Annual Report 2014

WYDCOM Financial Services Limited

ABN 71 102 202 595

Woori Yallock & District **Community Bank**® Branch

Contents

Chairman's report

For year ending 30 June 2014

This year's report covers the 11th year of operation of our **Community Bank**® branch, which in this time has seen a significant investment by the branch into the Woori Yallock, Hoddles Creek, Yellingbo, Launching Place and Don Valley communities.

The establishment and operation of the branch over the last 11 years has seen a solid, viable green fields business established which not only provides our community with a much needed service but one that plays a major role within our community. It would be difficult to imagine our district without our **Community Bank**® branch.

The past year however has been a very difficult one in banking circles generally, and although we performed better than last year we ended still slightly down on our budget. This is not to say that we have not attracted new business, but the reality is that low consumer confidence has induced a tightening of the belt which flows through to the entire economy, including our business.

Despite this, the business partnership with Bendigo and Adelaide Bank has still produced a healthy profit before tax of $240,000. Added to this are the grants and tax deductible sponsorships made this year totaling $168,000, which when included, results in a very healthy yearly profit of $408,000. This is testament to the continued dedication and hard work of our Manager and staff, as well as the continued support of our loyal customers.
The Board wishes to convey our sincere thanks to our Manager and staff and appreciation to our customers for your continued support.

In February the Board issued a 14c per share dividend, reflective of the profits of the previous year. Such a substantial dividend really highlights the viability and profitability of our company. This brings the total dividend paid to 0.86c per share to date or $455,800 paid to you, our shareholders. The Board will, at the November meeting, consider the issue of a shareholders' dividend for this year.

Community building was again a major beneficiary of this year's activities, with a total of $168,000 distributed through our community grants, sponsorships and marketing programs and the Community Enterprise Foundation™.

Of the community projects funded the WHYLD Medieval fair and the school mini markets are notable. We continue to support all CFA units and schools which are now receiving annual grants. Major support was provided to the Woori Yallock Netball facilities ($30,000) and $30,000 for the new WYTAG Reserve being two projects where we partnered with the Shire to achieve to fantastic outcomes. These projects along with funding the new scoreboard for the Woori Yallock oval $35,000 are standout projects.

The equity in the Community Enterprise Foundation™ for future major projects within our area now totals nearly $300,000.

In total for the 11 years of operation, the contributions back to our community are now in excess of $1 million.

The funding of youth initiated projects has proved a difficult issue for us, with approximately $60,000 set aside from the previous Youth Foundation Victoria funds yet to be committed to such projects. The Board is currently considering ways to further develop this area of community funding and welcomes input from the community as to how we best develop that link with the youth in the district.

In July, the Board welcomed Nicki Bosen who has been appointed as Executive Administration Officer to assist the Board in its operations including publicity, marketing and communications. Check out the new Facebook page – Woori Yallock and District Community Bank.

I must also acknowledge the support of Bendigo and Adelaide Bank. Their faith in us and their continual assistance has been critical to our success. My thanks for the support from the Regional Manager Mark Nolan and his successor Natalie Gould has also been greatly appreciated.

Chairman's report (continued)

I would also like to place on record the appreciation of the Board to the past Chairman Rick Shaw, for his leadership over the first 10 years of the company which has resulted in the establishment of a very successful local business and the return of over $1million into our community. This is a very notable achievement of which he can be justifiably proud.

Also retiring after 10 years as Director, was Robert Thompson whose financial advice and advocacy of local issues delivered with panache will be hard to replace.

With cash assets in excess of $1.2 million, Community Enterprise Foundation™ contributions nearing $300,000 and a proven profitability despite an economic downturn, I can honestly say that your company is in very good shape.

We look forward to continuing our support of community endeavors, ensuring that our community has a very bright future.

Peter Cownley
Chairman

Manager's report

For year ending 30 June 2014

We are now approaching our 11th birthday and I have to report that we have had a better performance than last year but still slightly down on our budget.

Having set growth goals of $6 million we managed to achieve actual growth of $3.5 million in our footings. This was despite writing in excess of $9 million in new borrowings. We did see some refinancing, properties sold and debts repaid where we did not provide further borrowings. With the economy slowing and the rates down so low we have seen people looking to reduce borrowings and get in front to prepare for the change when the rates start to rise again.

