Annual Report 2015

Beyond Bank
AUSTRALIA

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2015 Annual General Meeting

Members are reminded that the Annual General Meeting of Beyond Bank Australia will be held at The Diamond Room, Mayfair Hotel, 45 King William Street, Adelaide, South Australia on Tuesday 24 November 2015 commencing at 6pm (ACDT). Registration will open at 5:30pm (ACDT).

Environmental Sustainability

Beyond Bank Australia cares about its community and is committed to environmental sustainability which is why this Annual Report has been printed on carbon neutral stocks that contain recycled content and are elemental chlorine free.

To help us save precious resources, please contact us to receive future correspondence in an electronic format.

Report from the Chair and CEO

The 2014/15 financial year was one where the trading conditions were variable across all markets driven by structural adjustments to industries in a number of markets where the bank operates, in particular mining and manufacturing. The impact of the conditions played out in falling consumer sentiment across all markets. We also saw a "two speed" real estate market play out where the eastern seaboard saw significant increases in property values on the back of rising demand on one hand and static and falling values in other markets on the other.

Against this background the financial year has been a solid one for the Beyond Bank Australia Group; our results have been consistent for our business, coupled with new product developments, continual improvements to our digital platform and strengthening the relationships we have with our community partners. Loans made available to members topped an all time high. The bank received peer recognition with a number of awards being conferred on the bank.

Financial Performance

Our after tax profit of $22.8m is a reflection of our satisfactory operational performance and our focus on positioning Beyond Bank as a real alternative; "the other way to bank". It also represents a significant investment in our strategic programs, technology and development of our people. These are aimed at continuing to build a solid financial institution in all of the markets in which we trade and ensure that we continue to return value to our owners/customers not only today but into the future.

The Group's assets under management increased to $4.38b. New lending for the group was $780m, which is an increase of 10.2% on our previous financial year. Loans outstanding grew by 5.49% and our customer deposits increased by 3.89%. Importantly our membership base grew by 4.42% as we welcomed over 16,600 new members, the highest natural increase the bank has recorded (excluding mergers).

Our capital adequacy, a measure of financial strength, remains strong at 16.54% compared to 16.71% at the same period last year.

People

Our staff are at the heart of Beyond Bank and our success and future growth opportunities are highly dependant on them. In 2015 we have continued to invest in their development and to equip them with the skills to support and enhance the experience for our owner-customers when they access the organisation.

Community

We are part of the community and the community is part of us. We have continued to invest in our community development program by supporting not-for-profit organisations through the provision of targeted banking services that enable them to continue the critical work they do in strengthening our communities. At the end of the financial year, our community banking portfolio had grown to $146.5m. Over the 2014/15 financial year we provided $2.14m in support to various community organisations across the country through the Beyond Bank Foundation and our various community activities including sponsorships, fundraising events, donations and advocacy programs.

Distribution Network

The changing access preferences of our customers has led the bank to invest significantly into enhancing existing channels as well as investing in new forms of access options. Our access network is under constant review as a consequence of the speed of technological change. Over the year we have transitioned a number of branches to a new service model, introduced an upgraded and enhanced Internet banking platform, installed a personal financial management tool to assist members with the management of their financial affairs, and updated our web site to assist members in navigating through information on the site. We have also introduced an enhanced approach to on-boarding new members through our digital channel. Acknowledging the growth in social media as a means of conversing, we introduced enhancements to our social media approach and also introduced a live chat facility that facilitated 4,500 customer interactions directly via this channel.

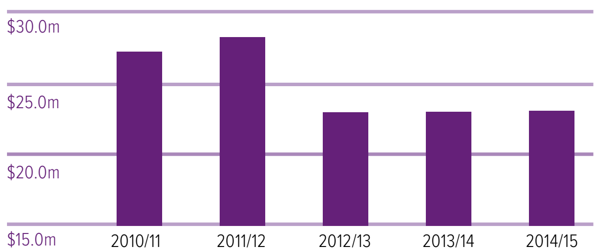
As evidence of the increasing level of interaction our owners are having with their bank and the willingness to use new digital channels, we recorded increases in a number of key areas, including a 42% increase in usage of mobile app technology (iPhone, iPad and Android) and a 16% increase in the number of customers registered for Internet banking.

Product Development

During the financial year we introduced new products to our range that add further value and choice for our customers. Our paid home loan package offers a tremendous choice of features and adds to our range of 5-star rated products in this category. Our low rate credit card product with balance transfer features enables members to switch from high rate credit cards issued by other providers. To support our community partner program we introduced a unique community partner Visa Debit card. Following demand from customers we developed an international online funds transfer facility to assist in overseas funds remittances.

Report from the Chair and CEO

Beyond Bank Australia Profitability



Creating and Returning Value

The core purpose of Beyond Bank is to deliver sustainable and tangible value to our owner-customers. We do this through the features and benefits attached to our products, the financial value we provide through interest rates and fees, and the manner in which our people assist and support members in their interactions with the bank across the country.

We continued to deliver our packaged offering to customers in the form of Life Member and Pinnacle packages. We rank our product offerings against the competition using an independent agency, Canstar, with all of our core products positioned in the top five when weighted on features and interest rates.

As a measurement of the effectiveness of our customer-first philosophy, this year we achieved a customer satisfaction level of 95.6%. Furthermore, the value that Beyond Bank returns to customers continues to rise, with an analysis by Canstar in 2015 reporting a value of $165 per member, an increase of 2.3% on last year. That's a total value of $31.8m that our customers are better off by banking with us.

Looking Ahead

We know the financial service environment is challenging and we do not see this changing in the foreseeable future. It is influenced by ever-changing technology, a competitive marketplace and a more cautious consumer. However, we remain confident that Beyond Bank is well placed to meet the challenges ahead.

Our approach to business has not changed over the years. It is about recognising opportunities, diversifying into different markets, ensuring we have the right people, enriching the communities in which we operate with meaningful partnerships and investing in technology necessary to support our growth.

We will continue to substantiate our position as the other way to bank driven by a commitment to putting our customer-owners first. We embrace the year ahead with enthusiasm, a year that promises opportunities and exciting times with our owners – the customers who choose to bank with us.

Beyond Bank Australia Foundation

The Beyond Bank Australia Foundation is the charitable arm of our business that is committed to strengthening the fabric of local communities in the areas where the bank operates. Combined with the community program activities, we have made significant inroads to help strengthen, support and grow many community organisations and causes.

A major initiative from the Foundation during 2014/15 was the launch of the Community Entrepreneur Program. The program offers new business grants to support people and businesses that are looking to create good outcomes that benefit the local community. The Foundation will provide $900,000 to budding entrepreneurs over the next five years.

Our Foundation was also there when times were tough. In April 2015 when a natural disaster hit the Newcastle & Hunter Region and we knew many of our staff and customers had been affected, we had to act and show our support. The Foundation teamed up with St Vincent de Paul, kick-starting the appeal with $50,000 and launching the Hunter Natural Disaster Appeal to raise money to help people affected by the flooding and storms. In January 2015 the Adelaide bush fires destroyed property and livestock and the bank set up an appeal that raised more than $30,000 to assist those persons and communities affected.

Peer Recognition

It has been a busy and productive year for Beyond Bank. We have introduced new products, enhanced our digital capacity, introduced new access channels and further developed our social media capacity. Our financial performance has been solid amidst a challenging economic environment.

The effort over the year has not gone unnoticed. Our bank has been recognised by its peers with a number of awards being bestowed on it. A proud achievement for the bank was the receipt of the Australian Banking and Finance Mutual of the Year award. The key criteria for the award included demonstrating a sense of community while at the same time delivering sound financials and a good range of products and services.

We were delighted to be recognised by our industry for our online innovation through the receipt of the Canstar award for the Customer-Owned Online Bank of the Year, and Money Magazine rating our website third best in Australia in the Banking Website of the Year award, acknowledging our website for its functionality, responsiveness and user experience. We were also awarded the Mutual of the Year First Home Buyers Award SA & WA, recognising our offerings in the first home owner market. These awards are a result of the team effort that all of our staff and customers give to help make Beyond Bank a true alternative to the main stream banks.

Anne O'Donnell
Chair

Robert Keogh
Chief Executive Officer

Board of Directors

ANNE MAREE O'DONNELL
CHAIR

Anne joined the Beyond Bank Australia Board in 2006 and was appointed Deputy Chair in 2010 and Chair in 2013. She was formerly a Director of CPS Credit Union Co-operative (ACT) Limited. She is a professional Non-Executive Director and her current directorships include Equity Trustees Ltd, The Australian Institute of Company Directors and the Winston Churchill Memorial Trust. She is also a member of the Compliance Committee of UBS Global Asset Management (Australia) Ltd and the Audit and Evaluation Committee of IP Australia. Anne has extensive experience in the ADI and Funds Management sectors. Her past executive roles include nine years as the Chief Executive Officer of Australian Ethical Investment Ltd and some 20 years with the ANZ Banking Group Ltd. Anne holds a Master of Business Administration degree and a Bachelor of Arts, Banking and Finance degree. She is a Senior Fellow of the Financial Services Institute of Australasia, a Fellow of the Australian Institute of Company Directors and a member of the Australasian Mutuals Institute. Anne is a Director of Eastwoods Group Limited, Eastwoods Wealth Management Pty Ltd and Eastwoods Accounting and Taxation Pty Ltd. Anne is also a member of the Board Governance and Remuneration Committee.

STEVEN NOLIS
DEPUTY CHAIR

Steve was elected as a Director of Beyond Bank Australia in 2009 and was appointed Deputy Chair in 2013. Steve has significant banking and finance industry experience, having worked for the Reserve Bank of Australia for 14 years and at Community CPS Credit Union (SA) Limited for five years. In addition to this, he has Senior Management experience at a state and national level across both commercial and government sectors. His range of expertise includes operations management, change management, human resources, strategic planning, marketing, finance and business development. Steve is currently the General Manager at law firm Duncan Basheer Hannon. His tertiary qualifications include a Graduate Certificate of Management and a Master of Business Administration (MBA) attained through the University of South Australia. He has also completed studies through the Business in China Intensive School, Shanghai, China. Steve is Chair of the Board Governance and Remuneration Committee and the Nomination Committee.

SANDRA DELL ANDERSEN
DIRECTOR

Sandra (Sam) was appointed to the Beyond Bank Australia Board in November 2013. She has more than 18 years' experience in the finance sector and 10 years' experience as an executive in the technology and health services industries. She is an experienced executive and Non-Executive Director in the listed, unlisted and government sectors and is currently a Non-Executive Director of Victrack, Anteo Diagnostics Limited and Australian Hearing Services, Chair of the Audit & Risk Management Committee of the Department of Premier & Cabinet Victoria and a Trustee and Chair of the Finance and Audit Committee of the Melbourne Convention and Exhibition Trust. Sam is a former managing director of Eyecare Partners Limited, and a former Chief Financial Officer of listed technology companies. Other past directorships include Rural Finance Corporation, Victorian Funds Management Corporation and Superpartners Pty Ltd. Sam has a Bachelor of Laws and is a Certified Practicing Accountant. She is a fellow of the Financial Services Institute of Australia and the Australian Institute of Company Directors and a member of the Australasian Mutuals Institute. Sam is the Chair of the Board Risk Committee and a Member of the Board Audit Committee.

STEVEN ARNDT
DIRECTOR

Steven was appointed to the Beyond Bank Australia Board in July 2013. He was appointed to the Board of Alliance One Credit Union in 2008 and appointed Chairman in 2011. Steve has considerable experience in regional economic development where he was CEO of the Whyalla Economic Development Board for five years, focusing on investment attraction, skills and small business development. Currently, Steve is employed by a major mineral resources company in the role of Lead Government and Indigenous Relations and has previously held the role of Lecturer in Business at the University of South Australia. Steve has a Bachelor of Accountancy and a Masters in Administrative Studies and is currently a Board Member of Global Maintenance USG. Steve is a Director of Beyond Bank Australia Foundation Limited and a member of the Board Risk Committee.

