

Note 15. Share capital (continued)

Capital management (continued)

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

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

	2015 $	2014 $

Note 16. Accumulated losses

	2015 $	2014 $
Balance at the beginning of the reporting period	(632,099)	(518,851)
Loss after income tax	(133,874)	(113,248)
Dividends payable	-	-
Balance at the end of the reporting period	**(765,973)**	**(632,099)**

Note 17. Statement of cash flows

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

	2015 $	2014 $
Loss after income tax	(133,874)	(113,248)
Non cash flows in loss		
- Depreciation	19,636	21,674
- Amortisation of franchise fee	2,000	2,000
Changes in assets and liabilities		
- (Increase) decrease in receivables / other assets	413	1,446
- (Increase) decrease in deferred tax asset	(66,453)	(59,119)
- Increase (decrease) in payables	6,212	495
- Increase (decrease) in provisions	3,816	(1,178)
- Increase (decrease) in deferred tax liability	(1,493)	12
Net cash flows from/(used in) operating activities	**(169,743)**	**(147,918)**

(b) Credit standby arrangement and loan facilities

The company has put in place a bank overdraft facility amounting to $415,000 (2014:$270,000) to assist with working capital requirements.

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

At 30 June 2015, $314,892 of this facility was used (2014:$145,149). Variable interest rates apply to this overdraft facility.

Note 18. Related party transactions

The company's main related parties are as follows:

(a) Key management personnel

Any person(s) having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company is considered key management personnel.

(b) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(c) Transactions with key management personnel and related parties

Other than detailed below, no key management personnel or related party has entered into any contracts with the company. No Director fees have been paid as the positions are held on a voluntary basis.

(d) Key management personnel shareholdings

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

	2015	2014
Malvern Telfer	4,001	4,001
Wayne Branson	11,301	11,301
Edward Roberts	2,501	2,501
Julie Elliott	2,051	2,051
Janet Shepherd	5,000	3,000
Grantley Telfer	22,000	22,000
Helen Ware	3,000	3,000
Nerrisa Schuster	-	-

Each share held has a paid up value of $1 and is fully paid.

(e) Other key management transactions

There has been no other transactions involving equity instruments other than those described above.

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

Note 19. Events after the reporting period

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

Note 20. Contingent liabilities and contingent assets

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

Note 21. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one geographic area being Tumby Bay, South Australia. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2014: 100%).

Note 22. Company details

The registered office & principle place of business is: 7 North Terrace
Tumby Bay SA 5605

Note 23. Dividends paid or provided for on ordinary shares

Dividends paid during the year

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

Note 24. Financial risk management

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

		2015 $	2014 $
Financial assets			
Cash & cash equivalents	6	100	100
Trade and other receivables	7	18,465	11,900
Total financial assets		**18,565**	**12,000**
Financial liabilities			
Trade and other payables	11	17,316	11,103
Borrowings	12	5,000	5,000
Bank overdraft	6	314,892	145,149
Total financial liabilities		**337,208**	**161,252**

Financial risk management policies

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

Specific financial risk exposure and management

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

Note 24. Financial risk management (continued)

(a) Credit risk

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

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

Credit risk exposures

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

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

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

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

	2015 $	2014 $
Cash and cash equivalents:		
A rated	100	100

(b) Liquidity risk

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

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

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

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

Note 24. Financial risk management (continued)

(b) Liquidity risk (continued)

Financial liability and financial asset maturity analysis:

30 June 2015	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial liabilities due for payment					
Trade and other payables	11	17,316	17,316	-	-
Loans and borrowings	12	5,000	5,000	-	-
Bank overdraft	6	314,892	314,892		
Total expected outflows		**337,208**	**337,208**	**-**	**-**
Financial Assets - cash flows realisable					
Cash & cash equivalents	6	100	100	-	-
Trade and other receivables	7	18,465	18,465	-	-
Total anticipated inflows		**18,565**	**18,565**	**-**	**-**
Net (Outflow)/Inflow on financial instruments		**(318,643)**	**(318,643)**	**-**	**-**

30 June 2014	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial liabilities due for payment					
Trade and other payables	11	11,103	11,103	-	-
Loans and borrowings	12	5,000		5,000	-
Bank overdraft		145,149	145,149	-	-
Total expected outflows		**161,252**	**156,252**	**5,000**	**-**
Financial Assets - cash flows 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)**	**-**