Despite the year not providing our growth target, we still had a sound year with our income and subsequent profit. With the lower growth we were $90,000 down on last year's income budget of $1.048 million, with total turnover of $954,000. Net profit before Tax was $240,000 with contributions to community and the Community Enterprise Foundation™ totalling $168,000. In 2013 these figures were $258,000 and $268,000 respectively.

We have set our growth target for 2014/15 again at $6 million and this should see us getting closer to the $100 million in footings we are striving for. Based on this growth budget we should see income of $981,000 with net profit before tax of $210,000. Our contributions to the community have been budgeted at $160,000 for the year.

To our staff we give a pat on the back. In these trying times they are always ready to assist our customers, both old and new with meeting their banking goals. As a customer you will have seen the excellent service they provide and the way they conduct the day-to-day banking operations is a credit to them. We have welcomed back Ingrid after the birth of Ellie June. Lesley has been retained and now is part of our staff ongoing.

As the Branch Manager, may I say a personal thank you for all the support over the year from the members of the Board. They have been an excellent advocate of all things community and our results are still a testament to what you have created for the residents of Woori Yallock and District.

Bendigo and Adelaide Bank have provided all the support via our Regional Manager, initially Mark Nolan and more recently, Natalie Goold. I again thank them for their guidance and support as we continue to achieve our goals.

The journey continues and as we strive to grow and reward those who support us.

Rick Tolsher
Branch Manager

Directors' report

For the financial year ended 30 June 2014

Your directors submit the financial statements of the company for the financial year ended 30 June 2014.

Directors

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

Peter James Cownley
Chairman
Occupation: Operations Manager
Peter has completed his Diploma in Civil Engineering and Post Graduate in Municipal Engineering. Peter has volunteered for the Launching Place Tennis Club, Kiwanis Club of Port Phillip and the Woori Yallock Junior Football Club.
Special responsibilities: Audit & Human Resource Committees
Interest in shares: 1,000

Raymond Richard Gregson
Deputy Chairman
Occupation: Cabinet Maker & Business Proprietor
Ray operates his own business and is a current Woori Yallock Football & Netball Club Committee member.
Special responsibilities: Marketing & Sponsorship Committee
Interest in shares: 501

Lisa Maree Kennedy
Treasurer
Occupation: Bookkeeper
Lisa works with a real estate agency and has been a bookkeeper for over 28 years as well as operating her own business.Lisa has now been on the board for over 10 years, during which time she has held the role of Treasurer.
Special responsibilities: Audit & Human Resource Committees
Interest in shares: 1,701

Lynette Joy Collier
Secretary
Occupation: Administrative Assistant
Lyn has completed a Bachelor of Education Degree and a Graduate Diploma of Education Administration. Lyn has over 36 years experience in education and also as a volunteer in various community groups.
Special responsibilities: Human Resource Committee
Interest in shares: 5,500

Richard Warden Shaw
Director
Occupation: Semi Retired - Proprietor - Boat Builder
Richard has a business management background, and currently volunteers for the Hillcrest Fire Brigade in the CFA.of which he has recently retired from the role of brigade captain. Richard has been the chairman of Wydcom for the last 10 years before standing down from that position after the last A.G.M. Richard was also the chair of the steering committee prior to the formation of the company. Richard is President of the Woori Yallock Township Action Group.
Special responsibilities: Marketing & Sponsorship Committee
Interest in shares: 7,501

Directors' report (continued)

Directors (continued)

John Hugh Ferguson
Director
Occupation: Surveyor
John works as a surveyor. He and his family have been longstanding community members. Growing up in the area John has attended the local schools and has played sport with the local teams in particular the Woori Yallock Cricket Club. John has also held executive positions with many of these clubs. John is the current President of Rotaract.
Special responsibilities: Marketing & Sponsorship Committee
Interest in shares: 1,000

Robert George Thompson
Director: (Resigned 26 June 2014)
Occupation: Orchardist
Robert has completed a Bachelor of Business. Robert is involved in a number of voluntary activities in the community such as Red Cross, CFA and Treasurer at the local junior football club.
Special responsibilities: Nil
Interest in shares: 10,001

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

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

Company Secretary

The company secretary is Lynette Collier. Lynette was appointed to the position of secretary on 23 November 2009.