Board of Directors

DEBRA LYN GOODIN
DIRECTOR
(Resigned effective 1 September 2015)

Debra (Debbie) was appointed to the Beyond Bank Australia Board in 2011. She is a professional Non-Executive Director holding a number of director roles and also provides consultancy services through her own management consultancy business. Debra has held senior executive and leadership positions in operations, finance, project delivery, operational risk and general administration in both the private and public sectors. Debra was the global Chief Operating Officer, Acting Chief Financial Officer and Head of Mergers and Acquisitions of an ASX300 company as well as Chief Operating Officer of subsidiary companies of an ASX100 company. Debra has a strong finance background as a Chartered Accountant and has held senior finance executive and CFO roles. In addition to being a Chartered Accountant, Debra has a Bachelor of Economics degree from the University of Adelaide and is a qualified insolvency practitioner. Debra is a Director of Eastwoods Group Limited, Eastwoods Wealth Management Pty Ltd and Eastwoods Accounting and Taxation Pty Ltd. She is the Chair of the Board Audit Committee and member of the Board Governance and Remuneration Committee

GEOFFREY JAMES KNUCKEY
DIRECTOR

Geoff was appointed to the Beyond Bank Australia Board in July 2012. He had a 32 year career with accounting firm Ernst & Young and retired as a partner in December 2009. He was partner in charge of EY's Audit and Assurance group from 2003 until 2008 and was Canberra Office Managing Partner from 2003 to 2006. Geoff's career included specialising in financial statements auditing of entities of all sizes across all types of industries including the financial services sector. His role also included advising in internal audit, corporate governance, risk management and financial statements auditing and reporting. Since 2010, Geoff has specialised in Board Non-Executive Director and Audit Committee positions in the private and public sectors. He is currently Chairman or Non-Executive Director of five private sector companies and is also Chair or Independent Member of the Audit and Risk Committees for a number of government departments. His particular skills are in financial auditing, reporting and analysis, risk management, corporate governance and internal audit. Geoff is a Fellow of the Institute of Chartered Accountants in Australia and has been a Registered Company Auditor since 1995. He is a Graduate Member of the Australian Institute of Company Directors and a member of the Institute of Internal Auditors. He holds a Bachelor of Economics from ANU. Geoff is Chair of Eastwoods Group Limited, a Director of Eastwoods Wealth Management Pty Ltd and Eastwoods Accounting and Taxation Pty Ltd. He is a member of the Board Audit Committee.

JODIE LEE LEONARD
DIRECTOR

Jodie was appointed to the Beyond Bank Australia Board in April 2013. She is a professional Non-Executive Director holding a number of director roles and provides counsultancy services through her own management consultancy business. Jodie has over 25 years' experience in senior marketing and strategy roles across multiple industries including finance, media, travel, telecommunications and packaged goods. She has worked in blue chip organisations including General Electric, the Nine Network, British Airways, Telstra, Colgate Palmolive and Unilever, working across Australia, New York, Asia and the United Kingdom. She has a Bachelor of Business degree from the University of Western Sydney, with a Major in Marketing, she is a Graduate of the Australian Institute of Company Directors and is a CPM - Certified Practising Marketer. Jodie is Chair of the Beyond Bank Australia Foundation Limited Board and is a member of the Board Risk Committee.

HEATHER LOUISE WEBSTER
DIRECTOR

Heather has served on the Beyond Bank Australia (formerly CPS Credit Union (SA) Limited) Board since 2003. Heather has a Master of Business Administration, degrees in Science and Librarianship, is a Fellow of the Australian Institute of Company Directors and a Councillor for South Australia. After a long career in Passenger Transport and CSIRO, Heather now has a small family wine business. This gives her strong insights into the challenges faced by small business. Heather serves on several state grape and wine industry bodies and chairs Langhorne Creek Grape and Wine. She works for a number of not-for-profit organisations especially in regional development and the disability sector. Heather is a Director of Beyond Bank Australia Foundation Limited, a member of the Board Risk Committee and is committed to using her diverse and extensive experience to deliver value for customers and their communities.

As a customer-owned organisation Beyond Bank is committed to finding long term and sustainable solutions to social and environmental problems.

We are committed to using our business as a force for good and finding new ways to empower our people, support our customers and preserve the natural environment.

Through collaboration, transparency and innovation we aim to develop unprecedented community & environmental programs that return real value to our society and the organisation.

Achievements 2015

Beyond Bank partners with thousands of community organisations across Australia, covering a wide variety of interests and causes including charities, sporting clubs, arts, leisure, the environment, education and many more.

We aim to 'create more good together' with these groups through partnerships which range from providing no/low cost banking services, supporting and promoting their events and activities, investing in projects and working alongside them to help them do what they do best.

Highlights in 2015 include investing more than $2.14m in our Community Development Program which brings our total investments since 2007 to more than $12.4m.

Our commitment to supporting volunteering in our communities has continued through our partnerships and support of Volunteering Australia, Volunteering SA/NT, Volunteering ACT, Volunteering WA and the Hunter Volunteer Centre.

Community investment

$2.14m in 2014/15

$12.4m since 2007

Community

29% Community Reward Bonus Payments up 29%

70% Community Sector Portfolio Balances up 70%

Launched

15,000 NEW customers

Launch of salary packaging products and services for eligible community sector employees in partnership with CBB.

2015 Community Impact Highlights

- Supporter of 2015 National Volunteers Week, International Volunteers Day, IAVE International Volunteering Conference (Gold Coast) and 'Cheers for Volunteers' campaign to recognise and reward volunteers
- Our 19th consecutive year as a major supporter of the Credit Union Christmas Pageant in Adelaide
- Partner of the new Adelaide Women's and Children's Hospital Foundation Team Kids Easter Appeal which raised more than $2.3m
- Partner of the Power Community Ltd's 'Empowering Youth' Program which has been delivered to thousands of students in schools across South Australia
- Partner of Boundless Canberra, developing an all abilities playground in our nation's capital
- Partner of Phoenix Society's successful fundraising project to install much needed heating for staff at their Whyalla property
- Partner of the MS 'Night Ride' in Perth which raised thousands of dollars for Multiple Sclerosis
- Partner of Cancer Council NSW Relay For Life events at five locations across the Hunter Valley
- Partner of Sunflower House's fundraising campaign for a new kitchen in Wagga Wagga

Focus Areas

SOCIAL	ENVIRONMENT
Sustainability Program	Beyond Bank's Energy Management Reduction Plan
Volunteering Program	Building Partnerships
Financial Education Program	Waste Management Plan
Community Partnerships	2014/15 Greenhouse Gas & Energy Report
Community Development Grants & Sponsorships	Environmental Reporting Data Warehouse

Sustainability Program

Beyond Bank commenced a new Sustainability Program in 2014, incorporating a significant commitment to the key principles of sustainability. With dedicated resources, the program is responsible for reducing the impact our operations have on the natural environment and identifying ways to empower our staff, customers & partners to live and operate as sustainably as possible.

Sustainability Scorecard

KEY RESULT AREA	COMMUNITY CONTRIBUTION	CUSTOMERS	ECONOMIC	PEOPLE	GOVERNANCE
Measure	% of NPAT	Satisfaction %	Profitability (Return on Equity)	Turnover	Compliance
Target	5% of NPAT	90% - 95%	10% - 11%	<17%	No Major Breaches
2013/14	7.7%	95.9%	6.84%	10.22%	One Major Breach (resolved)
2014/15	9.4%	95.5%	6.20%	10.6%	Two Major Breaches (resolved)

Foundation Board

The Directors of the Beyond Bank Foundation Board include Jodie Leonard (Chair), Heather Webster, Steven Arndt & Robert Keogh.

The Foundation Board has been focused on addressing the challenge of unemployment in our regions via the introduction of a new Community Entrepreneur Program launched in 2014. The program issues grants of up to $20,000 for initiatives that deliver economic and employments benefits for their local region.

The program has been strongly supported with a high number of high quality applications received across Adelaide, Northern South Australia, Canberra, Perth, Hunter Valley and Wagga Wagga regions.

Recipients of Entrepreneur Program grants include:

- The Andamooka Yacht Club was our first grant recipient and is Andamooka's creative community hub, hosting the town's cafe, gallery and tourist information point. The AYC not only offer visitors a good cup of coffee but also showcases the work of artists and metal-smiths featuring the town's famous opal. The space also supports the town's social network through organised events and workshops.
- Majoran is a not-for-profit shared workspace, creating a coworking community for the tech and creative freelancer communities and startups in Adelaide. A thriving business in their own right, Majoran has also seen a high number of success stories from entrepreneurs who have been housed on their premises.
- Coolamon Cheese, a father and son team opening a new cheese business and community tourist attraction in Wagga Wagga. The project has received support from the community through a crowdfunding campaign that has shown just how many people are behind this business which promises to be a significant force when it opens in late 2015.
- Wagga Working Spaces, Wagga Wagga's first shared workspace. Coworking spaces are critical to developing and supporting local entrepreneur eco-systems and this business has already made great strides in its first few months. The brain child of entrepreneur Simone Eyles, Wagga Working Spaces has already received recognition for bringing people together and creating new opportunities for the local region.
- Epic Delivery is a brand new service, exclusive to Perth, that allows people to have anything they want from nearby merchants, delivered in under an hour. It's a super-fast, affordable and convenient delivery service like no other. With hundreds of people already registered as drivers, this disruptive business seems destined for success.
- HiveUAV, a Hunter Valley based business combines UAV's (drones) and automated docking stations to help agriculture, industry and emergency services monitor remote locations from the air. Overcoming the problem of short flight times due to manual battery changes, their technology uses a mobile docking station or 'Hive' to re-charge wirelessly.

The Foundation also issues grants and sets up fundraising campaigns to support people in our community impacted by natural disasters. During 2014/15 campaigns were run for the Sampson Flat Bushfires in Adelaide during January 2015 and the terrible storms in the Hunter Valley during April 2015.

The combined grants and fundraising resulted in donations to the CFS Foundation in SA for more than $30,000 and to St Vincent de Paul in the Hunter of more than $50,000.

2015 Hunter Valley Storms, image courtesy of the Maitland Mercury.

1. Corporate Governance at Beyond Bank Australia (BBA)

Good governance is directly related to behaviour and relationships, it is concerned with embedded values, and about the integrity with which boards and management go about their business.

The BBA Board ("the Board") is committed to the highest level of corporate governance and therefore to a high standard of ethical conduct.

It recognises that, by behaving ethically, it sets the standard for the whole of BBA. The Board strongly believes that all the correct oversight structures of an independent Board and corporate governance charter cannot compensate for the lack of an ethical corporate culture. It is the values, approach and attitude of each Director that is the vital 'ingredient'. BBA also strongly believes that, by operating ethically, it is well placed to also be a good corporate citizen.

2. Members

The core purpose of BBA is to create and return value to its members through financial and community partnerships.

BBA is a mutual organisation which means that the members own BBA. Members, in their capacity as owners, may participate and vote at a general meeting and in a ballot to appoint Directors by election. The Board recognises that, for members to participate in these events in an informed manner, they must be provided with relevant and useful information which is clear and concise. Members can obtain information from the BBA website which is updated on a regular basis.

3. Board of Directors

3.1 Role and Responsibilities

The role of the Board is to provide strategic guidance for BBA and its controlled entities (BBA Group) and effective oversight of management. The Board is accountable to the members of BBA for the performance of the BBA Group's businesses. In performing its role, the Board aspires to excellence in governance standards.

The role, powers and responsibilities of the Board are formalised in the Board Charter, which defines the matters that are reserved for the Board and its Committees, and those that are the responsibility of the Chief Executive Officer ("CEO") and management.

To enable effective execution of their responsibilities, each Director must maintain a clear understanding of opportunities and threats in the operating environment and an appreciation of BBA's strategies and activities. Ensuring strategic and operational objectives are met requires the Board and executive management to maintain effective communication, with a healthy exchange of ideas and opinions. The Board also ensures that BBA adheres to good corporate practice, which is essential for the BBA Group to carry out its business activities and meet the objectives of all members, employees and regulators.

Beyond these matters, the Board has delegated all authority to achieve BBA's strategic goals to the CEO who is authorised to take all decisions and actions which, in the CEO's judgement are appropriate having regard to the limits delegated by the Board. The CEO remains accountable to the Board for the authority that is delegated and for the performance of the BBA Group. The Board closely monitors the decisions and actions of the CEO and the performance of the BBA Group to gain assurance that progress is being made towards the strategic goals. The Board also monitors the performance of the BBA Group through various Board committees.

