



Annual Report 2015

Inverloch & District
Financial Enterprises Limited

ABN 13 117 672 590

Inverloch & District **Community Bank®** Branch

Contents

Chairman's report	2
Manager's report	4
Bendigo and Adelaide Bank report	5
Directors' report	7
Auditor's independence declaration	14
Financial statements	15
Notes to the financial statements	19
Directors' declaration	41
Independent audit report	42
NSX report	44

Chairman's report

For year ending 30 June 2015

The year in review

Economic conditions for the 2014/15 financial year remained challenging, despite this there was an increase in activity for domestic and business loans. Deposits remained strong at 61% of the business, however, continuing intense competition in the market caused a significant decline in the margin for both deposit and loan segments.

During the year the branch was able to achieve an increase in business by the end of the financial year, albeit at a lower margin; where funds under management at the end of the financial year were 4.5% above budget. Moreover, employee costs during the year exceeded budget by 4% caused by additional expenses incurred due through recruitment for replacement staff across the year. Notwithstanding the overrun in employee costs the company was able to achieve a reduction of 4% in operating and other expense compared to budget.

After all of these factors were applied the overall result for the year was a net loss after income tax (\$6,650) which was below budget and less than the prior year. Accordingly, these factors resulted in earnings per share of (0.89) cents.

Business development

The company is actively seeking additional business and anticipate that prospects will improve during the year with growing employment stability for staff and the appointment of a new Manager. We will also continue our focus on cost control and this with the anticipated improvement in business activity should result in a better result for the year as the market picks up.

The Board

During the financial year, an additional Director was appointed by the Board and I am pleased to welcome Trevor Dando to the Board. His existing skills will complement that of his fellow Directors. Existing Directors continue to bring their experience and knowledge to bear in the governance and effective operation of the company. I wish to place on record my appreciation for the dedication and hard work of all of our Directors, particularly those that Chair each of the Board sub-committees as well as our Treasurer Tristan Creed.

Community contributions

The company has a proud record of distributing capital, to enhance community infrastructure and contribute to the various activities and representative groups that make up the community. During the years since inception, the company is pleased to have contributed by way of charitable donations, grants and sponsorships to the support of the community as outlined in the table (right).

The year to come and beyond

Retail banking operations are currently challenging, particularly with both loans and deposits with record low interest rates. While we would hope for some improvement in this forthcoming year, as a company, we must renew and focus on other products. Furthermore with the strong competition in the market generally we must continue to accentuate our point of difference. We will also renew

Financial year	Total
2005/06	\$363
2006/07	\$8,552
2007/08	\$30,402
2008/09	\$31,363
2009/10	\$60,403
2010/11	\$65,095
2011/12	\$29,440
2012/13	\$55,488
2013/14	\$24,850
2014/15	\$45,246
Grand total	\$351,200

* Note: Some annual totals included in the table above vary from those provided in previous years due to rounding and previous categorisation errors.

Chairman's report (continued)

our relationships with our community partners, to encourage them to be ambassadors for our banking and other services, so that we are able to deliver more community outcomes into the future.

In conjunction with Bendigo Bank we will continue to foster links with the local municipal authorities of Bass Coast and South Gippsland Shires as well as other philanthropic organisations in the region to optimise community assets and services.

It is anticipated that there will be some improvement in the market, although the strong competition for business by the larger industry participants will define the market into the immediate future. The company will continue to focus on the rural sector of the community and will also intensify focus on small businesses in our catchment, particularly tradesmen. To this end the Board will seek to conduct further forums or other suitable events during the forthcoming year to present contemporary agricultural and funding information to dairying and grazier farmers, as well as offering services such as GoPos® Lite across the region. The Board is also conscious of the need to ensure that the returns to the business and our partners Bendigo and Adelaide Bank Limited are fair and equitable. Finally, to achieve all of these outcomes, we will seek to renew our franchise with Bendigo and Adelaide Bank Limited, so as to continue the delivery of services to our community.

The branch team

The company endured a challenging environment for much of the year, although business did improve to the latter end of the year leading to the achievement of targets for funds under management, albeit too late to materially affect our profitability for the year. The year also saw a high degree of staff turnover within the branch, nevertheless the remaining staff members, Emma-Jane Earl, Denise Wilson and Maddie Perry continued the focus on valued service to customers throughout the year. The Board acknowledges the high level service that is provided to our customers through staff dedication and professionalism so as to continue the service that our customers have come to expect.

Our shareholders

Without shareholders investing in the formation of the company, the outcomes achieved to date would not have been possible. The Board and I appreciate that shareholders require some reward for their forbearance during the formative years for the company. Nevertheless, in considering the business results throughout the past year the Board believe that this will preclude the distribution of any dividend for this year.

Our community

The Inverloch & District **Community Bank**® Branch continues to be well supported by the community and this is evidenced by the number of customers currently serviced by the branch. The Board still believe that there is potential for further growth of customer numbers and will strive to raise the level of awareness about the **Community Bank**® model and the benefits that can be achieved for community infrastructure and growth.