Lyn is an Administrative Assistant with over 35 years in Education. Lyn has a Bachelor of Education Degree and a Graduate Diploma in Educational Administration.

Principal Activities

The principal activities of the company during the financial year were facilitating **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.

Operating results

Operations have continued to perform in line with expectations. The profit of the company for the financial year after provision for income tax was:

Year ended 30 June 2014 $	Year ended 30 June 2013 $
168,286	180,777

Remuneration report

Key Management Personnel Remuneration Policy

The Board is responsible for the determination of remuneration packages and policies applicable to the Branch Manager and all the staff. Performance in relation to remuneration is reviewed annually in accordance with the Company performance review policy.

Remuneration report (continued)

Key Management Personnel Remuneration Policy (continued)

The Branch Manager is invited to the Board Meetings as required to discuss performance and remuneration packages for staff.

The Board's policy in respect of the Branch Manager is to maintain remuneration at parity within the **Community Bank**® network and local market rates for comparable roles. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best local Branch management personnel.

Key management personnel also receive a superannuation guarantee contribution as required by legislation, which is currently 9.50% and do not receive any other retirement benefits.

The contracts for service between the company and the key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement.

Director Remuneration Policy

Remuneration paid to Directors is not based upon Company performance, but rather seen as a means to cover expenses incurred by the Directors as they carry out their duties to the Company. The shareholders agreed at the 2010 Annual General Meeting that the Board be authorised to pay by way of remuneration to the non-executive appointed directors an amount not exceeding the sum of $30,000 in aggregate per annum commencing on 1 January, 2011. Distribution amongst the said directors would be at the discretion of the board with payments to the directors to be made twice yearly, in arrears.

Directors' Fees

For the year ended 30 June 2014 the directors received total remuneration as follows:

	$
Peter James Cownley	4,069
Raymond Richard Gregson	773
Lisa Maree Kennedy	4,429
Lynette Joy Collier	-
Richard Warden Shaw	3,760
John Hugh Ferguson	-
Robert George Thompson	-
	13,030

The Directors with no remuneration shown against their names have not to received any remuneration over the reporting period.

Remuneration report (continued)

Directors' shareholdings

	Balance at start of the year	Changes during the year	Balance at end of the year
Peter James Cownley	1,000	-	1,000
Raymond Richard Gregson	501	-	501
Lisa Maree Kennedy	1,701	-	1,701
Lynette Joy Collier	5,000	500	5,500
Richard Warden Shaw	7,501	-	7,501
John Hugh Ferguson	1,000	-	1,000
Robert George Thompson	10,001	-	10,001

Dividends

	Year ended 30 June 2014	
	Cents	$
Dividends paid in the year	14	74,200

Significant changes in the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Indemnification and insurance of directors and officers

The company has indemnified all directors and the manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or manager of the company except where the liability arises out of conduct involving the lack of good faith.

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 or a related body corporate.

Directors' report (continued)

Directors' meetings

The number of directors' meetings attended by each of the directors of the company during the year were:

	Board Meetings Attended		Committee Meetings Attended					
			Audit		Marketing		Human Resources	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Peter James Cownley	12	11	1	1	-	-	1	1
Raymond Richard Gregson	12	9	-	-	1	1	-	-
Lisa Maree Kennedy	12	12	1	1	-	-	1	1
Lynette Joy Collier	12	11	-	-	-	-	1	1
Richard Warden Shaw	12	9	-	-	1	1	-	-
John Hugh Ferguson	12	11	-	-	1	1	-	-
Robert George Thompson	9	5	-	-	-	-	-	-

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

Non audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non audit services provided during the year are set out in the notes to the accounts.

The board of directors has considered the position, in accordance with the advice received from the audit committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Directors’ report (continued)

Auditor’s independence declaration

A copy of the auditor’s independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 11.

Signed in accordance with a resolution of the board of directors at Woori Yallock, Victoria on 5th September 2014.

