

Mandurah Community Financial Services
Limited

Financial Statements

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:

Noel Edward Herbert

Chairman

Occupation: Business Owner

Spent 10 years in the Royal Australian Airforce, then worked in Sales & Marketing for three years for a large multinational company before establishing a small business with his wife in manufactuing and wholesaling baby clothing nationally and internationally. Manager of the Peel Small Business Centre for two years and Lecturer in small business management at TAFE. Returned to small business commencing commercial building maintenance business.

Special responsibilities: Marketing Committee

Interest in shares: 4,500

Elizabeth Hansard Storr

Deputy Chairman

Occupation: Community Development Consultant

Managing Director of Storybox Consulting Pty Ltd. Liz has worked in community engagement and community development projects over the past 25 years in the resources industry, local government, Indigenous education and the not-for profit sector across Australia.

Liz is also a Board member of the Peel Community Development Group and the Dudley Park Primary School Board.

Special responsibilities: Chair of HR Committee

Interest in shares: 1,000

Ian James Anson IIsley Treasurer/Secretary

Occupation: Certified Practising Accountant

Director of Ward and Ilsley Partners Pty Ltd, Certified Practicing Accountant, formerly the Treasurer of Frederick Irwin Anglican School Parents & Friends Association for 13 years, Treasurer of Mandurah Country Club since 2001, Board member of the Mandurah Performing Arts Centre, one of two community representatives' on the City of Mandurah's Audit & Risk Committee and newly appointed board member on the Board of John Tonkin College, Mandurah.

Special responsibilities: Nil Interest in shares: 3,500

Andrew James Brown

Director

Occupation: Railway Employee

Currently the owner of the Halls Head Franchise (11 years) and has Certificate 3 in Small Business Franchising. Previously the business owner of A & J Fabricators which involved 18 years contracting to mining, oil and gas industries, past director of small

business Centre Peel and previously board member of HHCC & Career Enterprise Centre in Mandurah.

Special responsibilities: HR and Marketing Committees.

Interest in shares: Nil

David John Waddell

Director

Occupation: Retired

16 years in Senior level administration at Curtin University. Awarded a Curtin Fellowship Award in 2002. Former Chairperson and board member for many organisations. Mentor to five Community Banks. WA representative on Community Banks Strategic Advisory Board. Board member of the Peel development Commission. Consultant in business development. Continues to contribute in a leadership role on committees for community development in the Peel region where he resides.

Special responsibilities: Audit & Marketing Committee

Interest in shares: 2,500

Directors (continued)

Leonie Marie Hansen

Director (Resigned 15 August 2014)

Occupation: Business Owner - Events Management and Planning, Marketing, PR & Communication.

Owner of Meeting Expectations a Mandurah based business providing planning and management services focusing on corporate meetings, functions and events. Previously the CEO of the Peel Chamber of Commerce and Industry for 10 years.

Special responsibilities: Chair of Marketing Committee

Interest in shares: Nil

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 Ian Ilsley. Ian was appointed to the position of secretary on 9 December 2005.

lan is a Director of Ward & Ilsley Partners Pty Ltd, and a Certified Practicing Accountant. He is currently on the board of the Mandurah Performing Arts Centre, Jon Tonkin College and a community representative for the Audit & Risk Committee for City of Mandurah.

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/(loss) of the company for the financial year after provision for income tax was:

Year ended	Year ended
30 Jun 14	30 Jun 13
\$	\$
(5,601)	155,101

Operating and financial review

Principal activity and review of operations

The Principal activity and focus of the Comapny's operations during the year was the operation of a Branch of Bendigo and Adelaide Bank Limited, persuant to a franchise agreement.

Operating Results

The loss of the company after providing for income tax amounted to \$5,601.

Dividends paid or recommended

The Company declared and paid a dividend of \$41,614 during the year.

Financial position

The net assets of the Company have decreased from \$1,416,732 as at 30 June 2013 to \$1,369,516 as at 30 June 2014, which is a decline on the prior year due to a drop in revenue as a result, in part to the redomciling of a number customers accounts to another Community Bank company.

Operating and Financial Review (continued)

Significant changes in the state of affairs

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

After balance date events

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.