Alan Gostelow
Chairman

Manager's report

For year ending 30 June 2015

Business

Our **Community Bank**[®] branch has been operating for over nine years now, offering banking products and services to our customers and community groups. We now have in excess of \$90 million of combined business and manage over 2,300 customer numbers.

Staff

I would like to thank our staff for their assistance and hard work throughout the year. In particular Customer Service Officers Maddie Perry and Denise Wilson and we look forward to working together to make the next year a successful year for the Inverloch & District **Community Bank**[®] Branch.

Aims

Our focus is to increase the lending book to generate more income throughout the year, obtain new customers and engage the younger demographic in the Inverloch and surrounding areas. We also plan to build stronger relationships and continue to build the business with our existing customer base.

Acknowledgements

Acknowledgements also go to our Chairman, Alan Gostelow, and our Board of Directors for the many hours of work they have volunteered for meetings and involvement within our community.

Our community

We have again contributed very generously within our community with over \$45,246 going back through grants and sponsorships. Some of the recipients for the past year are the Inverloch Fire Brigade, Tour de Tarwin, Inverloch Men's Shed, Jazz Festival, Wonthaggi Pony Club and the Alberton Football Netball League.

Bank with your local **Community Bank**[®] branch – it's **Bigger than a bank.**



Emma-Jane Earl
Customer Relationship Officer

Bendigo and Adelaide Bank report

For year ending 30 June 2015

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Bendigo and Adelaide Bank report (continued)

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

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

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

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

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

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

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

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

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

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

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

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



Robert Musgrove
Executive Community Engagement

Directors' report

For the financial year ended 30 June 2015

Your directors submit the financial statements of the company for the financial year ended 30 June 2015.

Directors

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

Alan Keith Gostelow

Chairman/Secretary

Company Director & Business Consultant

Ex-Army Officer and Senior Manager of various businesses. Graduate Diplomas Business Administration and Health Administration and Company Directors Diploma. Former and/or current Company Secretary for three companies. Current Director Phillip Island Nature Parks and member of the Audit Committee. Former member of several Rotary Clubs and Former Chairman - Power Boat Division, Yachting Victoria.

Interests in shares: 501

Tristan Andrew Creed

Treasurer

Accountant

CA & Tax Agent. Current Director of Feathertop Business Services. Bachelor of Business (Accountancy) and Graduate Diploma (CA). Founder and Director of Imporex Pty Ltd.

Interest in shares: Nil

Maxwell Alexander Warlow

Director

Retired Indirect Taxation Consultant

FCPA-CA, previous member of CPA Australia Victoria, Board, Public Accountants Committee, GST Liaison Committee and State Taxes Consultative Council representative. Former President, Treasurer, Secretary of Athletics Essendon, former remedial fitness adviser to Essendon Football Club. Current athletics coach for Athletics Essendon Inc.

Interests in shares: Nil

Domenic Anthony Brusamarello

Director

Self Employed Manager

Fourteen Years State Electricity Commission, Two Years Restaurateur, Ten Years President Inverloch Tourism Association, Four Years President Inverloch Food & Wine Fest, Four Years Leadership Group Member Inverloch Community Planning, Nineteen Years Owner Operator Inverloch Supermarket.

Interest in shares: 5,000

David James Grimmond

Director

Operations Manager

Operations Manager with Watersure Ltd. General Manager of Burra Foods Australia from 2007-2011. Has a masters degree in Agribusiness, Graduate diploma in Microbiology and Advanced diploma of Dairy Technology. Office Bearer with the Gippsland Yacht Club. Former Vice President of Alaska Milk Corporation.

Interest in shares: Nil

Directors' report (continued)

Directors (continued)

Susan Joy Ruffin

Director

Lawyer

BA (Honours) LLB

Interest in shares: Nil

Suzette Anna-Lynne Moyle

Director

Occupation: Human Resources Consultant

Diploma of Business (Administration), Diploma of Human Resources, Advanced Diploma of Management, Certificate IV in Frontline Management.

Interest in shares: Nil

Trevor Andrew Dando

Director (Appointed 20 November 2014)

Occupation: Civil Engineer

Qualifications, experience and expertise: Civil Engineer. Coordinator- Civil Design for Bass Coast Shire Council, Current Director Tadcorp Enterprises Proprietary Limited, Ravert Corporation Proprietary Limited and Ash Hill Corporation Proprietary Limited. Bachelor of Civil Engineering, Advanced Diploma of Management, Diploma of Leadership, Certificate IV in Property Services (Real Estate), Certificate IV in Finance and Mortgage Broking. He is also an Honorary Justice of the Peace.

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 Alan Gostelow. Alan was appointed to the position of secretary on 22 December 2005.

Alan is an ex-army officer and senior manager of a number of businesses, he holds a Graduate Diploma in Business Administration, Health Administration and a Company Director's Diploma.

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 30 June 2015 \$	Year ended 30 June 2014 \$
(6,650)	16,115

Directors' report (continued)

Operating and financial review

The company is a franchisee of Bendigo and Adelaide Bank Limited providing financial products and services to individuals, businesses and organisations throughout the local area via the Inverloch & District **Community Bank**® Branch. While the branch offers the full suite of Bendigo and Adelaide Bank Limited products and services, margin earnings from firstly loans and then deposits are the predominant contributor to company results.

