



# Annual Report 2015

West Beach & Districts Community  
Financial Services Limited

ACN 094 486 727

West Beach **Community Bank®** Branch

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**West Beach & Districts  
Community Financial Services Ltd**

**A.C.N. 094 486 727**

**Annual Report**

**For the Year Ended 30th June 2015**

**Prepared by: Glenn and Herriot Pty Ltd Accountants**

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## Chairman's Report

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I am delighted to present the 14th Annual Report of West Beach & Districts Community Financial Services Limited to our shareholders.

Happily I report that the year to June 2015 has yet again been successful for our community company. You will see from the following financial report that our business has continued its positive growth with another strong result.

Our Company has marked the year with many great achievements including:

- \$176 million in accounts;
- More than 4,500 accounts;
- Over \$1.8 million returned to the community since 2001 in projects, sponsorships, grants and dividends;

We will continue to explore and assess new community investment projects that will benefit and further enhance our local area. In the last 12 months we continued to support our local communities with sponsorships, donations and grants. More than 28 local community groups, sporting clubs and not for profit groups were successful recipients of the community investment program and the Community Enterprise Foundation Grant Program.

Our community support has extended to local community events and activities including:

- Grange, West Beach and Glenelg Surf clubs all granting their big ideas;
- Henley Surf Life Saving Club "Sustainable Future With Solar" project;
- Welcoming some new local groups, like the Airport Scout Group and Australian Council on Children and the Media, both helping our future leaders; and
- Continued support of some long-term community groups and events such as Henley RSL - Anzac Day Dawn Service and the Reedbeds Community Centre.

Our commitment to West Beach continues with building a 'Branch of the Future'. A refurbishment of our existing branch will complement our strategic outlook for the next one, three, and five years. This will coincide with the upcoming changes within the current state to future state profit share model, called "Project Horizon", with our partners, Bendigo and Adelaide Bank Limited. For more information on Project Horizon, please visit our Webpage: [bendigobank.com.au/westbeach](http://bendigobank.com.au/westbeach).

We thank our customers and shareholders who have helped our **Community Bank**<sup>®</sup> company distribute over \$1.8 million to date in projects, community investments, grants, and dividends. These contributions have helped strengthen and develop the community of West Beach and surrounding districts.



## Chairman's Report (continued)

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Your Board of Directors is a dedicated and knowledgeable team of people, who come together with a strong commitment to making a valuable contribution to our community. As Chairman, I am privileged to be working with such a dedicated and talented group of people on your behalf.

The company acknowledges the outstanding work of the Branch Manager, Peter Hodgkison, and staff of our **Community Bank**<sup>®</sup> branch. With their hard work and dedication, along with support from our corporate partner Bendigo and Adelaide Bank Limited, on a daily basis, we have managed to grow as a company and to make increasing contributions back to the community.

In closing, I would like to take the opportunity to reinforce the message that together we can continue making a positive difference to the community we live in. I encourage all shareholders to advocate on our behalf and spread the message about how banking with us benefits and makes a difference to the lives of people locally. It is together that we can truly make a big difference. I commend this report to you and thank you for your continued support throughout this past year.

Rodney Beames  
CHAIRMAN

## Branch Manager's Report

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The past 12 months has brought continued growth for West Beach & Districts **Community Bank**<sup>®</sup> Branch, having attained a milestone of over \$170 million in banking business.

From an operational perspective, we continue to have many new customers coming in to see us, having opened 451 new accounts during the 14/15 financial year, our 15th year of operations and now have 4,549 accounts.

Our total deposits and loans have increased by a further \$15 million to a total now of \$176.7 million. This represents a growth of over 9.2% in total balances. These results reflect highly on all the staff at West Beach & Districts **Community Bank**<sup>®</sup> Branch and also the work put in by your **Community Bank**<sup>®</sup> Company Directors.

We continue to look for the support of all our shareholders and existing customers in assisting us with the continued growth of our branch.

Our staff numbers have remained at eight, with a couple of changes in the last two months of the year, with Jenny and Scott taking up opportunities within the Bendigo Bank Group at other branches. We welcome Cathy back after three years absence and welcome Shareta for the branch.