Peter James Cownley,
Chairman

Auditor's independence declaration

Partners in success

Chartered Accountants

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Wydcom Financial Services Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been no contraventions of:

- the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review
- any applicable code of professional conduct in relation to the review.

David Hutchings
Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550

Dated: 22 September 2014

Financial statements

Statement of Comprehensive Income for the year ended 30 June 2014

	Note	2014 $	2013 $
Revenue from ordinary activities	4	953,972	1,079,204
Employee benefits expense		(370,955)	(373,572)
Charitable donations, sponsorship, advertising and promotion		(168,215)	(268,833)
Occupancy and associated costs		(46,970)	(39,725)
Systems costs		(15,286)	(15,920)
Depreciation and amortisation expense	5	(21,461)	(20,343)
General administration expenses		(90,676)	(102,559)
Profit before income tax expense		**240,409**	**258,252**
Income tax expense	6	(72,123)	(77,475)
Profit after income tax expense		**168,286**	**180,777**
Total comprehensive income for the year		**168,286**	**180,777**
Earnings per share for profit attributable to the ordinary shareholders of the company:		**¢**	**¢**
Basic earnings per share	21	31.75	34.11

The accompanying notes form part of these financial statements.

Financial statements (continued)

Balance Sheet
as at 30 June 2014

	Note	2014 $	2013 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	1,222,401	1,112,267
Trade and other receivables	8	87,564	100,373
Current Tax Assets	11	5,503	54,049
Total Current Assets		**1,315,468**	**1,266,689**
Non-Current Assets			
Property, plant and equipment	9	85,118	76,092
Intangible assets	10	60,654	69,941
Deferred tax assets	11	23,010	18,433
Total Non-Current Assets		**168,782**	**164,466**
Total Assets		**1,484,250**	**1,431,155**
LIABILITIES			
Current Liabilities			
Trade and other payables	12	91,317	148,170
Provisions	13	91,060	70,198
Total Current Liabilities		**182,377**	**218,368**
Non-Current Liabilities			
Provisions	13	6,633	11,633
Total Non-Current Liabilities		**6,633**	**11,633**
Total Liabilities		**189,010**	**230,001**
Net Assets		**1,295,240**	**1,201,154**
Equity			
Issued capital	14	512,969	512,969
Retained earnings	15	782,271	688,185
Total Equity		**1,295,240**	**1,201,154**

The accompanying notes form part of these financial statements.

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

	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2012	**512,969**	**592,208**	**1,105,177**
Total comprehensive income for the year	**-**	**180,777**	**180,777**
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(84,800)	(84,800)
Balance at 30 June 2013	**512,969**	**688,185**	**1,201,154**
Balance at 1 July 2013	**512,969**	**688,185**	**1,201,154**
Total comprehensive income for the year	**-**	**168,286**	**168,286**
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(74,200)	(74,200)
Balance at 30 June 2014	**512,969**	**782,271**	**1,295,240**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2014

	Note	2014 $	2013 $
Cash flows from operating activities			
Receipts from customers		1,019,683	1,138,251
Payments to suppliers and employees		(810,594)	(883,480)
Interest received		40,897	54,513
Income taxes paid		(44,452)	(145,216)
Net cash provided by operating activities	**16**	**205,534**	**164,068**
Cash flows from investing activities			
Payments for property, plant and equipment		(21,200)	(3,621)
Net cash used in investing activities		**(21,200)**	**(3,621)**
Cash flows from financing activities			
Dividends paid		(74,200)	(84,800)
Net cash used in financing activities		**(74,200)**	**(84,800)**
Net increase in cash held		**110,134**	**75,647**
Cash and cash equivalents at the beginning of the financial year		1,112,267	1,036,620
Cash and cash equivalents at the end of the financial year	**7(a)**	**1,222,401**	**1,112,267**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2014

Note 1. Summary of significant accounting policies

a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standard Boards and the Corporations Act 2001. The company is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

These financial statements and notes comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. These areas involving a higher degree of judgement or complexities, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Historical cost convention

The financial statements have been prepared under the historical cost convention on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Comparative figures

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

Adoption of new and amended accounting standards

The company adopted the following standards and amendments, mandatory for the first time for the annual reporting period commencing 1 July 2013:

- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements.
- AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, AASB 128 Investments in Associates and Joint Ventures, AASB 127 Separate Financial Statements and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards.
- AASB 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039.
- AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and other Amendments which provides an exemption from the requirement to disclose the impact of the change in accounting policy on the current period.
- AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13.