The results for the company for the 2014/15 Financial Year did not achieve business profit targets established at the beginning of the period. Funds under management at the completion of the period were \$4.5M or 5% above budget; however, earnings per \$M per Month were significantly below previous years with average earnings of \$508 per \$M per Month for the reporting year compared with \$550 in 2013/14, \$605 in 2012/13 and \$657 in 2012/13 in part leading to the year-end earnings before interest and tax (EBIT) result of \$(9,202) and a margin of (2.0)% compared with 3.89% for the previous year, thereby contributing to a result of \$24.4K below budget.

In addition to the internal factors described above, business during the year was impacted upon due to the historically low cash rates by the Reserve Bank that resulted in a corresponding decline in interest paid on deposit accounts, also leading to lower than anticipated margins for this product group. Moreover intense competition from major financial service providers in the market place resulted in a highly competitive market for company products and services.

The company's base business segments of lending and deposits contribute the major proportion of earnings; however, funds under management this year (while improving on the previous year) are currently not balanced with deposits making up 61%, while loans contribute to the remainder at 39%.

Financial Position

Notwithstanding a further reduction in profit for the 2014/2015 Financial Year, the Financial Position of the company remains relatively strong. For the forthcoming year it is anticipated that there will be a moderate turnaround in the economy, thereby translating into renewed activity in the housing market and general funding for business.

The cash position of the company declined further for the reporting year by \$7,737 for a year end balance of \$526,554. Net assets at the end of the period were \$684,993 or \$21,650 less than the corresponding period for the prior year. This can be attributed to the operating loss of \$6,650 and the dividend of \$15,000 paid during the period.

Business Strategies

To address the current stage of development of the business and in recognition of the current financial circumstances both in the economy and the observed impact upon the Bendigo profit share model, the Board has determined for the 2011-2016 Financial Years, the company will focus upon six broad directions:

1. Retention and Business Growth – Implement strategies and activities to improve upon the current level of business and returns for the business, to achieve \$100M of funds under management in five years.
2. Pursue additional business through increased products and services, and other service delivery options including support & monitoring of the Tarwin Lower Agency.
3. Margin Growth – Focus upon products and services that will provide sustainable margin growth.
4. Community Capacity – Facilitate support activities through community leadership and targeted, responsible financial support.
5. Increase Community Awareness / Perception – Undertake process to reinforce knowledge and adoption of the **Community Bank**® model to achieve tangible benefits.
6. Sub-regional Collaboration – Establish collaboration arrangements with sub-regional **Community Bank**® branches.

Directors' report (continued)

Operating and financial review (continued)

Future Prospects

The company is cognisant that there are few options to expand operations to other locations due to the nature of population disaggregation in our rural area. However, the company believes that there are opportunities to develop additional revenue through:

1. Acquiring additional customers through community links and a focus on local businesses.
2. Improving the range and number of products and services for each customer.
3. Developing and implementing strategies to improve customer uptake for the Agency.

The company anticipates that current market conditions are likely to improve during the forthcoming financial year, thereby increasing the number of customers, the take up of products and services, thereby improving revenue and profitability. Notwithstanding the dimensions and timing of any market turn around, it is also likely that the company will achieve the established strategic target of \$100M of funds under management in the 2015/2016 Financial Year.

Remuneration report

Directors' remuneration

No director receives remuneration for services as a company director or committee member.

There are no employees who are directly accountable and have responsibility for the strategic direction and operational management of the entity.

There are therefore no specified Executives whose remuneration requires disclosure.

Transactions with directors

	\$
Suzette Anna-Lynne Moyle received remuneration for administration services during the period under review.	7,050
Tristan Andrew Creed received remuneration for accounting services carried out by Feathertop Business Services.	15,535

Directors' shareholdings

	Balance at start of the year	Changes during the year	Balance at end of the year
Alan Keith Gostelow	501	-	501
Tristan Andrew Creed	-	-	-
Maxwell Alexander Warlow	-	-	-
Domenic Anthony Brusamarello	5,000	-	5,000
David James Grimmond	-	-	-
Susan Joy Ruffin	-	-	-

Directors' report (continued)

Remuneration report (continued)

Directors' shareholdings (continued)

	Balance at start of the year	Changes during the year	Balance at end of the year
Suzette Anna-Lynne Moyle	-	-	-
Trevor Andrew Dando (Elected 20 November 2014)	-	-	-

Dividends

	Year ended 30 June 2015	
	Cents	\$
- Dividends paid in the year	2	15,000

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	
			Marketing	
	Eligible	Attended	Eligible	Attended
Alan Keith Gostelow	11	9	9	7
Tristan Andrew Creed	11	10	9	8
Maxwell Alexander Warlow	11	9	-	-
Domenic Anthony Brusamarello	9	8	9	7
David James Grimmond	11	11	9	9
Susan Joy Ruffin	11	9	-	-
Suzette Anna-Lynne Moyle	11	10	9	8
Trevor Andrew Dando (Appointed 20 November 2014)	6	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 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 board 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 14.