The SA Produce Market at Pooraka continues to provide new opportunities for the **Community Bank**<sup>®</sup> company via an agency operating at the SA Produce Credit office at the Market. It continues to provide significant benefits to the merchants, retailers and employees at the market (this is now in excess of \$275,000) and also to West Beach & Districts Community Financial Services.

We have been able to continue to invest funds into our local community via grants, sponsorships and donations for many varied social, community and sporting groups. It is always a genuine pleasure to be able to visit these projects and over the past 12 months I have had the chance to demonstrate these projects to a number of the Bendigo and Adelaide Bank Limited Executives, who are reciprocating with local school students being offered the chance to take a tour of the Bendigo Bank Headquarters in Grenfell Street, later this year.

I wish to congratulate the Board on their continued good work and a successful year and I continue to encourage all shareholders to experience the benefits of our unique **Community Bank**<sup>®</sup> model of banking, at West Beach & Districts **Community Bank**<sup>®</sup> Branch.

Peter Hodgkison  
COMMUNITY BANK BRANCH MANAGER

## Corporate Governance Statement

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The Board is comprised entirely of non-executive Directors. The skills, experience and composition of the Board is detailed in the Director's report. Details of the Director's shareholdings, remuneration and any transactions which they have conducted with the company are included in the Director's report and Notes to the financial statements.

The Board has committed to a high standard of corporate governance, financial reporting and integrity throughout the company's operations. The following portfolios have been established as subcommittees to assist and advise the Board:

- Governance
- Audit and Risk Management
- Operations and Human Resources
- Marketing and Community Investment

### Independent Professional Advice

Directors have the right to seek independent professional advice in the furtherance of their duties as Directors at the company's expense. Written approval must be obtained from the Chairman prior to incurring any expense on behalf of the company.

### Identifying and Managing Business Risks

The Board regularly monitors the operational and financial performance of the company against budget and other key performance measures. The Board also receives advice on areas of operational and financial risks, and develops strategies, in conjunction with management, to mitigate those risks.

### Communication with Shareholders

The Board of Directors aims to ensure that shareholders, on behalf of whom they act, are informed of all major developments affecting the company's activities and its state of affairs, including information necessary to assess the performance of the Directors.

Communication with shareholders is achieved through the distribution of the following information:

- The Annual Report distributed to all shareholders
- The Annual General Meeting to obtain shareholder approval for Board action as appropriate
- Dividend payments including a Newsletter every six months.

The Board ensures the company complies with ASIC legislative requirements and utilises the facilities of Share Data to maintain the integrity of share transactions.

## Director's Report

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Your Directors present their report of the company for the financial year ended 30 June 2015. The information in the proceeding operating and financial review forms part of this Directors' report for the financial year ended 30 June 2015 and is to be read in conjunction with the following information:

The following persons were Directors of the Company at the end of the financial year up to the date of this report:

**Mr A Farran** Director Appointed 14 February 2000  
Original Steering Committee member. Andrew is a local businessman, owner of Fazz Plumbing.

**Mr R Beames** Director/Chairman Appointed 8 June 2011  
Currently a Technical Lecturer at TAFE, a member of the Henley RSL, Area Co-ordinator for Neighbourhood Watch, West Beach.

**Mr S Marks** Director Appointed 10 December 2001  
Diploma in Export Marketing. More than 22 years experience in international trading.

**Mr T McClean** Director Appointed 14 September 2000  
Original Steering Committee member.

**Ms L Cook** Director Appointed 10 September 2013  
Bachelor of Business Management and Marketing, Graduate Australian Institute of Company Directors, Founder and CEO of Get on Board Australia.

**Mr A Economos** Director Appointed 26 September 2000  
Local business owner with Economos Bros. Pty Ltd.

**Mr I Butterfield** Director/Ambassador Coordinator Appointed 29 January 2007  
Owner of Butterfield Services. Pro-active in the Business Community

**Mrs S Wundenberg** Director Appointed 12 August 2014  
Senior Executive with over 25 years experience managing all aspects of a Top 100 Building Products Company (CSR).