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Adoption of new and amended accounting standards (continued)

- AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011).
- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle.
- AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities.

AASB 2011-4 removes the individual key management personnel disclosure requirements in AASB 124 Related Party Disclosures. As a result the company now only discloses the key management personnel compensation in total and for each of the categories required in AASB 124. Detailed key management personnel compensation is outlined in the remuneration report, included as part of the directors report.

The adoption of revised standard AASB 119 has resulted in a change to the accounting for the company's annual leave obligations. As the entity does not expect all annual leave to be taken within 12 months of the respective service being provided, annual leave obligations are now classified as long-term employee benefits in their entirety. This changes the measurement of these obligations, as the entire obligation is now measured on a discounted basis and no longer split into a short-term and a long-term portion. However, the impact of this change is considered immaterial on the financial statements overall as the majority of the annual leave is still expected to be taken within 12 months after the end of the reporting period.

None of the remaining new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2013 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

The company has not elected to apply any pronouncements before their mandatory operative date in the annual reporting period beginning 1 July 2013.

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank®** branch at Woori Yallock, Victoria.

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

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

- advice and assistance in relation to the design, layout and fit out of the **Community Bank**® branch
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

b) Revenue

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the company and any specific criteria have been met. Interest and fee revenue is recognised when earned. The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue. All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue calculation

The franchise agreement with Bendigo and Adelaide Bank Limited provides for three types of revenue earned by the company. First, the company is entitled to 50% of the monthly gross margin earned by Bendigo and Adelaide Bank Limited on products and services provided through the company that are regarded as "day to day" banking business (i.e. 'margin business'). This arrangement also means that if the gross margin reflects a loss (that is, the gross margin is a negative amount), the company effectively incurs, and must bear, 50% of that loss.

The second source of revenue is commission paid by Bendigo and Adelaide Bank Limited on the other products and services provided through the company (i.e. 'commission business'). The commission is currently payable on various specified products and services, including insurance, financial planning, common fund, Sandhurst Select, superannuation, commercial loan referrals, products referred by Rural Bank, leasing referrals, fixed loans and certain term deposits (>90 days). The amount of commission payable can be varied in accordance with the Franchise Agreement (which, in some cases, permits commissions to be varied at the discretion of Bendigo and Adelaide Bank Limited). This discretion has been exercised on several occasions previously. For example in February 2011 and February 2013 Bendigo and Adelaide Bank Limited reduced commissions on two core banking products to ensure a more even distribution of income between Bendigo and Adelaide Bank Limited and its **Community Bank**® partners. The revenue share model is subject to regular review to ensure that the interests of Bendigo and Adelaide Bank Limited and **Community Bank**® companies remain balanced.

The third source of revenue is a proportion of the fees and charges (i.e. what are commonly referred to as 'bank fees and charges') charged to customers. This proportion, determined by Bendigo and Adelaide Bank Limited, may vary between products and services and may be amended by Bendigo and Adelaide Bank Limited from time to time.

Note 1. Summary of significant accounting policies (continued)

c) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the balance sheet liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the company entity intends to settle its tax assets and liabilities on a net basis.

Current and deferred tax for the period

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

d) Employee entitlements

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

The company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

Note 1. Summary of significant accounting policies (continued)

e) Cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

f) Trade receivables and payables

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

g) Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- leasehold improvements	40 years
- plant and equipment	2.5 - 40 years
- furniture and fittings	4 - 40 years

h) Intangibles

The franchise fee paid to Bendigo and Adelaide Bank Limited has been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

The renewal processing fee paid to Bendigo and Adelaide Bank Limited when renewing the franchise agreement has also been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

i) Payment terms

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

j) Borrowings

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

Note 1. Summary of significant accounting policies (continued)

k) Financial instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Classification and subsequent measurement

(i) Loans and receivables

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

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in the Statement of Comprehensive Income. Available-for-sale financial assets are included in non-current assets except where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

(iv) Financial liabilities

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

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

Note 1. Summary of significant accounting policies (continued)

l) 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 recording 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.