Signed in accordance with a resolution of the board of directors at Inverloch, Victoria on 2 September 2015.

A handwritten signature in black ink, appearing to read 'Alan Gostelow', with a long, sweeping horizontal line extending to the right.

Alan Keith Gostelow,
Chairman

Auditor's independence declaration



Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Inverloch & District Financial Enterprises Limited

As lead auditor for the audit of Inverloch & District Financial Enterprises Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550

A handwritten signature in black ink, appearing to read 'Graeme Stewart'.

Graeme Stewart
Lead Auditor

Dated: 2 September 2015

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337.

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TAXATION • AUDIT • BUSINESS SERVICES • FINANCIAL PLANNING

Financial statements

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

	Notes	2015 \$	2014 \$
Revenue from ordinary activities	4	603,315	615,027
Employee benefits expense		(346,315)	(354,196)
Charitable donations, sponsorship, advertising and promotion		(43,356)	(29,167)
Occupancy and associated costs		(63,478)	(61,523)
Systems costs		(19,321)	(19,335)
Depreciation and amortisation expense	5	(21,441)	(21,244)
General administration expenses		(118,606)	(106,072)
Profit/(loss) before income tax		(9,202)	23,490
Income tax (expense)/credit	6	2,552	(7,375)
Profit/(loss) after income tax		(6,650)	16,115
Total comprehensive income for the year		(6,650)	16,115
Earnings per share for profit/(loss) attributable to the ordinary shareholders of the company:			
		¢	¢
Basic earnings per share	20	(0.89)	2.15

The accompanying notes form part of these financial statements.

Financial statements (continued)

Balance Sheet as at 30 June 2015

	Notes	2015 \$	2014 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	526,554	534,291
Trade and other receivables	8	28,299	27,284
Current tax asset	11	12,450	10,817
Total Current Assets		567,303	572,392
Non-Current Assets			
Property, plant and equipment	9	75,804	82,254
Intangible assets	10	45,914	59,798
Deferred tax asset	11	270	-
Total Non-Current Assets		121,988	142,052
Total Assets		689,291	714,444
LIABILITIES			
Current Liabilities			
Trade and other payables	12	4,408	5,629
Total Current Liabilities		4,408	5,629
Non-Current Liabilities			
Deferred tax liabilities	11	-	2,282
Total Non-Current Liabilities		-	2,282
Total Liabilities		4,408	7,911
Net Assets		684,883	706,533
Equity			
Issued capital	13	729,547	729,547
Accumulated losses	14	(44,664)	(23,014)
Total Equity		684,883	706,533

The accompanying notes form part of these financial statements.

Financial statements (continued)

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

	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2013	729,547	(1,629)	727,918
Total comprehensive income for the year	-	16,115	16,115
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(37,500)	(37,500)
Balance at 30 June 2014	729,547	(23,014)	706,533
Balance at 1 July 2014	729,547	(23,014)	706,533
Total comprehensive income for the year	-	(6,650)	(6,650)
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(15,000)	(15,000)
Balance at 30 June 2015	729,547	(44,664)	684,883

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2015

	Notes	2015 \$	2014 \$
Cash flows from operating activities			
Receipts from customers		642,562	651,293
Payments to suppliers and employees		(650,799)	(630,078)
Interest received		18,238	21,851
Income taxes paid		(1,633)	(24,570)
Net cash provided by operating activities	15	8,368	18,496
Cash flows from investing activities			
Payments for property, plant and equipment		(1,105)	-
Net cash provided by/(used in) investing activities		(1,105)	-
Cash flows from financing activities			
Dividends paid		(15,000)	(37,500)
Net cash provided by/(used in) financing activities		(15,000)	(37,500)
Net decrease in cash held		(7,737)	(19,004)
Cash and cash equivalents at the beginning of the financial year		534,291	553,295
Cash and cash equivalents at the end of the financial year	7(a)	526,554	534,291

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2015

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.

Application of new and amended accounting standards

The following amendments to accounting standards and a new interpretation issued by the Australian Accounting Standards Board (AASB) became mandatorily effective for accounting periods beginning on or after 1 July 2014, and are therefore relevant for the current financial year.

- AASB 2012-3 Amendments to Australian Accounting Standards (AASB 132) – Offsetting Financial Assets and Financial Liabilities.
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets.
- AASB 2013-4 Amendments to Australian Accounting Standards (AASB 139) – Novation of Derivatives and Continuation of Hedge Accounting.
- AASB 2013-5 Amendments to Australian Accounting Standards (AASB 10) – Investment Entities.
- AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles).
- AASB 2014-1 Amendments to Australian Accounting Standards (Part B: Defined Benefit Plans: Employee Contributions Amendments to AASB 119).

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Application of new and amended accounting standards (continued)

- Interpretation 21 Levies.
- AASB 1031 Materiality, AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part B: Materiality), AASB 2014-1 Amendments to Australian Accounting Standards (Part C: Materiality).