**Ms K Percival** Director Appointed 31 May 2015  
Fellow of the Institute of Chartered Accountants England & Wales, as well as a Graduate of the Australian Institute of Company Directors.

**Mr T Dodds** Director Appointed 29 July 2015  
Serving police officer with 29 years experience, attached to SAPOL Media and Public Engagement Section. Served 13 years on local government.



## Director's Report (Continued)

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### 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 have been no significant changes in the nature of these activities during the year.

### Review and Results of Operations

The profit for the full year after income tax expense for the Company was \$156,200 compared to the previous year \$127,784.

### Financial Position

The net assets of the Company have increased by \$61,100 to \$721,816 (2014 \$660,716).

The Company has continued to grow with assets under management of \$176 million .

The franchise agreement for West Beach and Districts Community Bank® is due for renewal by the 5th March 2016.

### Dividends

Dividends paid or declared for payment are as follows:

An interim dividend was paid on 15th July 2014 and a final dividend was paid on 15th January 2015, as recommended in last year's annual report totalling \$95,100.

### Significant Changes in the State of Affairs

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

### Events Subsequent Reporting Date

No matters or circumstances have 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 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 benefits of the Officers of the Company against any liability incurred 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.

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.



## Director's Report (Continued)

### Directors' Meetings

The number of Directors' meetings held during the year were 12. Attendance by each Director during the year were as follows:

Director	Comments	Board Meetings		Sub Com.
		Number Attended	Eligible to Attend	Number Attended
A Economos		12	12	5
A Farran		10	12	9
R Beames		11	12	14
L Cook		10	12	13
I Butterfield		10	12	11
S Marks		2	12	0
T McClean		12	12	3
S Wundenberg		9	12	3
K Percival		3	3	3
T Dodds		1	1	1
S Packer	<i>Resigned November 2014</i>	5	5	5
T Delo	<i>Resigned November 2014</i>	5	5	2
P Bardadyn	<i>Resigned November 2014</i>	3	5	0

### Directors Shareholdings

The Directors and their associates have the following shares in the company at the 30 June 2015.

Directors' Shareholdings		2015	2014
P Bardadyn	Direct	3,500	3,500
T Delo	Direct and Indirect	6,000	6,000
A Economos	Direct and Indirect	6,501	6,501
A Farran	Direct	6,001	6,001
S Marks	Direct and Indirect	46,000	46,000
T McClean	Direct and Indirect	4,001	4,001
I Butterfield	Direct	1,000	1,000
S Packer	Direct	500	500

### Directors' Privileges Package

West Beach and Districts Community Financial Services Ltd has accepted the **Community Bank<sup>®</sup>** Directors' Privileges Package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the Bendigo Bank. There is no requirement to own BEN shares and there is no qualification period to qualify to utilise the benefits. The package mirrors benefits available to Bendigo and Adelaide Bank shareholders.

### Likely Developments

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

## Director's Report (Continued)

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### Environmental Regulations

The Company is not subject to any significant environmental regulation. However, the Board believes that the company has adequate systems in place for the management of its environment requirements and is not aware of any breach of these environmental requirements as they apply to the company.

### 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 party to any such proceedings during the last twelve months.

### Company Secretary

Alison Amber has replaced Sue Packer as the Company Secretary of the West Beach and Districts Community Financial Ltd. since Sue's retirement at the 2014 AGM. Alison has been with the company since 2007 as the Board Administrator, with previous secretarial experience within the company and outside. Alison grew up in the community and currently resides in West Beach with her family.

### Non Audit Services

The Directors are satisfied that no non audit services were provided by the Auditors.

### Changes to Financial Model

The Final Report for Project Horizon was released on 13 February 2015. Co-sponsored by Bendigo Bank and the **Community® Bank** Strategic Advisory Board, Project Horizon seeks to set a Shared Vision and strategy for the **Community® Bank** model into the future.