Future Developments

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

Options

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

Remuneration report

Transactions with directors	\$
lan IIsley is a director of Ward & IIsley Partners Pty Ltd which supplied the company with	

accounting and taxation services during the financial year. During the financial year the total benefit Ward & Ilsley Partners Pty Ltd received was

24,307

Leonie Hansen is the business owner of Meeting Expectaions which supplied the company with marketing, advertising, public relations management & liaison services for projects, functions, events and client meetings during the financial year. During the financial year the total benefit Meeting Expectaions received was

6,542

Balance

Balance

Changes

at start of during the at end of

Directors' shareholdings

	the year	year	the year
Noel Edward Herbert	1,500	3,000	4,500
Elizabeth Hansed Storr		1,000	1,000
lan James Anson IIsley	3,500	일	3,500
Andrew James Brown	-		-
David John Waddell	2,500		2,500
Leonie Marie Hansen (Resigned 15 August 2014)	-	-	-

Dividends Year ended 30 June 2014
Cents \$

- Dividends paid in the year 7 41,614

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' meetings

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

Noel Edward Herbert
Elizabeth Hansed Storr
Ian James Anson Ilsley
Andrew James Brown
David John Waddell
Leonie Marie Hansen (Resigned 15
August 2014)

Board Meetings		Committee Meetings Attended					
Atte	nded	Audit & Risk		Marl	keting	Human F	Resources
Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
12	11	1	1	2	2	=	-
12	10	-	-	-	-	<u>.</u>	-
12	11	1	1	-	-	<u>~</u>	24
12	9	-	-	2	2	1	1
12	11	1	1	2	1	*	
12	10	-	-	2	2	1	1

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 and risk 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 and risk 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.

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 6.

Signed in accordance with a resolution of the board of directors at Mandurah, Western Australia on 2nd September 2014.

Noel Edward Herbert, Chairman



Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Mandurah Community 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: 2 September 2014

Mandurah Community Financial Services Limited ABN 56 098 081 308 Statement of Comprehensive Income for the year ended 30 June 2014

	Notes	2014 \$	2013 \$
Revenue from ordinary activities	4	1,171,615	1,347,445
Employee benefits expense		(639,292)	(569,489)
Charitable donations, sponsorship, advertising and promotion		(145,056)	(171,232)
Occupancy and associated costs		(122,467)	(103,709)
Systems costs		(66,566)	(68,355)
Depreciation and amortisation expense	5	(29,087)	(34,980)
General administration expenses		(177,148)	(192,598)
Profit/(loss) before income tax Income tax (expense)/credit	6	(8,001) 2,400	207,082 (51,981)
Profit/(loss) after income tax		(5,601)	155,101
Total comprehensive income for the year		(5,601)	155,101
Earnings per share for profit/(loss) attributable to the ordinary shareholders of the company:		¢	¢
Basic earnings per share	21	(0.94)	26.09

Mandurah Community Financial Services Limited ABN 56 098 081 308 Balance Sheet as at 30 June 2014

*	Notes	2014 \$	2013 \$
ASSETS			
Current Assets			
Cash and cash equivalents Trade and other receivables Current tax refundables	7 8 11	1,222,133 132,597 18,395	1,309,765 124,381 6,311
Total Current Assets		1,373,125	1,440,457
Non-Current Assets			
Property, plant and equipment Intangible assets Deferred tax assets	9 10 11	22,816 27,509 14,111	41,907 37,505 11,711
Total Non-Current Assets		64,436	91,123
Total Assets		1,437,561	1,531,580
LIABILITIES			
Current Liabilities			
Trade and other payables Provisions	12 13	34,376 16,086	46,820 52,497
Total Current Liabilities		50,462	99,317
Non-Current Liabilities			
Provisions	13	17,581	15,530
Total Non-Current Liabilities		17,581	15,530
Total Liabilities		68,043	114,847
Net Assets		1,369,518	1,416,733
Equity			
Issued capital Retained earnings	14 15	594,490 775,028	594,490 822,243
Total Equity		1,369,518	1,416,733

Mandurah Community Financial Services Limited ABN 56 098 081 308 Statement of Changes in Equity for the year ended 30 June 2014