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 charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

m) Provisions

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

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

n) Contributed equity

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

o) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

p) 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 taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. 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 taxation authority are classified as operating cash flows.

Note 2. Financial risk management

The company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the board of directors.

(i) Market risk

The company has no exposure to any transactions denominated in a currency other than Australian dollars.

(ii) Price risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The company is not exposed to commodity price risk.

(iii) Credit risk

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank Limited.

(iv) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo and Adelaide Bank Limited and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

(vi) 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 balance sheet.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the distribution limit:

The distribution limit is the greater of:

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

(b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the franchisee over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

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

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

Note 3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Taxation

Judgement is required in assessing whether deferred tax assets and certain tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

These judgements and assumptions are subject to risk and uncertainty. There is therefore a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in corresponding credit or charge to the statement of comprehensive income.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and the condition of the asset is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Impairment of assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Note 3. Critical accounting estimates and judgements (continued)

Impairment of assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

	2014 $	2013 $

Note 4. Revenue from ordinary activities

Operating activities:		
- services commissions	914,106	1,026,168
Total revenue from operating activities	**914,106**	**1,026,168**
Non-operating activities:		
- interest received	39,866	53,036
Total revenue from non-operating activities	**39,866**	**53,036**
Total revenues from ordinary activities	**953,972**	**1,079,204**

Note 5. Expenses

Depreciation of non-current assets:		
- plant and equipment	3,642	9,380
- leasehold improvements	8,531	1,675
Amortisation of non-current assets:		
- franchise agreement	2,000	2,000
- franchise renewal fee	7,288	7,288
	21,461	**20,343**
Bad debts	**890**	**657**

	Note	2014 $	2013 $

Note 6. Income tax expense

The components of tax expense comprise:			
- Current tax		76,700	79,811
- Movement in deferred tax		(4,577)	(2,335)
- Over provision of tax in the prior period		-	(1)
		72,123	**77,475**
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Operating profit		240,409	258,252
Prima facie tax on profit from ordinary activities at 30%		72,123	77,476
Add tax effect of:			
- timing difference expenses		4,577	2,335
		76,700	**79,811**
Movement in deferred tax	11	(4,577)	(2,335)
Over provision of income tax in the prior year		-	(1)
		72,123	**77,475**

Note 7. Cash and cash equivalents

Cash at bank and on hand		72,401	57,355
Term deposits		1,150,000	1,054,912
		1,222,401	**1,112,267**
Note 7.(a) Reconciliation to cash flow statement			
The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:			
Cash at bank and on hand		72,401	57,355
Term deposits		1,150,000	1,054,912
		1,222,401	**1,112,267**

Note 8. Trade and other receivables

Trade receivables		72,907	79,835
Other receivables and accruals		7,517	8,548
Prepayments		7,140	11,990
		87,564	**100,373**

	2014 $	2013 $

Note 9. Property, plant and equipment

	2014 $	2013 $
Plant and equipment		
At cost	95,317	95,317
Less accumulated depreciation	(73,320)	(69,677)
	21,997	**25,640**
Leasehold improvements		
At cost	101,383	80,183
Less accumulated depreciation	(38,262)	(29,731)
	63,121	**50,452**
Total written down amount	**85,118**	**76,092**
Movements in carrying amounts:		
Plant and equipment		
Carrying amount at beginning	25,640	31,399
Additions	-	3,621
Less: depreciation expense	(3,643)	(9,380)
Carrying amount at end	**21,997**	**25,640**
Leasehold improvements		
Carrying amount at beginning	50,452	52,127
Additions	21,200	-
Less: depreciation expense	(8,531)	(1,675)
Carrying amount at end	**63,121**	**50,452**
Total written down amount	**85,118**	**76,092**

Note 10. Intangible assets

	2014 $	2013 $
Franchise fee		
At cost	71,452	71,452
Less: accumulated amortisation	(61,556)	(59,556)
	9,896	**11,896**
Renewal processing fee		
At cost	92,715	92,715
Less: accumulated amortisation	(41,957)	(34,670)
	50,758	**58,045**
Total written down amount	**60,654**	**69,941**