The Final Report is the culmination of extensive discussions between Bendigo Bank and directors, staff and shareholders, and sets out the final recommendations approved by the Project Steering Committee, the **Community® Bank** Strategic Advisory Board and Bendigo Bank. The report includes the following changes to the current financial model, which will effect on 1 July 2016:

- Margin Share on core banking products will be 50/50, to be calculated under a funds transfer pricing (FTP) based model;
- Term deposits over 90 days and fixed rate home loans will become margin rather than commission products;
- Market Development Fund(MDF) payments will be adjusted to provide greater support to new and less profitable sites, and less to established profitable sites. MDF payments will also be adjusted to support collaborative marketing; and
- Transitional arrangements will be made by Bendigo Bank for those **Community Bank®** companies adversely affected by these changes to the financial model, for a maximum period of 3 years.

## Director's Report (Continued)

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### Directors' and Auditors' Insurance and Indemnification

The Company has paid premiums to insure the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of a Director of the company, other than conduct involving a wilful breach of duty in relation to the company.

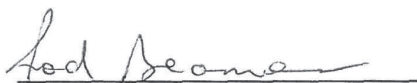
The Company has not during or since the end of the financial year, in respect of any person who is or has been an Auditor of the company or a related body corporate:

- indemnified or made any relevant agreement for the indemnifying against a liability incurred, including costs and expenses in the successful defending legal proceedings, or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred for the costs or expenses to defend legal proceedings.

### Auditor Independence Declaration

A copy of the Auditor's Independence declaration as required under Section 307C of the Corporations Act 2001 is included on the following page. No officer of the company is or has been a partner of the auditor of the company.

Signed in accordance with a resolution of the Board of Directors at Henley Beach Road, West Beach on 28th September 2015.



R Beames  
CHAIRMAN  
for the year ended 30 June 2015



L Cook  
DEPUTY CHAIRMAN

## Auditor's Independence Declaration

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### Auditor Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of West Beach and Districts Community Financial Services Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015 there have been no contraventions of:

- (i) the Auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



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Bruce Henry Carpenter,  
Freer Parker, Adelaide

28 September 2015

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Dated:

## Financial Statements

### Statement of Comprehensive Income for the year ended 30 June 2015

	Notes	2015	2014
<b>Revenue from ordinary activities</b>	<b>2</b>	<b>1,060,161</b>	<b>1,023,365</b>
Finance expense	3	2,006	2,411
Property and equipment expense	3	18,991	23,016
Employment expense	3	474,543	464,731
Other expenses from ordinary activities		247,806	259,202
<b>Profit from ordinary activities before charitable payments</b>		<b>316,814</b>	<b>274,005</b>
Charitable, donations and sponsorships		91,344	87,065
<b>Profit from ordinary activities before income tax</b>		<b>225,470</b>	<b>186,940</b>
Income tax expense / (benefit)	5	69,270	59,156
<b>Net profit before extraordinary items</b>		<b>156,200</b>	<b>127,784</b>
Other extraordinary income and expenses		-	-
<b>Net profit attributable to members of the company</b>		<b>156,200</b>	<b>127,784</b>
<b>Earnings per share</b>			
Basic and diluted earnings (cents per share)		32.85	26.87



## Financial Statements (continued)

### Statement of Financial Position for the year ended 30 June 2015

	Notes	2015	2014
<b>Current assets</b>			
Cash assets	6	696,345	617,510
Prepayments		7,022	1,824
Receivables	7	83,412	79,726
<b>Total current assets</b>		<b>786,779</b>	<b>699,060</b>
<b>Non current assets</b>			
Property, plant & equipment	8	39,619	56,598
Deferred tax assets	5	19,610	21,336
Intangible assets	9	7,008	17,492
<b>Total non-current assets</b>		<b>66,236</b>	<b>95,426</b>
<b>Total assets</b>		<b>853,015</b>	<b>794,486</b>
<b>Current liabilities</b>			
Payables	10	34,361	27,572
Borrowings	11	5,485	5,164
Provisions	12	65,365	71,121
Deferred tax liability	5	2,107	547
<b>Total current liabilities</b>		<b>107,318</b>	<b>104,404</b>
<b>Non current liabilities</b>			
Borrowings	11	23,881	29,366
<b>Total non current liabilities</b>		<b>23,881</b>	<b>29,366</b>
<b>Total liabilities</b>		<b>131,199</b>	<b>133,770</b>
<b>Net assets</b>		<b>721,816</b>	<b>660,716</b>
<b>Equity</b>			
Issued capital	13	475,500	475,500
Retained profits / (accumulated losses)	14	246,316	185,216
<b>Total equity</b>		<b>721,816</b>	<b>660,716</b>

The accompanying notes form part of these financial statements.