	Issued capital \$	Retained earnings	Total equity \$
Balance at 1 July 2012	594,490	735,508	1,329,998
Total comprehensive income for the year		155,101	155,101
Transactions with owners in their capacity as owners:			
Shares issued during period	-	9	
Costs of issuing shares	-	¥	-
Dividends provided for or paid	•	(68,366)	(68,366)
Balance at 30 June 2013	594,490	822,243	1,416,733
Balance at 1 July 2013	594,490	822,243	1,416,733
Total comprehensive income for the year	72	(5,601)	(5,601)
Transactions with owners in their capacity as owners:			
Shares issued during period	(¥	-	*
Costs of issuing shares	: -	-	.*:
Dividends provided for or paid	-	(41,614)	(41,614)
Balance at 30 June 2014	594,490	775,028	1,369,518

Mandurah Community Financial Services Limited ABN 56 098 081 308 Statement of Cash Flows for the year ended 30 June 2014

	Notes	2014 \$	2013 \$
Cash flows from operating activities			
Receipts from customers Payments to suppliers and employees Interest received Income taxes paid		1,257,366 (1,331,439) 40,139 (12,084)	1,454,681 (1,242,025) 57,394 (91,392)
Net cash provided by/(used in) operating activities	16	(46,018)	178,658
Cash flows from financing activities			
Dividends paid		(41,614)	(68,366)
Net cash used in financing activities		(41,614)	(68,366)
Net increase/(decrease) in cash held		(87,632)	110,292
Cash and cash equivalents at the beginning of the financial year		1,309,765	1,199,473
Cash and cash equivalents at the end of the financial year	7(a)	1,222,133	1,309,765

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.
- 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.

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Adoption of new and amended accounting standards (continued)

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 Halls head,

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

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

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

Note 1. Summary of significant accounting policies (continued)

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.

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

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.

Note 1. Summary of significant accounting policies (continued)

c) Income tax (continued)

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.

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.

Note 1. Summary of significant accounting policies (continued)

i) Borrowings

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

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 that are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.
- (iii) 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.

I) 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.

Note 1. Summary of significant accounting policies (continued)

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

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

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.

Note 2. Financial risk management (continued)

(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

Note 3. Critical accounting estimates and judgements (continued)

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.

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.

Note 4. Revenue from ordinary activities	2014 \$	2013 \$
Operating activities:		
- services commissions	1,073,310	1,274,057
- other revenue	8,926	3,553
Total revenue from operating activities	1,082,236	1,277,610
Non-operating activities:		
- interest received	40,612	52,936
- workers compensation recovery	48,767	16,899
Total revenue from non-operating activities	89,379	69,835
Total revenues from ordinary activities	1,171,615	1,347,445