Note 24. Financial risk management (continued)

(c) Market risk

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

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

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

Sensitivity analysis

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

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

	Profit $	**Equity $**
Year ended 30 June 2015		
+/- 1% in interest rates (interest income)	1	1
+/- 1% in interest rates (interest expense)	(3,199)	(3,199)
	(3,198)	**(3,198)**
Year ended 30 June 2014		
+/- 1% in interest rates (interest income)	1	1
+/- 1% in interest rates (interest expense)	(1,501)	(1,501)
	(1,500)	**(1,500)**

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

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Fair values

- Fair value estimation

  The fair values of financial assets and liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position.

  Differences between fair values and the carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied to the market since their initial recognition by the company.

Note 24. Financial risk management (continued)

(d) Price risk (continued)

Fair values (continued)

	Note	2015		2014	
		Carrying amount $	Fair value $	Carrying amount $	Fair value $
Financial assets					
Cash and cash equivalents (i)	6	-	-	-	-
Trade and other receivables (i)	7	-	-	-	-
Total financial assets		**-**	**-**	**-**	**-**
Financial Liabilities					
Trade and other payables (i)	11	-	-	-	-
Loans and borrowings	12	-	-	-	-
Total financial liabilities		**-**	**-**	**-**	**-**

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.

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 2015 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 this 24 September 2015

RSM Bird Cameron Partners
Level 4, 191 Pulteney Street Adelaide SA 5000
GPO Box 973 Adelaide SA 5001
T +61 8 8232 3000 **F** +61 8 8223 3555
www.rsmi.com.au

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

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 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2015, 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 opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of 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.

RSM Bird Cameron Partners

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 2015 and of its performance for the year ended 30 June 2015; 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.

RSM BIRD CAMERON PARTNERS

David Wall.

D J WALL

Partner

Adelaide, South Australia

Date: 24th September 2015

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	
Nerissa Schuster	

2014/15 Donations and sponsorships

Name of recipient	Description	Amount
Donations		**$**
EP Field Days	Use of marquee	420
Great Flinders Football Association	Use of marquee	140
Eastern Eyre Football Association	Use of marquee	140
Port Neill Progress Association	Use of marquee	140
Parkinsons Fundraiser	Gift basket for raffle	40
Ungarra Primary School	Use of marquee	280
Tumby Bay YAC	Use of marquee	140
Port Neill Bowls Club	Gift merchandise	40
Tumby Bay Croquet Club	Merchandise for prizes	75
	Total donations paid	**$1,415**
Sponsorship		
Port Neill Primary School	Cirkidz excursion - airfares	500
125's Association	National Titles, Tumby Bay	500
Port Neill Progress Association	Port2Port6km/12km Fun Run/Walk	250
Tumby Bay Bowls Club	Silver sponsorship	500
Tumby Bay Lions Club	2014 Pageant	40
Tumby Bay Progress Association	2014 Christmas Home Lights competition	150
Port Neill Progress Association	2014 Christmas Eve community celebration	50
Port Neill Bowls Club	Mens & Ladies Singles Championship	200
Royal Flying Doctor Association	Country Music fundraiser	400
Tumby Bay Football Club	Annual sponsorship	300
Tumby Bay Netball Club	Annual sponsorship	300
Eyre United Football Club	Annual sponsorship	300
Eyre United Netball Club	Annual sponsorship	300
Cleve Golf Club	Annual Hole sponsorship	150
Eastern Ranges Football Netball	Annual sponsorship	250
Ungarra Progress Association	UnGarraBaldy Major sponsor	500
Tumby Bay Croquet Club	State Tournament sponsorship	150
Port Neill Primary School	3 coloured marquees	1695
Tumby Bay Lions Club	Towards foreshore outdoor gym equipment	2000
Tumby Bay Show Boat	Major sponsor Tumby Bay Music Hall	500
Yallunda Flat Show	2015 Animal Nursery & Flat Track showbags	610
Lipson Progress Association	Seed funding – 2 hall rooves	3000
TBAS Dyslexia & Vulnerable Learners	Seed funding – employ support worker	3500
	Total sponsorship paid	**$16145**
	Grand total	**$17,560**

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

www.bendigobank.com.au/tumby-bay
(BMPAR15005) (07/15)

Bendigo Bank
Bigger than a bank.

bendigobank.com.au