## Financial Statements (continued)

### Statement of Cash Flows for the year ended 30 June 2015

	Notes	2015	2014
<b>Cash flows from operating activities</b>			
Receipts from Bendigo and Adelaide Bank		1,146,873	1,104,314
Payment to suppliers and employees		(917,886)	(871,538)
Borrowing costs		(7,111)	(7,062)
Income tax paid		(61,851)	(58,647)
Interest paid		-	(2,130)
Interest received		15,923	19,074
<b>Net cash provided by operating activities</b>	<b>15 b</b>	<b>175,947</b>	<b>184,010</b>
<b>Cash flows from investing activities</b>			
Borrowing Expense		-	(398)
Proceeds from sale of property, plant and equipment		-	15,000
Payments for purchase of property, plant and equipment		(2,012)	(38,049)
<b>Net cash provided from investing activities</b>		<b>(2,012)</b>	<b>(23,447)</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(95,100)	(95,100)
<b>Net cash provided from financing activities</b>		<b>(95,100)</b>	<b>(95,100)</b>
Net increase/(decrease) in cash held		78,835	65,463
Cash at the beginning of the year		617,510	552,047
<b>Cash at the end of the year</b>	<b>15 a</b>	<b>696,345</b>	<b>617,510</b>

## Financial Statements (continued)

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

	Notes	2015	2014
<b>Issued Capital</b>			
Balance at beginning of the year	1/07/2014	475,500	475,500
Issue of share capital		-	-
Issue of share capital costs		-	-
<b>Balance at end of the year</b>	<b>30/06/2015</b>	<b>475,500</b>	<b>475,500</b>
<b>Retained Earnings/(Accumulated Losses)</b>			
Balance at beginning of the year	1/07/2014	185,216	152,532
Profit attributable to members of the company		156,200	127,784
Dividends paid during the year		(95,100)	(95,100)
<b>Balance at end of the year</b>	<b>30/06/2015</b>	<b>246,316</b>	<b>185,216</b>
<b>Total equity at end of the year</b>	<b>30/06/2015</b>	<b>721,816</b>	<b>660,716</b>

# Notes to the Financial Statements

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for the year ended 30 June 2015

## NOTE 1. Summary of Accounting Policies

The significant accounting policies adopted in the preparation of this financial report are:

### (a) Basis of preparation

The financial statements are general purpose financial statements that have 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.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes always comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement of fair value of selected non-current assets.

### (b) Revenue recognition

Revenues are recognised at fair value of the consideration received net of the amounts of goods and services tax (GST). Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Franchise revenue is recognised when the services are provided.

Interest income is recognised when it accrues.

### (c) Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation, and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

## Notes to the Financial Statements (continued)

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for the year ended 30 June 2015

### NOTE 1. Summary of Accounting Policies (continued)

#### (d) Property, plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the amount recoverable from these assets.

#### (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 recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value.

Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that ownership of the assets will be obtained or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

#### (f) Investments

Non-current investments are measured on the cost basis. The carrying amount of investments is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for shares in listed companies or the underlying net assets for non listed corporations. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

#### (g) Franchise fee

The Franchise fee is initially recorded at the amount, which the Franchisee paid the Franchisor. The Franchise fee is amortised on a straight line basis over the life of the agreement.

The balance is reviewed annually and any balance representing future benefits for which the realisation is considered to be no longer probable is written off.

#### (h) Employee entitlements

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



## Notes to the Financial Statements (continued)

for the year ended 30 June 2015

### NOTE 1. Summary of Accounting Policies (continued)

#### (i) Cash

For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions and investments in money market instruments maturing within less than two months, net of the banks overdrafts.

#### (j) Comparative figures

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

#### (k) Payables

Liabilities are recognised for amounts to be paid in the future for goods, or services received, whether or not billed to the company. Trade accounts payable are normally settled within 60 days.