	2014 $	2013 $

Note 11. Tax

	2014 $	2013 $
Current:		
Income tax refundable	**5,503**	**54,049**
Non-Current:		
Deferred tax assets		
- employee provisions	27,408	24,594
	27,408	**24,594**
Deferred tax liability		
- accruals	2,255	2,564
- deductible prepayments	2,143	3,597
	4,398	**6,161**
Net deferred tax asset	**23,010**	**18,433**
Movement in deferred tax charged to statement of comprehensive income	**(4,577)**	**(2,335)**

Note 12. Trade and other payables

	2014 $	2013 $
Trade creditors	67,503	124,201
Other creditors and accruals	23,814	23,969
	91,317	**148,170**

Note 13. Provisions

	2014 $	2013 $
Current:		
Provision for annual leave	41,346	30,690
Provision for directors fees	6,335	-
Provision for long service leave	43,379	39,508
	91,060	**70,198**
Non-Current:		
Provision for long service leave	**6,633**	**11,633**

Note 14. Contributed equity

	2014 $	2013 $
530,000 ordinary shares fully paid (2013: 530,000)	530,000	530,000
Less: equity raising expenses	(17,031)	(17,031)
	512,969	**512,969**

Notes to the financial statements (continued)

Note 14. Contributed equity (continued)

Rights attached to shares (continued)

(a) Voting rights

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the Community Bank® branch have the same ability to influence the operation of the company.

(b) Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo and Adelaide Bank Limited contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

(c) Transfer

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the Corporations Act 2001.

Prohibited shareholding interest

A person must not have a prohibited shareholding interest in the company.

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

The board has the power to request information from a person who has (or is suspected by the board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the board in selling or otherwise dealing with those shares.

Note 14. Contributed equity (continued)

Prohibited shareholding interest (continued)

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

	2014 $	2013 $
Note 15. Retained earnings		
Balance at the beginning of the financial year	688,185	592,208
Net profit from ordinary activities after income tax	168,286	180,777
Dividends paid or provided for	(74,200)	(84,800)
Balance at the end of the financial year	**782,271**	**688,185**

Note 16. Statement of cash flows

Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities

	2014 $	2013 $
Profit from ordinary activities after income tax	168,286	180,777
Non cash items:		
- depreciation	12,173	11,055
- amortisation	9,288	9,288
Changes in assets and liabilities:		
- decrease in receivables	12,809	9,968
- increase in other assets	(4,577)	(2,335)
- increase/(decrease) in payables	(56,853)	16,694
- increase in provisions	15,862	12,195
- increase/(decrease) in current tax assets	48,546	(73,574)
Net cash flows provided by operating activities	**205,534**	**164,068**

Notes to the financial statements (continued)

	2014 $	2013 $

Note 17. Leases

Operating lease commitments

	2014 $	2013 $
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments:		
- not later than 12 months	18,715	18,312
- between 12 months and 5 years	60,823	68,670
	79,538	**86,982**

The branch premises lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance.

Note 18. Auditor's remuneration

Amounts received or due and receivable by the auditor of the company for:

	2014 $	2013 $
- audit and review services	3,850	3,850
- share registry services	2,516	2,831
- non audit services	1,100	832
	7,466	**7,513**

Note 19. Director and related party disclosures

Key Management Personnel Remuneration

	2014	2013
Short-term employee benefits	13,030	13,246
	13,030	**13,246**

Detailed remuneration disclosures are provided in the remuneration report, included as part of the directors' report.

Transactions with Key Management Personnel

	2014	2013
The Company Secretary has provided administrative services to the company on a paid casual basis.	1,593	3,186
Director, Raymond Gregson as the proprietor of a cabinet making business supplied cabinets to bank premises	1,722	1,120

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

Note 19. Director and related party disclosures (continued)

Key Management Personnel Shareholdings

	2014	2013
Ordinary shares fully paid	27,204	26,704

Detailed shareholding disclosures are provided in the remuneration report, included as part of the directors' report.