Peper califor of non-current assets:	Note 5. Expenses		2014 \$	2013 \$
Page 19,091 24,984 Amortisation of non-current assets: 9,996 3,996 29,087 34,980 29,087 34,980 29,087 34,980 29,087 34,980 29,087 34,980 29,087 34,980 29,087 34,980 29,087 34,980 29,087 34,980 29,087 34,980 29,087 34,980 29,087 29,	Depreciation of non-current assets:			
Page	- plant and equipment		19,091	24,984
Bad debts 96 561 Note 6. Income tax expense/credit			9,996	9,996
Note 6. Income tax expense/credit				
Note 6. Income tax expense/credit				
The components of tax expense comprise: - Current tax	Bad debts		96	561
Current tax	Note 6. Income tax expense/credit			
Future income tax benefit attributable to losses				61 500
Adjustments to tax expense of prior periods	- Future income tax benefit attributable to losses			-
The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense as follows: Operating profit/(loss) Operating profit/(loss) Prima facie tax on profit/(loss) from ordinary activities at 30% Add tax effect of: - timing difference expenses (18,289) (20,689) (20,689) (20,689) (20,689) (20,689) (20,689) (20,689) (20,689) (10,360) (20,400) (20,689) (10,360) (20,400) (20,689) (10,360) (20,689) (10,360) (20,400) (20,689) (10,360) (10,360)			18,289	
Add tax effect of:			(2,400)	51,981
Prima facie tax on profit/(loss) from ordinary activities at 30% (2,400) 62,125 Add tax effect of:				
Add tax effect of: - timing difference expenses (18,289) (535) (20,689) 61,590 Movement in deferred tax Over provision of income tax in the prior year (10,360) (2,400) 51,981 Note 7. Cash and cash equivalents Cash at bank and on hand Term deposits 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 Term deposits 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 Term deposits Note 8. Trade and other receivables Trade receivables Trade receivables and accruals Prepayments 11 8,289 751 10,03,699 1,148,994 1,148,994 1,222,133 1,309,765	Operating profit/(loss)		(8,001)	207,082
- timing difference expenses (18,289) (535) Movement in deferred tax 11 18,289 751 Over provision of income tax in the prior year - (10,360) Note 7. Cash and cash equivalents - - 160,771 Term deposits 1,093,899 1,148,994 Note 7.(a) Reconciliation to cash flow statement - 1,222,133 1309,765 Note 7.(a) Reconciliation to cash flow statement of cash shown in the statement of cash flows at the end of the financial year as follows: - 1,28,234 160,771 Term deposits 1,093,899 1,148,994 - Cash at bank and on hand 128,234 160,771 - Term deposits 1,093,899 1,148,994 - Note 8. Trade and other receivables 1,222,133 1,309,765 Note 7.(a) Reconciliation to cash flows at the end of the financial year as follows: -	Prima facie tax on profit/(loss) from ordinary activities at 30%		(2,400)	62,125
Movement in deferred tax 11 18,289 751 Over provision of income tax in the prior year 1 18,289 751 Voer provision of income tax in the prior year - (10,360) Note 7. Cash and cash equivalents - 128,234 160,771 Term deposits 1,093,899 1,148,994 Note 7.(a) Reconciliation to cash flow statement - 1,222,133 1309,765 Note 7.(a) Reconciliation to cash flows at the end of the financial year as follows: - 1,28,234 160,771 Term deposits 1,093,899 1,148,994 1,222,133 1,309,765 Note 8. Trade and other receivables 1,222,133 1,309,765 Note 8. Trade and other receivables 73,454 91,271 Other receivables and accruals 19,831 19,838 Prepayments 39,312 13,752				
Movement in deferred tax 11 18,289 751 Over provision of income tax in the prior year 10,360 (10,360) Note 7. Cash and cash equivalents 2,400 51,981 Cash at bank and on hand Term deposits 1,28,234 160,771 Term deposits 1,093,899 1,148,994 Note 7.(a) Reconciliation to cash flow statement 2,22,133 1,309,765 Note 3 A bank and on hand Term deposits 1,093,899 1,148,994 Term deposits 1,093,899 1,148,994 1,222,133 1,309,765 Note 8. Trade and other receivables 73,454 91,271 Other receivables and accruals 19,831 19,358 Prepayments 39,312 13,752	- timing difference expenses		4	
Over provision of income tax in the prior year - (10,360) Note 7. Cash and cash equivalents - (2,400) Cash at bank and on hand Term deposits 128,234 160,771 Term deposits 1,093,899 1,148,994 Note 7.(a) Reconciliation to cash flow statement - (2,21,133) 1,309,765 Note 7.(a) Reconciliation to cash flow statement - (2,21,133) 1,309,765 Cash at bank and on hand Term deposits 1,093,899 1,148,994 1,222,133 1,309,765 Note 8. Trade and other receivables 73,454 91,271 1,309,765 Other receivables and accruals 73,454 91,271 1,935 1			(20,689)	61,590
Note 7. Cash and cash equivalents 1 (2,400) 51,981 Cash at bank and on hand Term deposits 1 (28,234) 1 (60,771) 1 (1,98,899) 1 (1,148,994) Note 7.(a) Reconciliation to cash flow statement 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 1 (28,234) 160,771 1 (1,93,899) 1,148,994 1 (1,93,899) 1,148,994 1 (1,222,133) 1,309,765 Note 8. Trade and other receivables 73,454 91,271 91,271 Other receivables and accruals 19,831 19,358 19,358 19,9358 19,9358 13,752 13,752	- 30170 TH 47717 TH 4777 TH 4777 TH 7770	11	18,289	
Cash at bank and on hand Term deposits 128,234 1,093,899 1,148,994 1,148,994 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 Term deposits 128,234 160,771 1,093,899 1,148,994 1,093,899 1,148,994 1,222,133 1,309,765 Note 8. Trade and other receivables 73,454 91,271 1,093,899 1,9358 1,93			(2,400)	
Cash at bank and on hand Term deposits 128,234 1,093,899 1,148,994 1,148,994 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 Term deposits 128,234 160,771 1,093,899 1,148,994 1,093,899 1,148,994 1,222,133 1,309,765 Note 8. Trade and other receivables 73,454 91,271 1,093,899 1,9358 1,93				
Term deposits	Note 7. Cash and cash equivalents			
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 Term deposits 128,234 160,771 1,093,899 1,148,994 1,093,899 1,148,994 1,222,133 1,309,765 Note 8. Trade and other receivables Trade receivables Other receivables Other receivables and accruals Prepayments 73,454 91,271 19,358 19,3				그 아이를 보았다.
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 Term deposits 1,28,234 160,771 1,093,899 1,148,994 1,093,899 1,148,994 1,222,133 1,309,765 Note 8. Trade and other receivables 73,454 91,271 0,358 19,358	Term deposits			
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 128,234 160,771 Term deposits 1,093,899 1,148,994 1,222,133 1,309,765 Note 8. Trade and other receivables Trade receivables Other receivables and accruals 73,454 91,271 Other receivables and accruals 19,831 19,358 Prepayments 39,312 13,752				
Cash at bank and on hand 128,234 160,771 1,093,899 1,148,994 1,222,133 1,309,765	Note 7.(a) Reconciliation to cash flow statement			
Term deposits 1,093,899 1,148,994 1,222,133 1,309,765 Note 8. Trade and other receivables 73,454 91,271 Other receivables and accruals Prepayments 19,831 19,358 Prepayments 39,312 13,752				
Note 8. Trade and other receivables 73,454 91,271 Other receivables and accruals Prepayments 19,831 19,358 97 3,454 19,358 19,358 10,831 13,752 13,752				
Note 8. Trade and other receivables Trade receivables 73,454 91,271 Other receivables and accruals 19,831 19,358 Prepayments 39,312 13,752	Term deposits			
Trade receivables 73,454 91,271 Other receivables and accruals 19,831 19,358 Prepayments 39,312 13,752			1,222,133	1,309,705
Other receivables and accruals 19,831 19,358 Prepayments 39,312 13,752	Note 8. Trade and other receivables			
Prepayments 39,312 13,752				
	2 grantificações (1900-1917)		132,597	