#### (l) Receivables

The Bendigo Bank Limited is the company's only trade debtor. Accounts are settled every 30 days and no provision has been made for any portion of the amount due to be doubtful.

#### (m) Goods and Services Tax

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

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

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

	2015	2014
<b>NOTE 2. Revenue</b>		
<b>Ordinary activities</b>		
- Commission received	238,422	195,525
- Fee income	105,613	93,956
- Franchise margin income	650,203	664,810
- Market development income	50,000	50,000
- Interest received	15,923	19,074
- Other revenue	-	-
<b>Total revenue from ordinary activities</b>	<b>1,060,161</b>	<b>1,023,365</b>

## Notes to the Financial Statements (continued)

for the year ended 30 June 2015

	2015	2014
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### NOTE 3. Expenses

Employee benefits expense

- Wages and salaries	428,222	370,918
- Superannuation costs	39,116	84,272
- Other employee associated costs	7,205	9,541
<b>Total employee costs</b>	<b>474,543</b>	<b>464,731</b>

Depreciation of non-current assets:

- Plant and equipment	18,991	23,016
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Amortisation of non-current assets:

- Franchise fee	10,485	10,607
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Finance costs:

- Interest paid	1,987	2,130
- Bad debts	19	281
<b>Total finance costs</b>	<b>2,006</b>	<b>2,411</b>

### NOTE 4. Auditors' Remuneration

Remuneration of the Auditor of the company for:

- Audit services	7,600	7,710
- Other services	-	-

## Notes to the Financial Statements (continued)

for the year ended 30 June 2015

	2015	2014
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### NOTE 5. Income Tax Expense

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

<b>Operating profit before income tax</b>	<b>225,470</b>	<b>186,939</b>
Tax effect of :		
- Non-deductible expenses	(5,522)	4,717
Taxable profit	219,948	191,656
<b>Total income tax expense</b>	<b>69,270</b>	<b>59,156</b>

### Deferred tax assets

Deferred income tax asset arising from timing differences	19,610	21,336
Deferred income tax liabilities arising from timing differences	(2,107)	(547)
<b>Total deferred tax expenses</b>	<b>17,503</b>	<b>20,789</b>

### NOTE 6. Cash Assets

- Bendigo bank cheque account	70,732	66,461
- Bendigo bank cash management account	25,000	150,000
- Bendigo bank term deposit	600,000	400,000
- Bendigo bank piggybank account	413	848
- Petty cash float	200	200
<b>Total cash assets</b>	<b>696,345</b>	<b>617,510</b>

### NOTE 7. Receivables

Trade debtors	83,412	79,726
Other assets	-	-

## Notes to the Financial Statements (continued)

for the year ended 30 June 2015

	2015	2014
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### NOTE 8. Property, Plant and Equipment

Valuation at fair value at the beginning of year	56,598	58,660
Additions	2,012	34,590
Disposals	-	(13,636)
Depreciation expense	(18,991)	(23,016)
	<b>39,619</b>	<b>56,598</b>

### NOTE 9. Intangible Assets

Franchise fee	51,925	51,925
Less accumulated amortisation	(45,172)	(34,787)
Borrowing costs	398	398
Less accumulated amortisation	(143)	(44)
	<b>7,008</b>	<b>17,492</b>

### NOTE 10. Tax Liabilities

Current tax liability/(refund)	11,777	7,644
Amounts withheld from salary and wages	7,420	4,803
GST payable	15,164	15,125
	<b>34,361</b>	<b>27,572</b>

### NOTE 11. Borrowings

Current hire purchase (secured)	5,485	5,164
Non-current hire purchase (secured)	23,881	29,366
	<b>29,366</b>	<b>34,530</b>

## Notes to the Financial Statements (continued)

for the year ended 30 June 2015

	2015	2014
<b>NOTE 12. Provisions</b>		
Employee entitlements		
- Annual leave provision	17,260	20,423
- Long service leave provision	48,105	50,698
	<b>65,365</b>	<b>71,121</b>

### NOTE 13. Issued Capital and Shareholdings

475,500 Ordinary shares fully paid - \$1 each	475,500	475,500
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Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