As set out in the Board Charter, the Board is responsible for:

OVERSIGHT	GOVERNANCE	RISK AND REPORTING
Strategy - Approving the strategic direction of the BBA Group and significant corporate strategic initiatives.	**Corporate governance -** Monitoring the effectiveness of the BBA governance framework and that BBA conducts its affairs with a high degree of integrity.	**Performance monitoring -** Approving the BBA Group's annual budget, targets and financial statements, and monitoring financial performance against budget, forecast and targets.
Leadership selection – appointing and evaluating the performance of the CEO and appointing a Company Secretary.	**Board performance and composition -** evaluating the performance of the Board and determining its size and composition.	**Risk management -** Monitoring the effectiveness of risk management by the BBA Group, including satisfying itself through appropriate reporting and oversight that appropriate internal control mechanisms are in place and are being implemented.
Succession and remuneration planning - reviewing the succession planning for the CEO position and approving the remuneration policy and the remuneration of the CEO and the CEO's direct reports.		**Compliance -** Ensuring that BBA defines, adopts and maintains comprehensive and reliable business and management systems to ensure that BBA is aware of and complies with its obligations under applicable laws and codes.

The CEO is required to attend all Board meetings and in a spirit of openness and trust to:

- keep the Board informed of all market place developments that may affect the business strategies of BBA, and other financial institutions;
- bring to the Board's attention opportunities that will enhance BBA's business strategies and outcomes;
- regularly report to the Board on progress towards achieving the strategic goals;
- report to the Board any occurrences of material internal control or compliance failures; and
- have knowledge of and review detailed figures, contracts and other information about BBA's affairs and financial position and summarise such information for the Board where appropriate.

3.2 Composition

To enable the Board to fulfil its role, it is necessary to have a well-structured Board with the appropriate skills set. In order to achieve this requirement, the BBA Board is comprised of appointed and member elected Directors. The Board currently has eight elected Directors, and all are Non-Executive Directors.

Director	Year Elected/ Appointed to Board	Year Last Elected by Ballot
Sandra Andersen	2013	2014
Steven Arndt	2013	Deemed to be an elected director as part of the 2013 merger process with Alliance One Credit Union Limited
Debra Goodin	2011	2014 (resigned effective 1 September 2015)
Geoffrey Knuckey	2012	2013
Jodie Leonard	2013	2014
Steven Nolis (Deputy Chair)	2009	2013
Anne O'Donnell (Chair)	2006	2012
Heather Webster	2003	2013

Details for each of the Directors is provided on pages 6-9.

3.3 Tenure

Elected Directors are appointed by members for a term of three years. An elected Director is not eligible to be re-elected if at the time of his or her re-election his or her cumulative period in office would be nine years or more from the time he or she was first elected, re-elected, or appointed after 1 July 2007.

Directors receive a formal letter of appointment setting out the key terms, conditions and expectations of their appointment.

3.4 Commitment

The Board normally meets at least ten times per year with Board meetings being held in Adelaide. Additional meetings are held as required. In addition to Board duties, Directors serve on Board committees, committees established by the Board and on Boards of controlled entities. Refer to page 19 for committee details and meeting attendance.

3.5 Independence

All BBA Directors are independent of management and free of any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgement. To reinforce that independence, BBA policy permits any Director to seek independent professional or legal advice to assist with matters before the Board, and may receive financial support from BBA to do so.

The Nomination Committee assesses the independence of Directors and all Directors satisfy the definition of independence as per Prudential Standard CPS 510 Governance. The Board maintains an Independence of Directors' policy which is consistent with the requirements of CPS 510.

3.6 Attributes

BBA is diligent in ensuring that Directors are fit and proper persons to govern the BBA Group. All BBA Directors meet the standards required to act as a Director. With respect to the appointment and election of Directors the BBA Constitution requires the Board to establish and maintain a Nomination Committee. This committee must assess each person who is nominated as a candidate for an elected Director or who is a retiring elected Director standing for re- election and provide a report to the Board of its assessment of each person. In this way, BBA members can have greater confidence that all candidates for a Directors' election are able to competently act on their behalf as a Director of their Bank.

3.7 Board Performance

The Board has implemented an annual performance evaluation process to assess the Board's performance and the performance of individual directors with a view of maintaining and improving the quality of its governance, boardroom discussions and decision-making. Part of this process is to ensure that the Board and its committees maintain an appropriate level of skills, experience and expertise.

Corporate Governance

4. Board Committees and Committees established by the Board

In addition to providing general governance through Board meetings, Directors are involved in providing specific guidance or assisting the Board through the operation of three standing Board Committees and one committee established by the Board. In accordance with the BBA Constitution, the Board may establish one or more committees consisting of such number of Directors as it considers appropriate.

Committees are structured to ensure they have the qualifications and experience to execute their responsibilities. With the exception of the Nomination Committee, membership of each committee comprises appropriate Directors plus, by invitation, the CEO attends committee meetings. At least two members of the Nomination Committee must be persons who are independent of BBA. Other executive officers may attend Board and Board committee meetings by invitation. Executive management attendance promotes effective communications and governance, plus it provides contemporary banking and finance industry experience to complement Directors' broader perspectives.

4.1 Board Audit Committee

4.1.1 Role

The role of the Committee is to:

- assist the Board in discharging its corporate governance oversight responsibilities by providing an objective non-executive review of the effectiveness of the BBA Group's financial reporting process, external audit, internal audit function and the appointment of the BBA Group's external and internal auditors;
- maintain and improve the quality, credibility and objectivity of the financial accountability process (including financial reporting on a consolidated basis); and
- help maintain effective internal and external audit functions and communication between the Board and the external and internal auditors as well as other Board Committees.

4.1.2 Expertise

Members of the Committee have substantial experience as company directors. The committee members:

- are qualified accountants;
- experience includes the technology industry, management consultancy, financial management and audit; and
- maintain the currency of their knowledge through membership of professional bodies.

4.1.3 Composition

The members of the Committee during the year were:

Chair
D L Goodin

Members
G J Knuckey
S D Andersen

4.2 Board Governance and Remuneration Committee

4.2.1 Role

The role of the Committee is to:

- assist the Board to discharge its responsibility to ensure good corporate governance within the BBA Group ('Group'); and
- undertake the duties of a board remuneration committee as required by Prudential Standard CPS 510 Governance (which excludes remuneration paid to non-executive directors).

4.2.2 Expertise

Members of this committee bring experience in fields as diverse as management consultancy, financial management, human resource management, and senior executive experience in diverse industries. All three committee members hold graduate qualifications and there is considerable experience in company directorship.

4.2.3 Composition

The members of the Committee during the year were:

Chair
S Nolis

Members
A M O'Donnell
D L Goodin

4.3 Board Risk Committee

4.3.1 Role

The role of the Committee is to assist the Board in discharging its responsibilities in relation to the management of risk within the BBA Group ('Group') by providing an objective non-executive oversight of the implementation and operation of the institution's risk management framework.

4.3.2 Expertise

This committee is well qualified to perform these duties. In addition to graduate qualifications in a range of disciplines one committee member holds post-graduate business qualifications. Between committee members there is considerable executive experience in diverse industries.

4.3.3 Composition

The members of the Committee during the year were:

Chair
S D Andersen

Members
H L Webster
S C Arndt
J L Leonard (from 16 December)

4.4 Nomination Committee (Committee established by the Board)

4.4.1 Role

The role of the Committee is to:

- assess each person who is nominated as a candidate for a Directors' election, or who is a retiring elected Director standing for re-election and provide a report to the Board of its assessment of each person; and
- on an annual basis seek information and advice as considered appropriate and based on the analysis of the information and consideration of the advice make a recommendation to the Board on the levels of remuneration for the Board and Board committees.

4.4.2 Expertise

This committee is well qualified to fulfil its purpose.

Members of this committee bring experience in fields as diverse as human resource management, business development, corporate governance, and management consulting.

Between committee members there is substantial experience at senior management level.

4.4.3 Composition

The members of the Committee during the year were:

Members – Directors
A M O'Donnell (to 16 December)
S Nolis (from 16 December)

Independent Persons
J Jeffreys
C Stewart

5. Other Board Duties

The following Directors and officers of BBA are also Directors of the named controlled entities:

Beyond Bank Australia Foundation Limited
S C Arndt
R O Keogh
J L Leonard
H L Webster

Eastwoods Group Ltd
D L Goodin
G J Knuckey
A M O'Donnell

Eastwoods Wealth Management Pty Ltd
G J Knuckey
D L Goodin
A M O'Donnell

Eastwoods Accounting and Taxation Pty Ltd
G J Knuckey
D L Goodin
A M O'Donnell

Beyond Employee Benevolent Fund Pty Ltd
R O Keogh
W J Matters
K M Stocco

Community CPS Services Pty Ltd
R O Keogh
W J Matters

6. Group Risk Management Policy

BBA is committed to robust risk management.

BBA's Group risk management policy recognises that BBA has a number of controlled entities. For the purposes of risk management, all controlled entities within the BBA Group are covered by and must adhere to BBA's risk management policies. The management of risk on a whole-of-group basis mitigates contagion risk.

Common directorships amongst BBA Group companies and the management structure of the BBA Group ensure that the risks associated with the existing operations and any new developments of the individual entities are evaluated and managed with a view to minimising the risk exposure of the BBA Group and BBA.

On an annual basis the Board makes a risk management declaration to APRA which is signed by the Chair of the Board and the Chair of the Board Risk Committee.

Corporate Governance

7. Conflicts of Interest

BBA maintains a Conflicts of Interest policy, and the purpose of this policy is to ensure that:

- an executive officer who has a material personal interest in the subject matter of a Board submission declares that interest via an appropriate notation in the submission so that the Board is fully aware of the interest; and
- Directors comply with their legal obligations to disclose any material personal interests that they have in a matter that relates to the affairs of BBA and its controlled entities.

8. Ethical Standards

The Board plays a key role in upholding the core values of mutual organisations and promoting high standards of corporate and business ethics. BBA's policy is that its Directors and staff maintain the highest ethical standards in line with the BBA code of conduct. BBA also adheres to the Mutual Banking Code of Practice.

9. Remuneration of Directors and Executives

It is BBA policy that each Director and executive officer position be remunerated at a level that is appropriate to the role and its responsibilities, with the objective of attracting and retaining good quality people who will maintain BBA's viability and development. All remuneration is provided by way of salary or salary-sacrifice package components, with no equity-based benefits.

Remuneration for Directors is assessed annually by the Nomination Committee and may include reference to industry benchmarking information, external consultants and Consumer Price Index ('CPI') increases. No component of any Director's remuneration is related to the performance of BBA and, other than statutory superannuation contributions, there are no schemes for Directors' retirement benefits.

Executive officers remuneration is based on:

- the work value of the role, comprising requirements for expertise and judgement plus the degree of accountability; and
- fair market levels, based on information provided by professional remuneration consultants.

Directors receive a base fee. A loading is paid to those Directors who occupied additional roles (eg. Chair of a Committee or Chair of the Board) in recognition of the regular additional workload involved in performing those roles.

10. Directors' Development and Education

The Board is conscious of its obligations to regulators and members and is committed to ongoing training and attendance at relevant conferences and seminars. Only by continuing to keep abreast of issues that have an impact on the business can the Board fulfil its responsibilities.

11. Performance Development

The Board undertakes an annual assessment of its conduct and performance and each Director also partakes in a peer review assessment process. Annual professional development plans are developed and agreed so that Directors continue to meet the high expectations of members and regulators.

12. Communication to members

The Board aims to keep members informed so they can assess the performance of Directors, management and BBA and provides:

- an annual report which is available to members in hard copy upon request and is accessible on the BBA website; and
- information at the Annual General Meeting ('AGM') or any other general meetings.

Directors' Report

The Directors submit their report together with the financial statements of Community CPS Australia Limited (the Company) trading as Beyond Bank Australia and the Consolidated Entity comprising the Company and its subsidiaries and the Group's interest in associates for the financial year ended 30 June 2015, the Independent Audit Report thereon and the Auditor's Independence Declaration. The financial statements have been prepared in accordance with the requirements of the Corporations Act, 2001.