Note 9. Property, plant and equipment	2014 \$	2013 \$
Plant and equipment At cost		
Less accumulated depreciation	276,635 (253,819)	276,635 (234,728)
Total written down amount	22,816	41,907
Movements in carrying amounts:		
Plant and equipment Carrying amount at beginning Additions Disposals	41,907 - -	66,891 - -
Less: depreciation expense	(19,091)	(24,984)
Carrying amount at end	22,816	41,907
Note 10. Intangible assets		
Franchise fee 2017	M22/2020	220-1220
At cost Less: accumulated amortisation	50,000 (50,000)	50,000 (50,000)
	-	
Franchise fee 2012		
At cost	50,000	50,000
Less: accumulated amortisation	(22,491)	(12,495)
	27,509	37,505
Total written down amount	27,509	37,505
Note 11. Tax		
Current:		
Income tax refundable	(18,395)	(6,311)
Non-Current:		
Deferred tax assets		
- accruals - employee provisions	1,065 10,100	1,236 20,408
- tax losses carried forward	20,689	-
	31,854	21,644
Deferred tax liability		
- accruals - deductible prepayments	(5,949)	5,807
- deductible prepayments	(11,794)	9,933
	-	
Net deferred tax asset	14,111	11,711
Movement in deferred tax charged to statement of comprehensive income	(2,400)	751
Note 12. Trade and other payables		
42.5 - 42	22 THE TEN	940253
Trade creditors GST payable	13,395 20,981	18,534 28,286
	34,376	46,820
	_	

Note 13. Provisions	2014	2013 \$
Current:	\$	٠
Provision for annual leave Provision for long service leave	16,086 - 16,086	28,299 24,198 52,497
Non-Current:		
Provision for long service leave	17,581	15,530
Note 14. Contributed equity		
594,490 ordinary shares fully paid (2013: 594,490)	594,490	594,490

Rights attached to shares

(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").
- In the opinion of the board they do not have a close connection to the community or communities in which
 the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number
 of shareholders in the company is (or would be) lower than the base number (the "base number test"). The
 base number is 397. As at the date of this report, the company had 427 shareholders.

Note 15. Contributed equity (continued)

Prohibited shareholding interest (continued)

monthly in advance.

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.

The National Stock Exchange (NSX) has advised that in its view the prohibited shareholding provisions are appropriate and equitable but the 'base number test' is not, as a result the base number clause does not operate whilst the company remains listed on the NSX.