#### Security register

The security register / share register is maintained by:

Share Data Pty Ltd  
PO Box 298  
ST AGNES SA 5097  
Phone: (08) 8395 2308

#### Shareholdings

The following table shows the number of shareholders, broken into two categories, number of shareholders and number of shares held:

Number of Shares Held	Number of shareholders	Number shares held
1 to 1,000	159	104,550
1,001 to 5,000	80	234,248
5,001 to 10,000	8	64,501
10,001 to 47,550	3	72,201
<b>Total shareholders and shares</b>	<b>250</b>	<b>475,500</b>

Each of the above shareholders are entitled to 1 vote, irrespective of the number of shares held.

There are no restricted securities on issue.



## Notes to the Financial Statements (continued)

for the year ended 30 June 2015

	2015	2014
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### NOTE 14. Retained Earnings/(Accumulated Losses)

Balance at the beginning of the financial year	185,216	152,532
Other appropriations - dividend paid	(95,100)	(95,100)
Profit/(loss) after income tax	156,200	127,784
<b>Balance at the end of the financial year</b>	<b>246,316</b>	<b>185,216</b>

### NOTE 15. Cash Flow Information

#### (a) Reconciliation of cash

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

Cash at Bank	96,145	217,310
Term Deposits	600,000	400,000
Cash on Hand	200	200
<b>6</b>	<b>696,345</b>	<b>617,510</b>

#### (b) Reconciliation of net cash provided by/used in operating activities to net profit

Operating profit after income tax	156,200	127,784
Non Cash Items		
- Depreciation	3	18,991
- Amortisation on franchise fee	3	10,485
- Interest on Hire Purchase	3	1,947

Changes in assets and liabilities net effects of purchases and disposals of controlled entities:

- (Increase) decrease in receivables	(3,686)	(407)
- (Increase) decrease in prepayments	(5,198)	3,490
- (increase) decrease in deferred tax asset & liab	(2,030)	(2,030)
- (Increase) decrease in sundry debtors	-	-
- Increase (decrease) in creditors	2,617	(1,531)
- Increase (decrease) in provision for income tax	4,133	2,864
- Increase (decrease) in payables	(1,756)	14,925
- Increase (decrease) in provisions	(5,756)	3,161
<b>Net cash flows from/(used in) operating activities</b>	<b>175,947</b>	<b>184,010</b>

## Notes to the Financial Statements (continued)

for the year ended 30 June 2015

2015

2014

### NOTE 16. Director and Related Party Disclosures

The following transactions were made with related parties during the financial year. All transactions are on normal commercial terms unless otherwise stated:

Butterfield Services of which I Butterfield is a Director for repairs and maintenance to premises	1,012	1,323
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### NOTE 17. Operating Segments

The Company operates in the financial services sector where it provides banking services to its client. The Company operates in one geographic area being West Beach, South Australia. The Company has a franchise agreement in place with Bendigo & Adelaide Bank Limited who accounts for 100% of the revenue (2014: 100%).

### NOTE 18. Registered Office and Principal Administrative Office

The registered office of the company is located at:

22 Nile Street,  
PORT ADELAIDE SA 5015  
Phone: (08) 8447 2088

The principal administrative office of the company is located at:

695B Burbridge Road  
WEST BEACH SA 5024  
Phone: (08) 8356 6014

### NOTE 19. Financial Risk Management

The Company's financial instruments consist 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 are:

#### Financial Assets

Cash & Cash Equivalents	6	696,345	617,510
Receivables	7	83,412	79,726
<b>Total Financial Assets</b>		<b>779,757</b>	<b>697,236</b>

#### Financial Liabilities

Payables	10	34,361	27,572
Borrowings	11	29,366	34,530
<b>Total Financial Liabilities</b>		<b>63,727</b>	<b>62,102</b>

## Notes to the Financial Statements (continued)

for the year ended 30 June 2015

2015

2014

### NOTE 19. Financial Risk Management (continued)

#### *Financial risk management policies*

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board 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.

The maximum exposure to credit risk at reporting date to recognised financial assets is the carrying amount of those assets as disclosed in the Statement of financial position and Notes to the financial statements.