Directors

Individual Director's details are set out on pages 6-9.

Company Secretaries

Gianni Milani has substantial finance industry experience. Gianni holds a Bachelor of Arts in Accounting, a Master of Business Administration and a Graduate Diploma in Applied Corporate Governance. He is a Fellow Certified Practicing Accountant, an Associate Member of the Governance Institute of Australia and a Chartered Secretary being an Associate of the Institute of Chartered Secretaries and Administrators.

Ross Norgate has over 38 years experience in financial institutions. Ross is a Fellow Certified Practicing Accountant and holds a First Class Honours degree in Accounting, Finance and Systems.

Principal activities

The principal activities of the Company and the activities within the Consolidated Entity in the course of the financial year were to provide financial services to members and this remained unchanged.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Consolidated Entity that occurred during the financial year not otherwise disclosed in the financial statements of the Consolidated Entity.

Review of operations

The Consolidated Entity had a successful year in providing financial services to members. Loans under management grew by 5.2% and deposits from members grew 3.9% which, together with securitisation activities, provided the majority of the funding for loan growth.

Net profit for the period (after tax) was $22.8m, a decrease of 0.8% when compared with last year's profit after tax, and reflects the low interest rate environment currently in Australia and the upfront investment in strategic projects during the period.

A reconciliation of reported profit to unaudited underlying profit is set out in Table 1a below.

Dividends

The Company acquired D Class preference shares from United Credit Union through its merger with that company in 2008/09. During the year dividends of $29,407 were paid for the D Class shares.

Significant events after the balance date

No matters or circumstances have arisen since the end of the financial year which have significantly affected, or may significantly affect, the operations of the consolidated entity in the financial year ending after 30 June 2015.

Table 1a – Consolidated Underlying Earnings 2015	Before Tax $'000	Tax $'000	After Tax $'000
Per Statement of Comprehensive Income	31,712	8,905	22,807
+/- Fair value adjustment on interest rate swaps	68	20	48
Transformational business costs	1,090	327	763
Restructuring costs	1,211	364	847
Share of net profit of associate	14	4	10
Bonus income from alliance partner	-1,206	-362	-844
Consolidated Entity Underlying Profit	32,889	9,258	23,631

Table 1b – Consolidated Underlying Earnings 2014			
Per Statement of Comprehensive Income (IFRS)	32,237	9,250	22,987
+/- Fair value adjustment on interest rate swaps	-69	-2	-67
Discontinued operation*	530	-146	676
Merger costs for A1	1,105	332	773
Share of net profit of associates	-449	-135	-314
Bonus income from alliance partner	-663	-199	-464
Consolidated Entity Underlying Profit (non-IFRS)	32,691	9,100	23,591

*Discontinuation of Tax & Accounting

Directors' Report

Likely developments

The Company and Consolidated Entity will continue to create and return value to members through the provision of financial services to members and other Group clients. Further information about likely developments in the operations of the Consolidated Entity and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Consolidated Entity.

Indemnification and insurance of officers

During the year, the Company paid an insurance premium to insure officers of the Company and its controlled entities against liability for losses arising from any claim for civil or criminal proceedings in their capacity as an officer of the entities. The contract also covers officers of the wholly owned controlled entities.

Disclosure of the amount of insurance premium payable under, and a summary of the nature of liabilities covered by, the insurance contract is prohibited by a confidentiality clause in the contract.

The Company has not otherwise, during the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Directors' meetings

The names of Directors holding office as at the date of this report and during the year, and attendance at Board and Board Committee meetings held are set out in Table 2. Where non-attendance at meetings was recorded, apologies were received or leave of absence was granted in most instances.

Rounding off

The amounts contained in this report and in the financial statements have been rounded off to the nearest thousand dollars (unless otherwise stated) in accordance with Class Order 98/100 issued by Australian Securities and Investment Commission as the Company has total assets greater than $10m.

Auditor's Independence Declaration

The auditor's independence declaration is included on page 20.

Board committees

In addition to providing general governance through Board meetings, directors are involved in providing specific guidance through the operation of three standing Board committees. Committees are structured to ensure they have the qualifications and experience to execute their responsibilities. Membership of each committee comprises at least three directors. The Chief Executive Officer attends all Board committee meetings. Details of Board committees are contained in the Corporate Governance Statement on pages 13-17.

Public disclosure of prudential information

Prudential Standard APS 330 Public Disclosure requires the Company and Consolidated Entity to meet minimum requirements for the public disclosure of information on their risk profile, risk management, capital adequacy, capital instruments and remuneration practices to contribute to the transparency of financial markets and to enhance market discipline. This information is published on the Consolidated Entity's public website at www.beyondbank.com.au/about-us/disclosures/our-commitment.html

Signed in Adelaide this 31st day of August 2015, in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

Anne O'Donnell
Chair

Debra Goodin
Director

Table 2	Board Meetings		Board Committee Meetings	
Directors	Eligible to Attend	Meetings Attended	Eligible to Attend	Meetings Attended
Sandra Dell Andersen	11	10	10	8
Steven Craig Arndt	11	8	5	5
Debra Lyn Goodin	11	10	10	9
Geoffrey James Knuckey	11	11	5	5
Jodie Lee Leonard	11	11	2	2
Steven Nolis	11	10	5	5
Anne Maree O'Donnell	11	11	5	5
Heather Louise Webster	11	11	5	4

Auditor's Independence Declaration and Directors' Declaration

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the Directors of Community CPS Australia Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015 there have been:

(i) no contraventions of the auditor independence requirements as set out in 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.

KPMG

KPMG

Darren Ball
Partner

Adelaide
31 August 2015

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

Community CPS Australia Limited
Directors' Declaration
For the year ended 30 June 2015

In the opinion of the directors of Community CPS Australia Limited (the "Company"):

a) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(b) the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Australian Accounting Standards, the Corporations Regulations 2001, International Financial Reporting Standards (as disclosed in Note 1a) and giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2015 and their performance for the financial year ended on that date.

Signed this 31st day of August 2015, in accordance with a resolution of the Directors, made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors.

Anne O'Donnell
Chair

Debra Goodin
Director

Independent Audit Report

Independent auditor's report to the members of Community CPS Australia Limited

We have audited the accompanying financial report of Community CPS Australia Limited (the Company), which comprises the Statements of Financial Position as at 30 June 2015, and the Statements of Profit or Loss and Other Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for the year ended on that date, notes 1 to 38 comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration of the Company and the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In Note 1, the Directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report. We 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 and the Group's financial position and of their performance. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

a) the financial report of Community CPS Australia Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2015 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001 .

b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

KPMG

KPMG

Darren Ball
Partner

Adelaide
31 August 2015

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
Liability limited by a scheme approved under Professional Standards Legislation.

Statements of Profit or Loss and Other Comprehensive Income

	Note	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000	COMPANY 2015 $'000	COMPANY 2014 $'000
FOR THE YEAR ENDED 30 JUNE 2015					
Continuing operations					
Interest revenue	2	**211,371**	215,524	**211,371**	215,535
Interest expense	3	**109,487**	117,778	**110,452**	118,681
Net interest revenue		**101,884**	97,746	**100,919**	96,854
Net fair value adjustment on interest rate swaps	2	**(68)**	69	**4,204**	69
Non interest operating income	2	**23,957**	24,868	**21,079**	21,570
Total operating income		**125,773**	122,683	**126,202**	118,493
Impairment losses	3	**1,268**	1,263	**1,268**	1,263
Business combination costs	3	**-**	1,105	**-**	1,105
Other expenses	3	**92,779**	87,891	**89,506**	84,306
Operating profit		**31,726**	32,424	**35,428**	31,819
Share of net profit of associates	12	**(14)**	449	**(14)**	449
Profit before income tax expense		**31,712**	32,873	**35,414**	32,268
Income tax expense from continuing operations	4	**8,905**	9,250	**8,787**	9,109
Profit from continuing operations		**22,807**	23,623	**26,627**	23,159
Profit/(loss) from discontinued operation, net of tax	10	**-**	(636)	**-**	-
Net profit for the period		**22,807**	22,987	**26,627**	23,159
Other comprehensive income, net of tax					
Items that may be reclassified to profit or loss:					
Available for sale financial asset net change in fair value		**-**	3,857	**-**	-
Total comprehensive income for the period		**22,807**	26,844	**26,627**	23,159

The Statements of Profit or Loss and Other Comprehensive Income are to be read in conjunction with the notes to the financial statements

Statements of Financial Position

	Note	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000	COMPANY 2015 $'000	COMPANY 2014 $'000
AS AT 30 JUNE 2015					
Assets					
Cash and cash equivalents	5	**51,187**	106,549	**51,187**	106,549
Prepayments and other receivables	6	**13,650**	12,988	**13,259**	12,737
Placements with other financial institutions	7	**516,830**	368,010	**516,830**	368,010
Net loans and advances to members	8,9	**3,754,711**	3,559,560	**3,754,711**	3,559,560
Equity accounted investments	12	**7,750**	7,765	**7,750**	7,765
Investment securities	13	**13,532**	13,521	**16,007**	15,996
Property, plant and equipment	14	**14,553**	13,964	**13,955**	13,941
Intangible assets	16	**289**	653	**289**	650
Goodwill	17	**1,754**	1,754	**-**	-
Other finanicial assets	21	**4,273**	-	**4,273**	-
Current tax assets	4	**1,309**	4,110	**1,327**	4,117
Deferred tax assets	4	**3,221**	3,125	**3,003**	2,899
Total assets		**4,383,059**	4,091,999	**4,382,591**	4,092,224
Liabilities					
Deposits from members	18	**3,474,975**	3,345,099	**3,480,614**	3,351,042
Trade and other payables	19	**14,218**	17,848	**14,039**	17,709
Borrowings	20	**499,474**	363,476	**499,474**	363,476
Other finanicial liabilities	21	**5,633**	362	**1,360**	362
Provisions	22	**22**	24	**22**	24
Employee benefits	28	**9,325**	8,534	**9,025**	8,130
Total liabilities		**4,003,647**	3,735,343	**4,004,534**	3,740,743
Net assets		**379,412**	356,656	**378,057**	351,481
Equity					
Share capital	23	**736**	758	**741**	763
Reserves	24	**135,409**	134,133	**135,409**	134,133
Retained earnings	25	**243,267**	221,765	**241,907**	216,585
Total equity		**379,412**	356,656	**378,057**	351,481

The Statements of Financial Position are to be read in conjunction with the notes to the financial statements

Statements of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2015	Share Capital	Asset Revaluation Reserve	Redeemed Share Reserve	General Reserve for Credit Losses	Transfer of Business Reserve	Retained Earnings	Total Equity
Consolidated	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 30 June 2013	800	2,962	1,561	14,635	98,594	196,688	315,240
Net profit for the period	-	-	-	-	-	22,987	22,987
Attributable to business combinations	2,000	-	-	650	14,037	-	16,687
Available for sale financial asset net change in fair value	-	-	-	-	-	3,857	3,857
Transfers to/(from) Reserves	-	-	72	1,622	-	(1,694)	-
Share capital redeemed out of profits	(2,042)	-	-	-	-	-	(2,042)
Dividends	-	-	-	-	-	(73)	(73)
Balance at 30 June 2014	758	2,962	1,633	16,907	112,631	221,765	356,656
Net profit for the period	-	-	-	-	-	22,807	22,807
Transfers to/(from) Reserves	-	-	56	1,220	-	(1,276)	-
Share capital redeemed out of profits	(22)	-	-	-	-	-	(22)
Dividends	-	-	-	-	-	(29)	(29)
Balance at 30 June 2015	**736**	**2,962**	**1,689**	**18,127**	**112,631**	**243,267**	**379,412**
Company							
Balance at 30 June 2013	805	2,962	1,561	14,635	98,594	191,336	309,893
Net profit for the period	-	-	-	-	-	23,159	23,159
Attributable to business combinations	2,000	-	-	650	14,037	-	16,687
Available for sale financial asset net change in fair value	-	-	-	-	-	3,857	3,857
Transfers to/(from) reserves	-	-	72	1,622	-	(1,694)	-
Share capital redeemed out of profits	(2,042)	-	-	-	-	-	(2,042)
Dividends	-	-	-	-	-	(73)	(73)
Balance at 30 June 2014	763	2,962	1,633	16,907	112,631	216,585	351,481
Net profit for the period	-	-	-	-	-	26,627	26,627
Transfers to/(from) reserves	-	-	56	1,220	-	(1,276)	-
Share capital redeemed out of profits	(22)	-	-	-	-	-	(22)
Dividends	-	-	-	-	-	(29)	(29)
Balance at 30 June 2015	**741**	**2,962**	**1,689**	**18,127**	**112,631**	**241,907**	**378,057**