None of the amendments to accounting standards or the new interpretation issued by the Australian Accounting Standards Board (AASB) that became mandatorily effective for accounting periods beginning on or after 1 July 2014, materially affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

The following accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) become effective in future accounting periods.

	Effective for annual reporting periods beginning on or after
AASB 9 Financial Instruments, and the relevant amending standards.	1 January 2018
AASB 15 Revenue from Contracts with Customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15.	1 January 2017
AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations.	1 January 2016
AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation.	1 January 2016
AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants.	1 January 2016
AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements.	1 January 2016
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.	1 January 2016
AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle.	1 January 2016
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101.	1 January 2016
AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality.	1 July 2015
AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent.	1 July 2015
AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception.	1 January 2016

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Application of new and amended accounting standards (continued)

The company has not elected to apply any accounting standards or interpretations before their mandatory operative date for the annual reporting period beginning 1 July 2014. Therefore the abovementioned accounting standards or interpretations have no impact on amounts recognised in the current period or any prior period.

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 Inverloch, 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.

The company promotes and sells the products and services, but is not a party to the transaction.

The credit risk (i.e. the risk that a customer will not make repayments) is for the relevant Bendigo and Adelaide Bank Limited entity to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

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.

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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

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

Over the period from September 2013 to February 2015, Bendigo and Adelaide Bank Limited conducted a review of the **Community Bank**[®] model, known as 'Project Horizon'. This was conducted in consultation with the **Community Bank**[®] network. The objective of the review was to develop a shared vision of the **Community Bank**[®] model that positions it for success now and for the future.

The outcome of that review is that the fundamental franchise model and community participation remain unchanged. Changes to be implemented over a three year period reflect a number of themes, including a culture of innovation, agility and flexibility, network collaboration, director and staff development and a sustainable financial model. This will include changes to the financial return for **Community Bank**[®] companies from 1 July 2016. A funds transfer pricing model will be used for the method of calculation of the cost of funds, deposit return and margin. All revenue paid on core banking products will be through margin share. Margin on core banking products will be shared on a 50/50 basis.

The franchise agreement provides that three forms of revenue may be earned by the company – margin, commission and fee income. Bendigo and Adelaide Bank Limited decides the form of revenue the company earns on different types of products and services.

The revenue earned by the company is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

Core banking products

Bendigo and Adelaide Bank Limited has identified some Bendigo Bank Group products and services as 'core banking products'. It may change the products and services which are identified as core banking products by giving the company at least 30 days' notice. Core banking products currently include Bendigo Bank branded home loans, term deposits and at call deposits.

Margin

Margin is arrived at through the following calculation:

- Interest paid by customers on loans less interest paid to customers on deposits,
- plus any deposit returns i.e. interest return applied by Bendigo and Adelaide Bank Limited for a deposit,
- minus any costs of funds i.e. interest applied by Bendigo and Adelaide Bank Limited to fund a loan.

Note: In very simplified terms, currently, deposit return means the interest Bendigo and Adelaide Bank Limited gets when it invests the money the customer deposits with it. The cost of funds means the interest Bendigo and Adelaide Bank Limited pays when it borrows the money to give a customer a loan. From 1 July 2016, both will mean the cost for Bendigo and Adelaide Bank Limited to borrow the money in the market.

Products and services on which margin is paid include variable rate deposits and variable rate home loans. From 1 July 2016, examples include Bendigo Bank branded at call deposits, term deposits and home loans.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Margin (continued)

For those products and services on which margin is paid, the company is entitled to a share of the margin earned by Bendigo and Adelaide Bank Limited (i.e. income adjusted for Bendigo and Adelaide Bank Limited's interest expense and interest income return). However, if this reflects a loss, the company incurs a share of that loss.

Commission

Commission is a fee paid for products and services sold. It may be paid on the initial sale or on an ongoing basis. Commission is payable on the sale of an insurance product such as home contents. Examples of products and services on which ongoing commissions are paid include leasing and Sandhurst Trustees Limited products. This currently also includes Bendigo Bank branded fixed rate home loans and term deposits of more than 90 days, but these will become margin products from 1 July 2016.

Fee income

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo Bank Group entities including fees for loan applications and account transactions.

Ability to change financial return

Under the franchise agreement, Bendigo and Adelaide Bank Limited may change the form and amount of financial return that the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo and Adelaide Bank Limited earns revenue.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the company receives on a particular product or service. The effect of the change on the revenue earned by the company is entirely dependent on the change.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the company receives on a particular product or service. The effect of the change on the revenue earned by the company is entirely dependent on the change.

If Bendigo and Adelaide Bank Limited makes a change to the margin or commission on core banking products and services, it must not reduce the margin and commission the company receives on core banking products and services Bendigo and Adelaide Bank Limited attributes to the company to less than 50% (on an aggregate basis) of Bendigo and Adelaide Bank Limited's margin at that time. For other products and services, there is no restriction on the change Bendigo and Adelaide Bank Limited may make.

Bendigo and Adelaide Bank Limited must give the company 30 days' notice before it changes the products and services on which margin, commission or fee income is paid, the method of calculation of margin and the amount of margin, commission or fee income.