The Company's maximum exposure to credit risk at reporting date was:

Cash Assets	696,345	617,510
Receivables	83,412	79,726
	<b>779,757</b>	<b>697,236</b>

The Company's exposure to credit risk is limited to Australia by geographic area. The entire balance of receivables is due from Bendigo and Adelaide Bank Ltd.

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.

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Ltd.

## Notes to the Financial Statements (continued)

for the year ended 30 June 2015

### (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 does not have an established overdraft facility.

### Financial Liability and Financial Asset Maturity Analysis

	\$	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
<b>30 June 2015</b>					
Payables	22,583	22,583	22,583	-	-
Loans and Borrowings	29,366	29,366	5,485	23,881	-
	51,949	51,949	28,068	23,881	-
<b>30 June 2014</b>					
Payables	19,928	19,928	19,928	-	-
Loans and Borrowings	34,530	34,530	5,164	29,366	-
	54,458	54,458	25,092	29,366	-

There are no material amounts of collateral held as security as at 30 June 2015 and 30 June 2014.

### (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

Interest rate risk is 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.

### Sensitivity Analysis

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:



## Notes to the Financial Statements (continued)

for the year ended 30 June 2015

	2015	2014
<b>Fixed Rate Instruments</b>		
Financial Assets	600,000	400,000
Financial Liabilities	29,366	34,530
	<u>629,366</u>	<u>434,530</u>
<b>Floating Rate Instruments</b>		
Financial Assets	96,145	217,310
Financial Liabilities	-	-
	<u>96,145</u>	<u>217,310</u>

### *Fair value sensitivity analysis for fixed rate instruments*

The Company does not account for any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

### *Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. For the analysis performed on the same basis as at 30 June 2014 there was also no impact. As at both dates this assumes all other variables remain constant.

### **(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.

### **6 Year Summary of Performance**

	2015	2014	2013	2012	2011	2010
Gross revenue	1,060,161	1,023,365	1,078,121	1,072,622	1,007,310	868,203
Net profit before tax	225,470	186,939	234,326	232,969	241,882	220,505
Total assets	853,015	794,486	743,429	667,680	613,217	553,262
Total liabilities	131,199	133,770	115,397	108,292	124,640	138,206
Total equity	721,816	660,716	628,032	559,388	488,577	415,056



## Notes to the Financial Statements (continued)

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for the year ended 30 June 2015

### 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 per 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 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;
- (ii) the Relevant Rate of Return is equal to the weighted average interest rate 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 2015 can be seen in the Statement of Comprehensive Income.

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

## Notes to the Financial Statements (continued)

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### Directors Declaration

In accordance with a resolution of the Directors of the West Beach and Districts Community Financial Services Limited, the Directors of the Company declare that:

- 1 the Financial Statements and Notes are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standards, which as stated in accounting policy Note 1 to the financial statements constitutes compliance with International Reporting Standards (IFRS); and
  - (b) give a true and fair view of the financial position of the Company as at 30th June 2015 and of its performance for the year ended on that date;
- 2 in the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This resolution is made in accordance with a resolution of the Board of Directors at the Board Meeting at 235b Burbridge Road, Henley Beach held on the 28th Day of September 2015.



R Beames  
CHAIRMAN



L Cook  
DEPUTY CHAIRMAN



West Beach & Districts Community Financial Services Ltd.  
ACN 094 486 727

Postal Address: PO Box 18 West Beach SA 5024  
Branch Address: 695b Burbridge Road West Beach SA 5024  
P. 08 8235 0208 F. 08 8235 1199  
E. [peterhodgkison@bendigobank.com.au](mailto:peterhodgkison@bendigobank.com.au)

Share Registry: ShareData, PO Box 298 St. Agnes SA 5097,  
W. [sharedata.com.au](http://sharedata.com.au), P. 08 8395 2308

Franchise of Bendigo and Adelaide Bank Limited  
ABN 11 068 049 178 AFSL 237879

[www.bendigobank.com.au/public/community/our-branches/west-beach](http://www.bendigobank.com.au/public/community/our-branches/west-beach)