The Statements of Changes in Equity are to be read in conjunction with the notes to the financial statements

Statements of Cash Flows

		CONSOLIDATED		COMPANY	
		2015	2014	**2015**	2014
	Note	**$'000**	$'000	**$'000**	$'000
FOR THE YEAR ENDED 30 JUNE 2015					
Cash flows from operating activities					
Interest received		**210,316**	215,494	**210,316**	215,505
Net (increase) in loans, advances and other receivables		**(195,489)**	(103,138)	**(195,489)**	(103,138)
Net decrease/(increase) in placements with other financial institutions		**(148,820)**	48,576	**(147,764)**	48,780
Other non interest income received		**23,789**	28,120	**20,946**	21,418
Interest and other costs of finance paid		**(110,274)**	(121,176)	**(111,238)**	(122,065)
Net increase in deposits from members		**130,691**	98,177	**130,387**	98,815
Net increase/(decrease) in borrowings		**135,997**	(27,093)	**135,997**	(27,093)
Payments to suppliers and employees		**(91,590)**	(100,131)	**(89,625)**	(93,516)
Income tax paid		**(6,199)**	(15,268)	**(6,101)**	(15,147)
Net cash from operating activities	26 (a)	**(51,579)**	23,561	**(52,571)**	23,559
Cash flows from investing activities					
Net decrease/(increase) amounts loaned to controlled entities		**-**	-	**365**	15
Payment for other investments		**(11)**	-	**(11)**	-
Payment for property, plant and equipment	14	**(3,523)**	(3,626)	**(2,896)**	(3,626)
Proceeds from sale of property, plant and equipment		**10**	3,117	**10**	3,104
Payment for intangible assets	16	**(212)**	(511)	**(212)**	(511)
Payment for expenses directly attributable to business combinations		**-**	(1,105)	**-**	(1,105)
Increase in cash balances via business combination	11	**-**	5,512	**-**	5,512
Net cash from investing activities		**(3,736)**	3,387	**(2,744)**	3,389
Cash flows from financing activities					
Payments on redemption of share capital		**(22)**	(42)	**(22)**	(42)
Dividends paid		**(29)**	(38)	**(29)**	(38)
Repayment of capital instruments		**4**	(2,039)	**4**	(2,039)
Net cash from financing activities		**(47)**	(2,119)	**(47)**	(2,119)
Net (decrease)/increase in cash and cash equivalents		**(55,362)**	24,829	**(55,362)**	24,829
Cash and cash equivalents at the beginning of the financial year		**106,549**	81,720	**106,549**	81,720
Cash and cash equivalents at the end of the financial year	26 (b)	**51,187**	106,549	**51,187**	106,549

The Statements of Cash Flows are to be read in conjunction with the notes to the financial statements

Notes to the Financial Statements

1. Summary of Significant Accounting Policies

(a) Reporting Entity

Community CPS Australia Limited ("the Company") is a company domiciled in Australia. The consolidated financial report for the year ended 30 June 2015 comprises the Company and its controlled entities (together referred to as the "Consolidated Entity"). The Consolidated Entity is a for-profit entity and primarily is involved in providing a range of financial services including personal and business banking, insurance, and financial planning services. The financial report was authorised for issue by the directors on 31 August 2015.

(b) Statement of Compliance

This financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial report of the Consolidated Entity and the Company comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

(c) Basis of Preparation and Areas of Estimation

The financial report has been prepared in Australian dollars and in accordance with the accruals basis of accounting using historical costs except for derivative financial instruments, hedged loans and available for sale assets which are carried at fair value. Cost is based on the fair values of the consideration given in exchange for assets. The Consolidated Entity is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information has been rounded to the nearest thousand unless otherwise stated. The Company holds an Australian Financial Services Licence and has therefore applied ASIC Class Order CO 10/654 and has presented both parent company and consolidated entity financial statements in this financial report.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These accounting policies have been consistently applied by the Consolidated Entity and the Company. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

In particular, areas of estimation uncertainty and critical areas where judgement has been applied are as follows:-

- Loans and receivables are carried at amortised cost, requiring estimates to be made of their expected life. The expected life of mortgage secured loans is estimated at 70 months while other loans have an estimated expected life of 26 months. In addition, loans and receivables are carried net of impairment provisions which are determined based on estimates of default probabilities and the loss incurred in the event of default.
- Judgement has been exercised in determining that not all the risks and rewards of ownership of securitised loans have been transferred.
- In assessing goodwill for impairment, estimates have been made of expected future cash flows from the applicable cash generating units and judgement used to determine the rate at which those cash flows are discounted.
- Similarly, the obligation for long-term employee benefits is determined based on statistical estimates of the amount and timing of related future cash flows with the current risk free rates applied to discount cash flows.
- Available for sale investment securities are carried at fair value which is based on an estimate of the amount which would be exchanged between willing parties in an arm's length transaction.

AASB 101 *Presentation of Financial Statements* allows assets and liabilities to be presented in order of their relative liquidity. As this presentation provides information that is reliable and more relevant, assets and liabilities are not presented as current and non-current on the face of the Statements of Financial Position.

(d) Principles of Consolidation

The consolidated financial statements are prepared by including the financial statements of all the entities that comprise the Consolidated Entity, being the Company (the parent entity) and its controlled entities as defined in AASB 10 *Consolidated Financial Statements*. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its powers over the entity.

A list of controlled entities appears in Note 13 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each controlled entity from the date on which the Company obtains control and until such time as the control ceases. In preparing the consolidated financial statements, all inter-company balances and transactions, and unrealised profits arising within the Consolidated Entity are eliminated in full.

i) Business Combinations – Mutual Entity Mergers

Business combinations are accounted for using the acquisition method as at acquisition date, which is the date on which control is transferred to the Consolidated Entity.

The identifiable assets and liabilities of the acquiree are recognised at their fair value at acquisition date. Goodwill is recognised if, and to the extent that, the consideration transferred exceeds the fair value of the acquiree's identifiable assets acquired and liabilities assumed.

Transaction costs that the Consolidated Entity incurs in connection with a business combination are expensed as incurred.

ii) Interests in Equity Accounted Investees

The Consolidated Entity's interest in equity accounted investees comprises interest in an Associate. Associates are those entities in which the Consolidated Entity has significant influence, but not control, over financial and operating policies.

Interest in the Associate is accounted for using the equity method. The interest is initially recognised at cost, including transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Consolidated Entity's share of the Associate's profit or loss and other comprehensive income until the date on which significant influence ceases.

(e) New Standards and Interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2014, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Consolidated Entity are set out below. The Consolidated Entity does not plan to adopt these standards early.

- AASB 9 *Financial Instruments*
  AASB 9 replaces the existing guidance in AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 includes revised guidance on the classification of financial instruments, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. AASB 9 carries forward the guidance on recognition and de-recognition of financial instruments from AASB 139. AASB 9 is effective for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Consolidated entity is assessing the potential impact resulting from application of AASB 9.
- AASB 15 *Revenue from Contracts with Customers*
  AASB 15 establishes a comprehensive framework for determining whether, how much, and when revenue is recognised. AASB 15 supersedes AASB 118 *Revenue*, AASB 111 *Construction Contracts* along with a number of Interpretations. AASB 15 is effective for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Consolidated Entity is assessing the potential impact resulting from application of AASB 15.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

(f) Accounts Payable

Trade payables and other accounts payable are recognised when the Consolidated Entity becomes obliged to make future payments resulting from the procurement of goods and services. These liabilities are carried at amortised cost.

(g) Borrowings

Interest on wholesale borrowings and other interest-bearing liabilities is brought to account on an effective yield basis. The amount of the accrual is measured on a nominal basis and recognised as a liability on the Statements of Financial Position. These liabilities are carried at amortised cost.

(h) Cash and Cash equivalents

Cash and cash equivalents comprise cash at branches plus deposits at call with Approved Deposit-taking Institutions. Interest income on cash and cash equivalents is recognised using the effective interest rate method in the Statements of Profit or Loss and Other Comprehensive Income. Cash and cash equivalents are recognised at the gross value of the outstanding balance. Bank overdrafts that are repayable on demand and form an integral part of the Consolidated Entity's cash management are included as a component of cash and cash equivalents for the purpose of the Statements of Cash Flows but as part of Borrowings in the Statements of Financial Position.

(i) Deposits

Interest on deposits is credited in accordance with the terms of each deposit and brought to account on an effective yield basis. Interest is accrued as part of the deposit balances which are carried at amortised cost.

(j) Derivative Financial Instruments

The Consolidated Entity enters into interest rate swap agreements for the sole purpose of managing interest rate exposures in the Statements of Financial Position and not for speculative purposes. Derivative financial instruments are recognised at fair value. Realised gains and losses on interest rate swaps are recognised immediately in the Statements of Profit or Loss and Other Comprehensive Income via inclusion in the determination of interest revenue while unrealised changes in the fair value of interest rate swaps is included as Other Income. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

The Consolidated Entity enters into fixed for floating interest rate swap transactions that are designated as an effective hedging instrument against a specified dollar value of fixed rate loan exposures which will reprice in the same specified month and year. For fair value hedges, the change in fair value of the hedging derivative is recognised immediately in the Statements of Profit or Loss and Other Comprehensive Income together with changes in the fair value of the hedged item attributable to the hedged risk. Hedge accounting is discontinued when the hedge instrument expires, is sold, terminated, exercised or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit and loss over the last six months of the life of the related hedging instrument.

On initial designation of the derivative as the hedging instrument, the Company formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Company makes an assessment both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be highly effective in offsetting the changes in fair value of the respective hedged items attributable to hedged risk, and whether the actual result of each hedge is within a range of 80-125 percent.

Interest rate swaps that do not qualify for hedge accounting are accounted for as trading instruments and any changes in fair value are recognised immediately in profit or loss. Further details of derivative financial instruments are disclosed in Note 34(i).

(k) Employee Benefits

A defined contribution plan is a post-employment benefits plan under which an entity pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as a personnel expense in profit or loss when they are due.

Long-term employee benefits

The Consolidated Entity's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs and that benefit is discounted to determine its present value. The calculation is performed using the projected unit credit method. The discount rate is the yield at the reporting date on Australian high quality corporate bonds that have maturity dates approximating the terms of the Consolidated Entity's obligations.

Historically there has been a view that Australia did not have a deep market in high quality corporate bonds and as such the Consolidated Entity discounted its long service leave provision using the market yield on Australian Commonwealth Government Bonds. A recent study indicates that Australia is now considered to have a deep market in high quality corporate bonds. Accordingly the Consolidated Entity has determined its long service leave provision at 30 June 2015 using the market yield on high quality corporate bonds (in 2014 the Australian Commonwealth bond rate was used). This did not materially impact the financial statements.

Termination benefits

Termination benefits are recognised as an expense when the Consolidated Entity is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer encouraging voluntary redundancy, and it is probable that the offer will be accepted.

Short-term benefits

Liabilities for employee benefits for wages, salaries, and annual leave represent present obligations resulting from employees' services provided to reporting date and are expected to be settled wholly within 12 months and hence are calculated at undiscounted amounts based on remuneration wage and salary rates that the Consolidated Entity expects to pay as at reporting date including related on-costs, such as payroll tax. Non-accumulating non-monetary benefits, such as motor vehicles or free or subsidised goods and services, are expensed based on the net marginal cost to the Consolidated Entity as the benefits are taken by the employees.

A liability is recognised for the amount expected to be paid under short-term cash bonus plans if the Consolidated Entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(l) Financial Assets and Liabilities

The Consolidated Entity initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities at fair value on the date they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Consolidated Entity becomes a party to the contractual provisions of the instrument.