Monitoring and changing financial return

Bendigo and Adelaide Bank Limited monitors the distribution of financial return between **Community Bank®** companies and Bendigo and Adelaide Bank Limited on an ongoing basis.

Overall, Bendigo and Adelaide Bank Limited has made it clear that the **Community Bank®** model is based on the principle of shared reward for shared effort. In particular, in relation to core banking products and services, the aim is to achieve an equal share of Bendigo and Adelaide Bank Limited's margin.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Monitoring and changing financial return (continued)

As discussed above in relation to Project Horizon, among other things, there will be changes in the financial return for **Community Bank**® companies from 1 July 2016. This includes 50% share of margin on core banking products, all core banking products become margin products and a funds transfer pricing model will be used for the method of calculation of the cost of funds, deposit return and margin.

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 Profit or Loss and Other 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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

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.

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 Profit or Loss and Other 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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

k) Financial instruments (continued)

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 Profit or Loss and Other Comprehensive Income.

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 or 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.

Notes to the financial statements (continued)

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%.

Notes to the financial statements (continued)

Note 2. Financial risk management (continued)

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2015 can be seen in the Statement of Profit or Loss and Other 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 Profit or Loss and Other 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.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired branch/agency at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

Notes to the financial statements (continued)

Note 3. Critical accounting estimates and judgements (continued)

Goodwill (continued)

The calculations require the use of assumptions.

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.

	2015 \$	2014 \$
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Note 4. Revenue from ordinary activities

Operating activities:

- services commissions	585,227	594,546
Total revenue from operating activities	585,227	594,546

Non-operating activities:

- interest received	17,963	20,481
- other revenue	125	-
Total revenue from non-operating activities	18,088	20,481
Total revenues from ordinary activities	603,315	615,027

Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 5. Expenses		
Depreciation of non-current assets:		
- plant and equipment	3,619	3,422
- leasehold improvements	3,937	3,937
Amortisation of non-current assets:		
- franchise agreement	2,314	2,314
- franchise renewal fee	11,571	11,571
	21,441	21,244
Bad debts	182	472

Note 6. Income tax expense/(credit)

The components of tax expense/(credit) comprise:

- Current tax	-	7,678
- Future income tax benefit attributable to losses	(390)	-
- Movement in deferred tax	(2,176)	(303)
- Adjustment to deferred tax to reflect change to tax rate in future periods	14	-
	(2,552)	7,375

The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense/(credit) as follows

Operating profit/(loss)	(9,202)	23,490
Prima facie tax on profit/(loss) from ordinary activities at 30%	(2,761)	7,047
Add tax effect of:		
- non-deductible expenses	195	328
- timing difference expenses	2,176	303
	(390)	7,678
Movement in deferred tax	(2,176)	(303)
Adjustment to deferred tax to reflect change of tax rate in future periods	14	-
	(2,552)	7,375

Note 7. Cash and cash equivalents

Cash at bank and on hand	1,554	9,291
Term deposits	525,000	525,000
	526,554	534,291

Notes to the financial statements (continued)

	2015 \$	2014 \$
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Note 7. Cash and cash equivalents (continued)

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	1,554	9,291
Term deposits	525,000	525,000
	526,554	534,291

Note 8. Trade and other receivables

Trade receivables	18,659	17,516
Prepayments	5,081	5,081
Other receivables and accruals	4,559	4,687
	28,299	27,284

Note 9. Property, plant and equipment

Leasehold improvements

At cost	114,583	114,583
Less accumulated depreciation	(57,226)	(53,289)
	57,357	61,294

Plant and equipment

At cost	50,190	49,084
Less accumulated depreciation	(31,743)	(28,124)
	18,447	20,960

Total written down amount	75,804	82,254
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Movements in carrying amounts:

Leasehold improvements

Carrying amount at beginning	61,294	65,230
Additions	-	-
Disposals	-	-
Less: depreciation expense	(3,936)	(3,936)
Carrying amount at end	57,357	61,294

Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 9. Property, plant and equipment (continued)		
Plant and equipment		
Carrying amount at beginning	20,960	24,383
Additions	1,106	-
Disposals	-	-
Less: depreciation expense	(3,619)	(3,423)
Carrying amount at end	18,447	20,960
Total written down amount	75,804	82,254

Note 10. Intangible assets

Franchise fee		
At cost	21,570	21,570
Less: accumulated amortisation	(19,834)	(17,520)
	1,736	4,050
Renewal processing fee		
At cost	57,853	57,853
Less: accumulated amortisation	(49,175)	(37,605)
	8,678	20,248
Goodwill on purchase of agency		
At cost	35,500	35,500
Total written down amount	45,914	59,798

Note 11. Tax

Current:

Income tax refundable	12,450	10,817
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Non-Current:

Deferred tax assets		
- accruals	1,012	496
- tax losses carried forward	370	-
	1,382	496

Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 11. Tax (continued)		
Deferred tax liability		
- accruals	1,112	1,253
- deductible prepayments	-	1,525
	1,112	2,778
Net deferred tax asset/(liability)	270	(2,282)
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	(2,552)	(303)

Note 12. Trade and other payables

Trade creditors	750	421
Other creditors and accruals	3,658	5,208
	4,408	5,629

Note 13. Contributed equity

750,010 ordinary shares fully paid (2014: 750,010)	750,010	750,010
Less: equity raising expenses	(20,463)	(20,463)
	729,547	729,547

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.