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

Note 15. Retained earnings	2014 \$	2013
Balance at the beginning of the financial year Net profit/(loss) from ordinary activities after income tax Dividends paid or provided for	822,243 (5,601) (41,614)	735,508 155,101 (68,366)
Balance at the end of the financial year	775,028	822,243
Note 16. Statement of cash flows Reconciliation of profit/(loss) from ordinary activities after tax to net cash provided by/(used in) operating activities		
Profit/(Loss) from ordinary activities after income tax	(5,601)	155,101
Non cash items: - depreciation - amortisation	19,091 9,996	24,984 9,996
Changes in assets and liabilities:		
- (increase)/decrease in receivables - (increase)/decrease in other assets - decrease in payables - increase/(decrease) in provisions - decrease in current tax liabilities	(8,216) (2,400) (12,444) (34,360) (12,084)	28,223 751 (6,433) 6,198 (40,162)
Net cash flows provided by/(used in) operating activities	(46,018)	178,658
Note 17. Leases		
Operating lease commitments Non-cancellable operating leases contracted for but not capitalised in the financial statements Payable - minimum lease payments:		
- not later than 12 months	89,455	89,455
- between 12 months and 5 years - greater than 5 years	156,545	246,000
The operating lease is a non-cancellable lease with a five-year term, with rent payable	246,000	335,455

Note 18.	Auditor's remuneration	2014 \$	2013 \$
	received or due and receivable by the	(). *	*
- audit a	f the company for: nd review services	4,950	4,950
- non au	dit services	2,200	575
		7,150	5,525
Note 19.	Director and related party disclosures		
Transact	ions with Key Management Personnel		
the comp year. Dur	is a director of Ward & Ilsley Partners Pty Ltd which supplied pany with accounting and taxation services during the financial ring the financial year the total benefit Ward & Ilsley Partners eceived was	24,307	21,600
supplied	ansen is the business owner of Meeting Expectaions which the company with marketing, advertising, public relations nent & liaison services for projects, functions, events and		
client me	etings during the financial year. During the financial year the efit Meeting Expectaions received was	6,542	6,185
Detailed	shareholding disclosures are provided in the remuneration report, included as pa	art of the direct	ors' report.
Note 20	Dividends paid or provided	2014	2013
		\$	\$
a.	Dividends paid during the year		
	Current year dividend 100% (2013: 100%) franked dividend - 7 cents (2013: 11.5 cents) per share	41,614	68,366
b.	Franking account balance		
	Franking credits available for subsequent reporting periods are:		
	- franking account balance as at the end of the financial year	411,721	417,471
	 franking credits that will arise from payment of income tax payable as at the end of the financial year 	(18,395)	(6,311)
	 franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year 		5
	Franking credits available for future financial reporting periods:	393,326	411,160
	 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	393,326	411,160
Note 21.	Earnings per share		
(a)	Profit/(Loss) attributable to the ordinary equity holders of the company used in calculating earnings per share	(5,601)	155,101
		Number	Number
(b)	Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	594,490	594,490

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 Mandurah, Western Australia 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 C/- Ward & Ilsley Partners Pty Ltd. 55C Mandurah Terrace Mandurah WA 6210 Principal Place of Business Halls Head Shopping Shop 7 Peelwood Parade Halls Head WA 6210

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.

	Floating interest		Fixed interest rate maturing in								Mainhand	
Financial			1 year or less		Over 1 to 5 years		Over 5 years		Non interest bearing		Weighted average	
instrument												
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash and cash equivalents	128,160	159,744		-	-	-		-	74	397	0.12	0.05
Short term deposits	-	22	1,093,899	1,148,994	-	-	-	-		2	3.70	5.00
Receivables		-	-	-	_	_	2.0	_	73,454	91,271	N/A	N/A
Financial liabilities												
Payables		-	-	-	-		-	.=	34,376	46,820	N/A	N/A

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 econor

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

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%	1,282	1,597	
Decrease in interest rate by 1%	1,282	1,597	
Change in equity			
Increase in interest rate by 1%	1,282	1,597	
Decrease in interest rate by 1%	1,282	1,597	

In accordance with a resolution of the directors of Mandurah Community 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.

Noel Edward Herbert, Chairman

Signed on the 2nd of September 2014.



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

Report on the financial report

I have audited the accompanying financial report of Mandurah Community 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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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:

- The financial report of Mandurah Community 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 Mandurah Community 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: 2 September 2014