The Consolidated Entity derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. An interest in transferred financial assets that is created or retained by the Consolidated Entity is recognised as a separate asset or liability.

The Consolidated Entity derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Consolidated Entity enters into transactions whereby it transfers assets recognised on its Statements of Financial Position, but retains either all the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the Statements of Financial Position.

The Consolidated Entity securitises various consumer financial assets, which generally results in a sale of these assets to special-purpose entities, which, in turn issue securities to investors.

(m) Impairment of Assets

The carrying amounts of the Consolidated Entity's assets, other than deferred tax assets, are reviewed at each balance date to determine whether there is any indication of impairment. If any such impairment exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset (either in its own right or as part of a cash-generating unit) exceeds its recoverable amount. Impairment losses are recognised in the Statements of Profit or Loss and Other Comprehensive Income, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal of that previous revaluation with any excess recognised through the Statements of Profit or Loss and Other Comprehensive Income.

Goodwill is tested for impairment annually. Whenever there is any indication that the goodwill may be impaired any impairment loss is recognised immediately in profit and loss and is not subsequently reversed.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

(n) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance date, and any adjustment to tax payable in respect of previous years. Current tax for current and prior years is recognised as a liability to the extent that it is unpaid.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base of those items. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Consolidated Entity expects, at reporting date, to recover or settle the carrying amount of its assets and liabilities, using tax rates enacted or substantially enacted at the balance date.

A deferred tax asset is recognised only 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 used.

Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are not recognised if the temporary differences affect neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

The Company's disclosed available franking credits are based on the balance of its franking account at year end adjusted for:

(a) franking credits that will arise from the payment of current tax liabilities or franking debits that will arise from the receipt of current tax asset refunds;

(b) franking debits that will arise from the payment of dividends recognised as a liability at year end;

(c) franking credits that will arise from the receipt of dividends recognised as receivables at year end, and

(d) franking credits that the Company may be prevented from distributing in subsequent years.

The controlled entities of the Consolidated Entity are not part of a tax consolidation group and taxed as individual entities. As a result, the individual entities continue to recognise current and deferred tax amounts in their own right which is then consolidated into the accounts of the Consolidated Entity.

(o) Intangible Assets

Goodwill

Goodwill, representing the excess of the cost of acquisition of a business over the fair value of the identifiable net assets acquired, is recognised as an asset and not amortised, but tested for impairment annually. Refer to note 1(m) in relation to impairment.

Computer Software

Software acquired by the Consolidated Entity is stated at cost less accumulated amortisation. Amortisation is charged from the date the asset is available for use on a straight line basis over a period of 2-3 years.

The Barton Securitisation Program

Costs associated with establishing the program and each series issue, other than the interest cost of the notes, are amortised over the weighted average life of the notes for each Series. This generally results in amortisation over 3-5 years on a straight line basis and is reflected as part of borrowing costs.

(p) Investment Securities

Investment Securities are classified as available for sale assets and carried at fair value. Gains and losses arising from fair value changes are recognised in other comprehensive income and presented in equity. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost as this is considered the best estimate of fair value. These assets are subject to annual testing as to whether there is objective evidence of impairment (refer note 1(m)). If assessed as impaired, any cumulative loss previously recognised in comprehensive income, and carried in equity, and any additional impairment loss is transferred to profit or loss. Any subsequent recovery in the fair value of an impaired investment security is recognised in other comprehensive income. In the Company's financial statements, investments in controlled entities are carried at cost.

(q) Leases

Operating lease payments are recognised as an expense on a basis which reflects the pattern in which economic benefits from the leased assets are consumed.

(r) Loans and Advances

Loans and advances are recognised at amortised cost using the effective interest rate method, after assessing required provisions for impairment. Loan and credit limit interest is calculated on the daily balance outstanding and is charged to members' accounts on the last day of each month. Overdraft interest is calculated on the daily balance outstanding and is charged in arrears to members' accounts at the beginning of the following month. All housing loans are secured by registered mortgages.

Impairment

All loans and advances are subject to regular management review to assess whether there is any objective evidence of impairment. Impairment of a loan is recognised when there is reasonable doubt that not all the principal and interest can be collected in accordance with the terms of the loan agreement. Impairment provisions against Loans and Receivables are only raised for "incurred losses" (once objective evidence is obtained that a loss event has occurred) not anticipated future losses. Loan impairment is calculated as the difference between the carrying amount and the present value of estimated future cash flows, including possible foreclosure recoveries and associated costs, discounted at the loan's original effective interest rate.

Significant loans and loans in arrears 120 days or greater are assessed individually for impairment. Smaller and less delinquent loans are impairment tested in portfolios based upon similar risk profiles using objective evidence, which may be historical experience adjusted to accommodate the effects of current conditions at each balance date.

Bad debts are written off when identified. Bad loans are written off against the Provision for Impaired Loans. Adjustments to the Provision for Impaired Loans are taken to the Statements of Profit or Loss and Other Comprehensive Income and reported with Impairment Losses. Recovery of loans previously written off is recognised in the Statements of Profit or Loss and Other Comprehensive Income only when the amount has been received from the debtor.

Statutory reporting requirements for Impaired Loans

All loans and advances are reviewed and graded according to the anticipated level of credit risk. AASB 7 *Financial Instruments: Disclosures* prescribes specific reporting requirements of impaired loans, acquired assets and past-due loans.

The following classifications have been adopted:

Restructured loans are those where the original contractual terms have been modified to provide for concessions of interest, principal or repayment for reasons related to financial difficulties of the member and the revised terms are not comparable to new facilities.

Past-due loans are loans where the borrower has failed to make a repayment when contractually due. Provision for these loans is made according to the period of arrears and with regard to the underlying security.

Assets acquired through the enforcement of security are assets acquired in full or partial settlement of a loan or similar facility through the enforcement of security arrangements.

Loans and Advances – Provision for Impairment

The components of the aggregate provision as set out in note 9 are described in the following paragraphs.

Specific Provision

The specific provision against impaired loans exists to provide for loans that are 120 days or more in arrears (being a loss event) and for which there is evidence based on past history that a loss will occur and impact on future cash flows. The dynamic arrears-based loss provision is calculated based on current credit delinquency, historical default probabilities and rates of loss in the event of default.

Collective Provision

The collective provision against impaired loans exists to provide for overdrawn and over-limit revolving credit facilities and loans that are less than 120 days in arrears (being a loss event) and for which there is evidence based on past history that a loss will occur and impact on future cash flows.

The statutory collective component of the provision is contingent upon the length of time loan repayments are in arrears and the security held. The provision varies according to the type of security attached to the loan and the number of days each loan is in arrears.

Reversals of Impairment Losses

An impairment loss in respect of Loans and Advances carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

General Reserve for Credit Losses

In accordance with APRA Prudential Regulations a General Reserve for Credit Losses is maintained. This reserve exists to provide an additional reserve against possible volatility in future cash flows as a result of unexpected loan defaults. This reserve is raised to recognise that loans that are not currently in arrears have a probability of future loss, and that loans that are provided for may result in a higher loss due to changed circumstances.

The reserve is calculated based on current non-delinquent credit balances, historical default probabilities and loss in the event of default rates plus a calculated stress scenario loss for mortgage secured exposures and adjusted for expected changes in economic default drivers and internal credit risk appetite.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

(s) Member Share Capital

Withdrawable member share capital (redeemable preference shares) is classed as a liability (at amortised cost) and is therefore reported under the classification of Deposits from members (Note 18). Each member holds one redeemable preference share.

The Redeemed Share Reserve (Note 24) represents the amount of Preference Shares redeemed by the Company during the period 1 July 1999 to the date of this financial report. The Corporations Act 2001 requires that redemption of these shares is to be made out of retained profit or through a new issue of shares for the purpose of the redemption. Since the value of the shares redeemed have been paid to the members in accordance with the terms and conditions of the share issue, the account balance represents the amount of profits appropriated to the account for the period stated above.

(t) Other Receivables

Receivables are recorded at amounts due less any allowance for impairment and are classified as loans and receivables.

(u) Placements with Other Financial Institutions

Placements with other financial institutions are classified as held to maturity financial instruments and are reported exclusive of accrued interest. Income is recognised when earned. Term deposits with financial institutions are recorded at amortised cost.

Investments in Bank Bills and Bank Bonds are recorded at cost plus or minus any amount taken into account for discounts or premiums arising at acquisition. Discounts or premiums are amortised over the period of investment through the Statements of Comprehensive Income so that the investments attain their redemption values by maturity date. Any profits or losses arising from the sale of placements with other financial institutions prior to maturity are taken to the Statements of Comprehensive Income in the period in which they are realised.

(v) Preference Share Capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by the Company's Board.

(w) Property, Plant and Equipment

Assets acquired are initially recorded at the cost of acquisition, being the fair value of the consideration provided plus costs incidental and directly attributable to the acquisition.

Costs incurred on assets subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the Consolidated Entity in future years, otherwise the costs are expensed as incurred.

Items of property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses.

When parts of an item of property, plant or equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation is provided on property, plant and equipment and is calculated on a straight line basis from the date the asset is held ready for use so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

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

	For Current and Comparable Period
Buildings	40 years
Fit-out and leasehold improvements	5 to 10 years
Plant and equipment	3 to 7 years

Held for sale assets

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Company's accounting policies. Thereafter the assets are generally measured at the lower of their carrying amount or fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses are recognised in profit or loss.

(x) Provisions

Provisions are recognised when the Consolidated Entity has a present, legal or constructive obligation as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the expected consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation and those cash flows are discounted to the present value where appropriate.

(y) Revenue Recognition

Dividend income

Dividend income is recognised when the right to receive the dividend has been established, which in the case of unlisted securities is when the dividend is declared.

Interest revenue

Interest revenue on loans (other than loans designated as "non-accrual") is recognised using the effective interest method on an accrual basis taking into consideration the interest rate applicable to the financial assets. Loan establishment fees are also included in the effective interest rate method and are amortised over the life of the loan. Other transaction related loan fees, including loan break fees, are recognised at the point of rendering the service to the member and reported as part of Other Income.

Due to the short term nature and reviewability of Revolving Credit facilities, all associated fees, including establishment fees, are recognised at the time the related service is performed.

Rendering of services

Wealth Management fees and commissions are recognised on an accruals basis or when services have been rendered.

Sale of assets

Income from the sale of assets is recognised when the significant risks and rewards of ownership of the asset passes from the Consolidated Entity to the buyer.