Notes to the financial statements (continued)

Note 13. Contributed equity (continued)

Rights attached to shares (continued)

(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 187. As at the date of this report, the company had 208 shareholders.

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 prohibition.

Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 14. Accumulated losses		
Balance at the beginning of the financial year	(23,014)	(1,629)
Net profit/(loss) from ordinary activities after income tax	(6,650)	16,115
Dividends paid or provided for	(15,000)	(37,500)
Balance at the end of the financial year	(44,664)	(23,014)

Note 15. Statement of Cash Flows

Reconciliation of profit/(loss) from ordinary activities after tax to net cash provided by operating activities

Profit/(loss) from ordinary activities after income tax	(6,650)	16,115
Non cash items:		
- depreciation	7,556	7,359
- amortisation	13,885	13,885
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(1,017)	(1,668)
- (increase)/decrease in other assets	(1,903)	(10,761)
- increase/(decrease) in payables	(1,221)	(6,131)
- increase/(decrease) in current tax liabilities	(2,282)	(303)
Net cash flows provided by operating activities	8,368	18,496

Note 16. 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	29,376	39,088
- between 12 months and 5 years	-	29,316
- greater than 5 years	-	-
	29,376	68,404

The branch premises lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance. The current lease expires on 25 March 2016, with options for two future terms of five years each, to be exercised three months prior to the expiry date.

Notes to the financial statements (continued)

	2015 \$	2014 \$
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Note 17. Auditor's remuneration

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

- audit and review services	5,050	4,950
- share registry services	2,900	2,050
- non audit services	2,000	2,123
	9,950	9,123

Note 18. Director and related party disclosures

No director of the company receives remuneration for services as a company director or committee member.

There are no executives within the company whose remuneration is required to be disclosed.

	2015 \$	2014 \$
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Transactions with Key Management Personnel

Suzette Anna-Lynne Moyle received remuneration for administration services during the period under review.	7,050	2,413
Tristan Andrew Creed received remuneration for accounting services carried out by Feathertop Business Services.	15,535	15,535

	2015	2014
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Key Management Personnel Shareholdings

Ordinary shares fully paid	5,501	5,501
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Detailed shareholding disclosures are provided in the remuneration report, included as part of the directors' report.

	2015 \$	2014 \$
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Note 19. Dividends paid or provided

a. Dividends paid during the year

Current year dividend		
100% (2014: 100%) franked dividend - 2 cents (2014: 5 cents) per share	15,000	37,500

The tax rate at which dividends have been franked is 30% (2014: 30%).

Dividends proposed will be franked at a rate of 30% (2014: 30%).

Notes to the financial statements (continued)

	2015 \$	2014 \$
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Note 19. Dividends paid or provided (continued)

b. Franking account balance

Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	9,651	14,446
- franking debits that will arise from refund of income tax as at the end of the financial year	(12,450)	(10,817)
- 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:	(2,799)	3,629
- 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	(2,799)	3,629

Note 20. Earnings per share

		2015 \$	2014 \$
(a)	Profit/(loss) attributable to the ordinary equity holders of the company used in calculating earnings per share	(6,650)	16,115
		Number	Number
(b)	Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	750,010	750,010

Note 21. 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 22. 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 23. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank®** services in Inverloch and surrounding district of Victoria pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Notes to the financial statements (continued)

Note 24. 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
16C Williams Street Inverloch Vic 3996	16C Williams Street Inverloch Vic 3996

Note 25. 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					
	2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$	2015 %	2014 %
Financial assets												
Cash and cash equivalents	1,554	9,291	525,000	525,000	-	-	-	-	-	-	3.31	3.69
Receivables	-	-	-	-	-	-	-	-	18,659	17,516	N/A	N/A
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	750	421	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 economic entity.

Notes to the financial statements (continued)

Note 25. Financial instruments (continued)

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 2015, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2015 \$	2014 \$
Change in profit/(loss)		
Increase in interest rate by 1%	5,266	5,343
Decrease in interest rate by 1%	5,266	5,343
Change in equity		
Increase in interest rate by 1%	5,266	5,343
Decrease in interest rate by 1%	5,266	5,343

Directors' declaration

In accordance with a resolution of the directors of Inverloch & District Financial Enterprises 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 2015 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.



Alan Keith Gostelow,
Chairman

Signed on the 2nd of September 2015.