Note 20. Dividends paid or provided

	2014 $	2013 $
a. Dividends paid during the year		
Current year dividend		
100% (2013: 100%) franked dividend - 14 cents (2013: 16 cents) per share	**74,200**	**84,800**
The tax rate at which dividends have been franked is 30% (2013: 30%).		
d. Franking account balance		
Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	558,428	545,766
- franking credits that will arise from payment of income tax payable as at the end of the financial year	(6,051)	(54,049)
- franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	-	-
Franking credits available for future financial reporting periods:	**552,377**	**491,717**
- franking debits that will arise from payment of dividends proposed or declared before the financial report was authorised for use but not recognised as a distribution to equity holders during the period	-	-
Net franking credits available	**552,377**	**491,717**

Note 21. Earnings per share

		2014 $	2013 $
(a)	Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	168,286	180,777
		Number	**Number**
(b)	Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	530,000	530,000

Note 22. Events occurring after the reporting date

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

Note 23. Contingent liabilities and contingent assets

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

Note 24. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank®** services in Woori Yallock pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 25. Registered office/Principal place of business

The entity is a company limited by shares, incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office	Principal Place of Business
Shop 13, 1585 Warburton Highway Woori Yallock, Vic. 3139	Shop 13, 1585 Warburton Highway Woori Yallock, Vic. 3139

Note 26. Financial instruments

Financial Instrument Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for all financial instruments, as well as the settlement period for instruments with a fixed period of maturity and interest rate.

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $	2014 %	2013 %
Financial assets												
Cash and cash equivalents	72,401	112,267	1,150,000	1,000,000	-	-	-	-	-	-	3.47	4.49
Receivables	-	-	-	-	-	-	-	-	72,907	79,835	N/A	N/A
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	67,503	124,201	N/A	N/A

Note 26. Financial instruments (continued)

Net Fair Values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the balance sheet. The company does not have any unrecognised financial instruments at the year end.

Credit Risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the balance sheet and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from the interest bearing financial assets and liabilities in place subject to variable interest rates, as outlined above.

Sensitivity Analysis

The company has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in interest rates.

As at 30 June 2014, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2014 $	2013 $
Change in profit/(loss)		
Increase in interest rate by 1%	724	1,123
Decrease in interest rate by 1%	724	1,123
Change in equity		
Increase in interest rate by 1%	724	1,123
Decrease in interest rate by 1%	724	1,123

Directors' declaration

In accordance with a resolution of the directors of Wydcom Financial Services Limited, we state that:

In the opinion of the directors:

(a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and

   (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

(c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

This declaration is made in accordance with a resolution of the board of directors.

Peter James Cownley,
Chairman

Signed on the 5th September 2014.

Independent audit report

Partners in success

Chartered Accountants

Independent auditor's report to the members of Wydcom Financial Services Limited

Report on the financial report

I have audited the accompanying financial report of Wydcom Financial Services Limited, which comprises the balance sheet as at 30 June 2014, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making fair accounting estimates that are reasonable in the circumstances. In note 1, the directors also state in accordance with the Accounting Standard AASB 101 Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

My responsibility is to express an opinion on the financial report based on the audit. I conducted the audit in accordance with Australian Auditing Standards. These auditing standards require that I 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 my 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, I consider internal controls relevant to the entity's preparation and 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.

The audit did not involve an analysis of the prudence of business decisions made by directors or management.

I performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with my understanding of the company's financial position and of its performance.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

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Independent audit report (continued)

Independence

In conducting the audit I have complied with the independence requirements of the *Corporations Act 2001*. I have given to the directors of the company a written auditor's independence declaration, a copy of which is included in the directors' report.

Auditor's opinion on the financial report

In my opinion:

1. The financial report of Wydcom Financial Services Limited is in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 30 June 2014 and of its financial performance and its cash flows for the year then ended and complying with Australian Accounting Standards and the Corporations Regulations 2001.
2. The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the remuneration report

I have audited the remuneration report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. My responsibility is to express an opinion on the remuneration report, based on the audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In my opinion, the remuneration report of Wydcom Financial Services Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

David Hutchings
Andrew Frewin Stewart
61 Bull Street Bendigo Vic 3550

Dated: 22 September 2014

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