(z) Discontinued Operations

A discontinued operation is a component of the Consolidated Entity's business, the operations and cash flows of which can be clearly distinguished from the rest of the Consolidated Entity as a separate major line of business. Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

	CONSOLIDATED		COMPANY	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
2 REVENUE				
Revenue from operations consisted of the following items:				
Interest revenue	**211,371**	215,524	**211,371**	215,535
Fair value adjustment on interest rate swaps	**(68)**	69	**4,204**	69
Other income				
Fees and commissions				
- Loan fee income	**2,218**	2,669	**2,218**	2,669
- Securitised loan management fees	**223**	347	**247**	378
- Wealth management income	**3,215**	3,348	**-**	-
- Member fee income	**6,059**	6,002	**6,059**	6,002
- Insurance commissions	**6,001**	5,729	**6,001**	5,729
- Other commissions	**3,010**	2,810	**3,007**	2,808
Income from property	**289**	462	**289**	462
Recovery of loans and advances previously written off	**447**	596	**447**	596
Dividend income	**1,978**	1,907	**1,978**	1,907
Other	**517**	998	**833**	1,019
Total other income	**23,957**	24,868	**21,079**	21,570
Total revenue	**235,260**	240,461	**236,654**	237,174

Notes to the Financial Statements

	CONSOLIDATED		COMPANY	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
3 EXPENSES				
Profit before income tax expense has been arrived at after charging the following expenses:				
Interest Expense	**109,487**	117,778	**110,452**	118,681
Bad debts written off	**1,098**	1,248	**1,098**	1,248
Increase/(decrease) in impairment provisions	**170**	15	**170**	15
Impairment losses	**1,268**	1,263	**1,268**	1,263
Business combination costs	**-**	1,105	**-**	1,105
Other expenses				
Depreciation				
- Plant and equipment	**1,236**	1,318	**1,221**	1,302
- Building	**114**	123	**114**	123
- Leasehold improvements	**1,526**	1,160	**1,490**	1,159
	2,876	2,601	**2,825**	2,584
Amortisation				
- Software	**570**	737	**567**	737
	570	737	**567**	737
Staff costs	**40,722**	39,678	**38,629**	37,675
Contributions to defined contribution superannuation funds	**3,443**	3,470	**3,258**	3,281
Provision for employee entitlements	**1,883**	798	**1,904**	752
General administrative expenses				
- Fee and commission expense	**8,780**	7,793	**8,780**	7,793
- Information technology	**7,955**	7,180	**7,854**	7,071
- Occupancy	**2,493**	2,923	**2,408**	2,602
- Marketing	**4,520**	4,957	**4,495**	4,924
- Printing and stationery	**504**	517	**442**	566
- Communication	**2,635**	2,825	**2,585**	2,783
Other operating expenses	**8,092**	6,500	**7,604**	5,795
Operating lease rentals	**8,227**	7,799	**8,076**	7,630
Net loss on disposal of property, plant and equipment	**79**	113	**79**	113
Total other expenses	**92,779**	87,891	**89,506**	84,306
Total non interest expense	**94,047**	90,259	**90,774**	86,674
Total expenses	**203,534**	208,037	**201,226**	205,355

	CONSOLIDATED		COMPANY	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
4 INCOME TAXES				
(a) Income tax recognised in the Statements of Profit or Loss and Other Comprehensive Income				
Tax expense comprises:				
Current tax expense				
Current year	**8,997**	8,384	**8,888**	8,247
Adjustments recognised in the current year in relation to prior years	**-**	94	**-**	94
	8,997	8,478	**8,888**	8,341
Deferred tax expense				
Origination and reversal of temporary differences	**(92)**	772	**(101)**	768
Total tax expense from continuing operations	**8,905**	9,250	**8,787**	9,109
Tax expense attributable to:				
Discontinuing operations	**-**	225	**-**	-
Continuing operations	**8,905**	9,250	**(101)**	9,109
Total tax expense	**8,905**	9,475	**8,787**	9,109
The prima facie income tax on profit from operations reconciles to the income tax provided in the financial statements as follows:				
Profit from operations	**31,712**	32,873	**35,414**	32,268
Income tax expense calculated at 30% (2014: 30%)	**9,513**	9,862	**10,624**	9,680
Non deductible expenses	**4,624**	4,649	**4,494**	4,519
Non-assessable income	**(2,106)**	(2,179)	**(3,332)**	(2,137)
Other deductible expenditure	**(4,245)**	(5,083)	**(4,109)**	(4,949)
Other assessable income	**1,211**	1,229	**1,211**	1,228
Change in recognised temporary differences	**(92)**	772	**(101)**	768
	(608)	(612)	**(1,837)**	(571)
Under/(Over) provision of income tax in previous year	**-**	-	**-**	-
Income tax expense	**8,905**	9,250	**8,787**	9,109
(b) Current tax balances				
Current tax assets comprise:				
Tax refund receivable	**1,309**	4,110	**1,327**	4,117

	CONSOLIDATED		COMPANY	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
4 INCOME TAXES (CONTINUED)				
(c) Deferred tax balances				
Deferred tax assets comprise:				
Net loans and advances to members	**682**	650	**682**	650
Other financial assets	**408**	109	**408**	109
Property, plant and equipment	**3,554**	3,184	**3,441**	3,076
Intangible assets	**854**	864	**854**	864
Trade and other payables	**1,191**	1,221	**1,175**	1,222
Employee benefits	**2,434**	2,560	**2,344**	2,439
Other	**87**	182	**87**	182
	9,210	8,770	**8,991**	8,542
Deferred tax liabilities comprise:				
Prepayments	**3**	1	**3**	-
Net loans and advances to members	**381**	102	**381**	102
Equity accounted investments	**1,783**	1,788	**1,783**	1,788
Investment securities	**1,920**	1,920	**1,920**	1,920
Property, plant and equipment	**1,133**	986	**1,132**	986
Intangible assets	**769**	848	**769**	847
	5,989	5,645	**5,988**	5,643
Net deferred tax assets	**3,221**	3,125	**3,003**	2,899
(d) Franking credits				
Adjusted franking account balance (tax provision basis)			**98,883**	89,151
5 CASH AND CASH EQUIVALENTS				
Cash on hand and deposits at call	**51,187**	106,549	**51,187**	106,549
	51,187	106,549	**51,187**	106,549

	CONSOLIDATED		COMPANY	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
6 PREPAYMENTS AND OTHER RECEIVABLES				
Prepayments and other receivables	**9,985**	10,260	**9,674**	9,724
Allowance for impairment	**(119)**	-	**(119)**	-
	9,866	10,260	**9,555**	9,724
Interest receivable	**3,784**	2,728	**3,784**	2,728
Amount (payable to)/receivable from controlled entities	**-**	-	**(80)**	285
	13,650	12,988	**13,259**	12,737
7 PLACEMENTS WITH OTHER FINANCIAL INSTITUTIONS				
Bank term deposits	**53,813**	16,533	**53,813**	16,533
Bank negotiated certificates of deposit and bonds	**451,798**	345,021	**451,798**	345,021
Other deposits	**11,219**	6,456	**11,219**	6,456
	516,830	368,010	**516,830**	368,010
8 NET LOANS AND ADVANCES TO MEMBERS				
Revolving credit loans	**175,265**	186,732	**175,265**	186,732
Term loans	**3,581,720**	3,374,995	**3,581,720**	3,374,995
Gross loans and advances	**3,756,985**	3,561,727	**3,756,985**	3,561,727
Provision for impairment	**(2,274)**	(2,167)	**(2,274)**	(2,167)
Net loans and advances	**3,754,711**	3,559,560	**3,754,711**	3,559,560
(a) Concentration of risk				
The loan portfolio of the Consolidated Entity includes no loans, or groups of loans that represent greater than 10% of capital. An analysis of the concentration of the Consolidated Entity's loans and advances by geographic location is provided below:-				
• South Australia	**1,633,284**	1,581,407	**1,633,284**	1,581,407
• Western Australia	**892,129**	819,197	**892,129**	819,197
• Australian Capital Territory	**667,462**	619,741	**667,462**	619,741
• New South Wales	**474,327**	452,339	**474,327**	452,339
• Other	**89,783**	89,043	**89,783**	89,043
Gross loans and advances	**3,756,985**	3,561,727	**3,756,985**	3,561,727

8 NET LOANS AND ADVANCES TO MEMBERS (CONTINUED)

(b) Securitised loans

The Company has established The Barton securitisation program to provide a diversified and longer term source of funding compared to previous wholesale funding options. The Company sells the rights to future cash flows of eligible residential home loans into The Barton program and receives funds equal to the aggregated outstanding balances on all loans which The Barton program has purchased and then subsequently issued Notes for investors to invest in. Whilst the cash flows have been transferred, the Company has been appointed to service the loans. In practical terms, the Company's obligation is to continue to manage the loans as if it were the lender.

The transfer of a financial asset is dependant upon the extent to which the risks and rewards of ownership are transferred. In the case of loans securitised with The Barton program it has been determined that the Company substantially retains the risks and rewards of ownership and hence continues to recognise the assets for financial reporting purposes. The balance at year end is separately disclosed below with a liability to Barton Trusts for the equivalent amount being recognised under Note 20 – Borrowings.

The risks associated with The Barton securitised loans relate to the potentially variable nature of the cash flows received by the Company for servicing the loans. In addition, the Company currently owns The Barton subordinated note tranches and is therefore exposed to first loss credit risk in respect of Barton loans. These risks are managed by the Company.

Securitised Loan Funding is provided through Perpetual Corporate Trust Limited ("Perpetual").

In addition to The Barton program, the Company has used Integris Securitisation Services Pty Ltd ("Integris") to provide funding for future lending. The sale of loans to Integris is considered to be a clean sale of loan receivables that effectively transfers the risks and rewards of ownership and hence these loans are treated as off-balance sheet.

	CONSOLIDATED		COMPANY	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
On-Balance sheet securitised loans (The Barton Program)	**519,560**	366,017	**519,560**	366,017
Associated funding received from Notes issued	**497,508**	363,476	**497,508**	363,476
The fair value of securitised loans and the associated bank facilities are substantially the same as the carrying amount.				
Off-Balance sheet securitised loans (Integris)	**24,934**	32,494	**24,934**	32,494

	CONSOLIDATED		COMPANY	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
9 IMPAIRMENT OF LOANS AND ADVANCES				
The policy covering impaired loans and advances is set out in Note 1.				
Specific provision for impairment				
Balance at beginning of financial year	**957**	795	**957**	795
Bad debts written off	**(1,098)**	(1,248)	**(1,098)**	(1,248)
Impaired loan expense	**1,094**	1,410	**1,094**	1,410
Closing specific provision for impairment	**953**	957	**953**	957
Collective provision for impairment				
Balance at beginning of financial year	**1,210**	1,134	**1,210**	1,134
Impaired loan expense	**111**	76	**111**	76
Closing collective provision for impairment	**1,321**	1,210	**1,321**	1,210
Total provision for impairment	**2,274**	2,167	**2,274**	2,167
Past-due loan balances				
With provision for impairment	**32,976**	31,672	**32,976**	31,672
Provision for impairment	**(2,274)**	(2,167)	**(2,274)**	(2,167)
Without provision for impairment	**63,617**	60,056	**63,617**	60,056
Net past-due loans	**94,319**	89,561	**94,319**	89,561
Past-due loans with no provision are mortgage loans that are fully secured by real property and no loss is expected even in the event of enforcement and subsequent repossession and sale.				
(a) Interest revenue on non-accrual and restructured loans	**-**	-	**-**	-
(b) Interest foregone on non-accrual and restructured loans	**74**	83	**74**	83
(c) Net fair value of assets acquired through the enforcement of security during the financial year	**614**	2,101	**614**	2,101

Notes to the Financial Statements

10 DISCONTINUED OPERATION

On 30 June 2014 the Group sold the Accounting and Taxation business. Management committed to a plan to sell this business during 2013-14 following a strategic decision to place greater focus on the Group's core competencies in providing financial services.

The Accounting and Taxation business was not previously classified as held-for-sale or as a discontinued operation.

	CONSOLIDATED		COMPANY	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
(a) Results of discontinued operation				
Revenue	**-**	2,700	**-**	-
Expenses	**-**	2,581	**-**	-
Results from operating activities	**-**	119	**-**	-
Income tax	**-**	225	**-**	-
Results from operating activities, net of tax	**-**	(106)	**-**	-
Loss on sale of discontinued operation	**-**	(530)	**-**	-
Profit/(loss) for the year	**-**	(636)	**-**	-
(b) Cash flows from discontinued operation				
Net cash provided by operating activities	**-**	280	**-**	-
Net cash provided by investing activities	**-**	17	**-**	-
Net cash flow for the year	**-**	297	**-**	-
(c) Effect of disposal on the financial position of the Consolidated entity				
Prepayments and other receivables	**-**	8		
Property, plant and equipment	**-**	3		
Goodwill	**-**	1,200		
Employee benefits	**-**	(497)		
Net assets	**-**	714		

Notes to the Financial Statements

11 BUSINESS COMBINATIONS

The Company accepted a total voluntary transfer of Alliance One Credit Union Limited ("A1") on 1 July 2013 under the Financial Sector (Business Transfer and Group Restructure) Act 1999 (Cth). No consideration was paid under this transaction. A1's business was assessed for Identifiable Intangible Assets and none were recognised by the Company because their values are not material.

These business combinations with other credit unions enable the Consolidated Entity to offer its members enhanced access and a broader range of products and services. In addition, its increased scale will enhance its ability to pursue its strategic goals, further spread its geographic risks, improve operating efficiency and provide increased opportunities for its staff.