Independent audit report



Independent auditor's report to the members of Inverloch & District Financial Enterprises Limited

Report on the financial report

We have audited the accompanying financial report of Inverloch & District Financial Enterprises Limited, which comprises the balance sheet as at 30 June 2015, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows 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 that gives a true and fair view 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 Accounting Standard AASB 101 Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our 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, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

We 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 our understanding of the company's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337.P: (03) 5443 0344F: (03) 5443 530461-65 Bull St./PO Box 454 Bendigo Vic. 3552afs@afsbendigo.com.auwww.afsbendigo.com.auTAXATION • AUDIT • BUSINESS SERVICES • FINANCIAL PLANNING

Independent audit report (continued)

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We 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 our opinion:

1. The financial report of Inverloch & District Financial Enterprises 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 2015 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

We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. 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*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Inverloch & District Financial Enterprises Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.



Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550



Graeme Stewart
Lead Auditor

Dated: 2 September 2015

NSX report

Inverloch & District Financial Enterprises Limited is a public company incorporated in Australia and listed on the National Stock Exchange of Australia (NSX).

In addition to information provided in accordance with statutory requirements (Corporations Act S314) of a Financial Report, Directors' Report and Auditors Report all NSX listed entities are obliged to report on a number of other items in accordance with NSX Listing Rule 6.9. Accordingly, the Directors of Inverloch & District Financial Enterprises report on those items not included elsewhere in the Annual Report in the following paragraphs.

Shareholding

The following table shows the number of shareholders, broken into various categories showing the total number of shares held:

Size of holding	Number of shareholders	Number of shares
1 to 1,000	107	67,853
1,001 to 5,000	74	224,053
5,001 to 10,000	22	211,100
10,001 to 100,000	7	247,004
100,001 and over	Nil	Nil
Total	208	750,010

Equity securities

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

There are no substantial shareholders (holding more than 5% of voting rights) as each shareholder is entitled to one vote. Normally holding more than 5% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the company.

There are 3 shareholders holding less than a marketable parcel of Shares (\$500 in value).

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to \$1 per share. There are no unquoted equity securities.

Ten largest shareholders

The following table shows the ten largest shareholders:

Shareholder	Number of ordinary shares	Percentage of ordinary shares
Andrew Neil Forster, Croweaters Super Fund a/c	50,001	6.67%
South Coast P/L, Super Fund a/c	50,000	6.67%
Rosemary Brooks P/L, Rosies Super Fund a/c	50,000	6.67%
Broadbeach Developments P/L, Hall Family Super Fund a/c	30,001	4.00%
David Walsh & Vickie Balis, Walsh Family Super Fund a/c	30,001	4.00%

NSX report (continued)

Ten largest shareholders (continued)

Shareholder	Number of ordinary shares	Percentage of ordinary shares
Coppelius P/L, Jeeralang Design Super Fund a/c	25,001	3.33%
Northern Suburbs Secretarial Services P/L Juleton a/c	12,000	1.33%
Rhonda Kerrie Newton	10,000	1.33%
Moreseast P/L, Moreseast P/L Superannuation a/c	10,000	1.33%
Michael Rumbold Pakes & Roberta Marie Pakes	10,000	1.33%
	277,004	36.66%

Registered office and principal administrative office

The registered office and the principal administrative office is located at:

16c Williams Street,
Inverloch VIC 3996
Phone: (03) 5674 2800

Security register

The Security register (Share register) is kept at:

AFS & Associates
61-65 Bull Street,
Bendigo VIC 3550
Phone: (03) 5443 0344

Company Secretary

Alan Gostelow has been the Company Secretary of Inverloch & District Financial Enterprises Limited for nine years. Alan's education includes a Company Directors Diploma; he is a Fellow of the Australian Institute of Company Directors and has served as the Company Secretary for two other companies in addition to this appointment.

Corporate governance

The company ascribes to the ASX Corporate Governance Council "Principles of Good Corporate Governance and Best Practice Recommendations" insofar as they apply to a small listed entity. In particular the company has established a Finance Audit & Governance Committee of the Board to fulfil its responsibilities to Bendigo and Adelaide Bank Limited, shareholders, customers and other stakeholders by exercising due care, diligence and skill.

In addition, the company has implemented various corporate governance practices, which include:

- (a) The establishment of Finance Audit & Governance Committee. Members of the committee are:
Max Warlow, Alan Gostelow, Tristan Creed, Susan Ruffin
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director Training; and
- (d) Monthly Director Meetings to discuss performance and strategic plans.

NSX report (continued)

Annexure 3A

There are no material differences between the information in the company's Annexure 3A and the information in the financial documents contained in this Annual Report.

Five year summary of performance

		2010/11	2011/12	2012/13	2013/14	2014/15
Gross revenue	\$	667,452	665,273	639,073	615,027	603315
Net profit before tax	\$	89,929	85,450	75,859	23,490	(9,202)
Total assets	\$	742,168	751,043	742,263	714,444	689,291
Total liabilities	\$	7,934	15,995	14,345	7,911	4,408
Total equity	\$	734,234	735,088	727,918	706,533	684,883

Inverloch & District **Community Bank**[®] Branch
16C Williams Street, Inverloch VIC 3996
Phone: (03) 5674 2800 Fax: (03) 5674 3077

Franchisee:

Inverloch & District Financial Enterprises Limited
16C Williams Street, Inverloch VIC 3996
Phone: (03) 5674 2800 Fax: (03) 5674 3077
ABN: 13 117 672 590

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