	CONSOLIDATED		COMPANY	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Details of business combinations are as follows:				
Consideration				
Cash	**-**	-	**-**	-
Deferred purchase consideration	**-**	-	**-**	-
	-	-	**-**	-
Fair value of net assets acquired				
Assets				
Cash and cash equivalents	**-**	5,512	**-**	5,512
Prepayments and other receivables	**-**	305	**-**	305
Placements with other financial institutions	**-**	28,742	**-**	28,742
Net Loans and advances to members	**-**	190,043	**-**	190,043
Investment securities	**-**	1,141	**-**	1,141
Property, plant and equipment	**-**	1,494	**-**	1,494
Current tax assets	**-**	248	**-**	248
Deferred tax assets	**-**	656	**-**	656
Liabilities				
Deposits from other financial institutions	**-**	13,000	**-**	13,000
Deposits from members	**-**	182,405	**-**	182,405
Trade and Other payables	**-**	3,254	**-**	3,254
Borrowings	**-**	11,964	**-**	11,964
Employee benefits	**-**	788	**-**	788
Deferred tax liabilities	**-**	43	**-**	43
Net Assets Acquired	**-**	16,687	**-**	16,687
Equity				
Issued capital	**-**	2,000	**-**	2,000
Reserves	**-**	14,687	**-**	14,687
Net Assets less Equity Acquired	**-**	-	**-**	-
Goodwill on Acquisition	**-**	-	**-**	-

12 EQUITY ACCOUNTED INVESTMENTS

The Company is a shareholder in Data Action Pty Ltd ("DA"). As a consequence of the merger with Alliance One Credit Union Limited ("A1") on 1 July 2013, the Company's shareholding in DA increased. Upon initial adoption of revised Accounting Standard AASB 128 Investments in Associates and Joint Ventures it was determined that significant influence existed from that date.

The Company has determined that significant influence exists because it has representation on the Board of DA, along with meeting additional criteria for assessing influence including holding more than 20% of the voting power of DA.

The Company's proportion of interest in DA is defined as the percentage of profit the Company is entitled to and is based on the volume of use by each owner of DA's services.

	CONSOLIDATED		COMPANY	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Investment in Associate	**7,750**	7,765	**7,750**	7,765
Profit Share interest	**37.17%**	38.01%	**37.17%**	38.01%
Share of associate's balance sheet				
Current assets	**7,229**	7,016	**7,229**	7,016
Non-current assets	**2,373**	2,681	**2,373**	2,681
	9,602	9,697	**9,602**	9,697
Current liabilities	**1,645**	1,631	**1,645**	1,631
Non-current liabilities	**301**	301	**301**	301
	1,946	1,932	**1,946**	1,932
Net Assets	**7,656**	7,765	**7,656**	7,765
Share of associate's profit or loss				
Revenue	**12,873**	12,878	**12,873**	12,878
Profit/(loss) before income tax	**1,501**	1,604	**1,501**	1,604
Income tax expense	**466**	443	**466**	443
Profit/(loss) after income tax	**1,035**	1,161	**1,035**	1,161
Dividends received	**1,049**	712	**1,049**	712
Share of net profit of associates	**(14)**	449	**(14)**	449

	CONSOLIDATED		COMPANY	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
13 INVESTMENT SECURITIES				
Unlisted shares at cost				
- Controlled entities	**-**	-	**2,475**	2,475
- Available-for-sale investment securities	**189**	178	**189**	178
	189	178	**2,664**	2,653
Unlisted shares at fair value				
- Available-for-sale investment securities	**13,343**	13,343	**13,343**	13,343
Total investment securities	**13,532**	13,521	**16,007**	15,996

Available-for-sale investment securities carried at cost are investments in equity instruments that do not have a quoted price in an active market and whose fair value cannot be reliably measured because the information about these companies that would be required to estimate their fair value is not readily available. Available-for-sale investment securities carried at fair value are investments in equity instruments of a company in which the Consolidated Entity acquired additional shares in 2008 from a willing seller in an arms length transaction. The 2008 purchase price applicable to this transaction was applied to the Consolidated Entity's entire holding as the shares' fair value and continues to be the best indicator of fair value.

Investment in controlled entities

All controlled entities are domiciled in Australia.
Investment in controlled entities comprises:

	CONSOLIDATED ENTITY INTEREST	
	2015	2014
Name	**%**	%
Eastwoods Wealth Management Pty Ltd	**100**	100
Eastwoods Accounting and Taxation Pty Ltd	**100**	100
Eastwoods Group Ltd	**100**	100
Beyond Employee Benevolent Fund Pty Ltd (formerly Eastwoods Finance Brokers Pty Ltd)	**100**	100
Community CPS Services Pty Ltd	**100**	100
Beyond Bank Australia Foundation Ltd	**100**	100
Beyond Bank Australia Master Support Fund	**100**	100
Beyond Bank Australia Master DGR Fund	**100**	100
The Barton Series 2011-1 Trust	**100**	100
The Barton W Warehouse Trust	**100**	100
The Barton A Warehouse Trust	**100**	100
The Barton Series 2013-1R Trust	**100**	100
The Barton Series 2014-1 Trust	**100**	-

Eastwoods Accounting and Taxation Pty Ltd and Eastwoods Wealth Management Pty Ltd are wholly owned by Eastwoods Group Ltd. Beyond Bank Australia Foundation Ltd is a public company limited by guarantee with the Company being the sole $100 guarantor.

Beyond Bank Australia Foundation Master Support Fund, Beyond Bank Australia Foundation Master DGR Fund, and Beyond Employee Benevolent Fund Pty Ltd are not-for-profit entities primarily involved in administering charitable donations.

In April 2011, the Company established a residential mortgage-backed securitisation (RMBS) program, The Barton program and established The Barton Series 2011-1 Trust to purchase mortgage loans it originated. The beneficial interest in the trust is divided into two classes of units, being residual capital units (ten) and residual income units (one). The Company holds nine residual capital units and the residual income unit.

Under The Barton program the Company subsequently established two additional warehouses: The Barton W Warehouse in February 2012 and The Barton A Warehouse in August 2011, and internal securitisation programs, The Barton Series 2013-1R Trust, in May 2013, and The Barton Series 2014-1 Trust, in November 2014.

Community CPS Services Pty Ltd was established in 2011 to manage the activity of the securitisation trusts.

14 PROPERTY, PLANT AND EQUIPMENT		Land & Buildings at deemed cost	Fit-out & Leasehold Improvements at cost	Plant & Equipment at cost	Total
Consolidated	Note	$'000	$'000	$'000	$'000
Gross carrying amount					
Balance at 30 June 2013		4,116	17,796	17,936	39,848
Acquisitions through business combinations		753	1,175	1,216	3,144
Additions		1	2,672	953	3,626
Disposals		-	(1,193)	(1,397)	(2,590)
Balance at 30 June 2014		4,870	20,450	18,708	44,028
Additions		8	2,439	1,076	3,523
Disposals		-	(970)	(533)	(1,503)
Balance at 30 June 2015		**4,878**	**21,919**	**19,251**	**46,048**
Accumulated depreciation					
Balance at 30 June 2013		784	12,873	14,340	27,997
Acquisitions through business combinations		440	413	797	1,650
Disposals		-	(1,097)	(1,097)	(2,194)
Depreciation expense	3	123	1,160	1,328	2,611
Balance at 30 June 2014		1,347	13,349	15,368	30,064
Disposals		-	(950)	(495)	(1,445)
Depreciation expense	3	114	1,526	1,236	2,876
Balance at 30 June 2015		**1,461**	**13,925**	**16,109**	**31,495**
Net book value					
As at 30 June 2014		3,523	7,101	3,340	13,964
As at 30 June 2015		**3,417**	**7,994**	**3,142**	**14,553**

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		Land & Buildings at deemed cost	Fit-out & Leasehold Improvements at cost	Plant & Equipment at cost	Total
Company	Note	$'000	$'000	$'000	$'000
Gross carrying amount					
Balance at 30 June 2013		4,116	17,241	17,430	38,787
Acquisitions through business combinations		753	1,175	1,216	3,144
Additions		1	2,673	952	3,626
Disposals		-	(1,079)	(1,151)	(2,230)
Balance at 30 June 2014		4,870	20,010	18,447	43,327
Additions		8	1,853	1,035	2,896
Disposals		-	(970)	(527)	(1,497)
Balance at 30 June 2015		**4,878**	**20,893**	**18,955**	**44,726**
Accumulated depreciation					
Balance at 30 June 2013		784	12,322	13,892	26,998
Acquisitions through business combinations		440	413	797	1,650
Disposals		-	(984)	(862)	(1,846)
Depreciation expense	3	123	1,159	1,302	2,584
Balance at 30 June 2014		1,347	12,910	15,129	29,386
Disposals		-	(950)	(490)	(1,440)
Depreciation expense	3	114	1,490	1,221	2,825
Balance at 30 June 2015		**1,461**	**13,450**	**15,860**	**30,771**
Net book value					
As at 30 June 2014		3,523	7,100	3,318	13,941
As at 30 June 2015		**3,417**	**7,443**	**3,095**	**13,955**

An independent valuation of the Consolidated Entity's land and buildings at Mawson, ACT, was performed as at 23 March 2015 by Mr J. Lovell A.A.P.I. of CBRE Valuations Pty Ltd to determine the fair value of the land and buildings. The valuation was performed on the basis of the Controlled Entity occupying the majority of the building and a sub-lease being in place that valued the property at $3.250m.

Capital expenditure commitments for plant and equipment contracted for but not provided for and payable within one year are $Nil (2014:$Nil). There are no capital commitments payable after one year (2014: $Nil).

		CONSOLIDATED		COMPANY	
		2015	2014	**2015**	2014
		$'000	$'000	**$'000**	$'000
15 HELD-FOR-SALE ASSETS					
Property, plant and equipment					
Balance at beginning of the financial year		**-**	2,828	**-**	2,828
Disposals		**-**	(2,828)	**-**	(2,828)
Balance at end of financial year		**-**	-	**-**	-
16 INTANGIBLE ASSETS					
Gross carrying amount - capitalised software					
Balance at beginning of the financial year		**8,361**	7,956	**8,303**	7,796
Additions		**212**	511	**212**	511
Disposals		**(9)**	(106)	**(9)**	(4)
Balance at end of financial year		**8,564**	8,361	**8,506**	8,303
Accumulated amortisation					
Balance at beginning of the financial year		**7,708**	7,066	**7,653**	6,917
Disposals		**(3)**	(102)	**(3)**	(1)
Amortisation expense	3	**570**	744	**567**	737
Balance at end of financial year		**8,275**	7,708	**8,217**	7,653
Net book value					
Balance at beginning of the financial year		**653**	890	**650**	879
Balance at end of financial year		**289**	653	**289**	650
17 GOODWILL					
Balance at beginning of the financial year		**1,754**	2,954	**-**	-
Disposal of Accounting and Taxation business		**-**	(1,200)	**-**	-
Balance at end of financial year		**1,754**	1,754	**-**	-

Goodwill is associated with the Consolidated Entity's Wealth Management cash-generating unit. The recoverable amount of the goodwill is based on its value in use; determined by discounting the future cash flows generated from the continuing use of these units based on the following key assumptions:-

- Forecast cash flows for the Wealth Management cash-generating unit are projected to grow on average 6.0% (2014: 5.7%) based on recent actual operating results, the Board approved budget for the coming Financial year, the Board approved forecast for the subsequent two Financial years and an extrapolated forecast for the following two Financial years (based on medium term growth trends) to provide a five year cash flow forecast.
- The pre-tax discount rate applied to the forecast cash-generating unit cash flows for Wealth Management 14.1% (2014: 13.4%) is based on the calculated weighted average cost of capital for each corresponding company using current risk free rates and applying applicable market Beta's, equity, small cap and credit premia. A long term growth rate into perpetuity of 3% (2014: 3%) was used to determined a terminal value. Differences in impairment calculations modelled under alternative key assumptions were not material.

	CONSOLIDATED		COMPANY	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
18 DEPOSITS FROM MEMBERS				
Withdrawable member shares	**779**	777	**779**	777
Deposits from controlled entities at call	**-**	-	**3,519**	4,023
Call deposits	**1,715,169**	1,546,331	**1,715,169**	1,546,331
Term deposits	**1,759,027**	1,797,991	**1,761,147**	1,799,911
	3,474,975	3,345,099	**3,480,614**	3,351,042

Each member share entitles the holder to vote at a meeting of members (except if the member is a minor), to participate equally in any surplus upon winding up and to request its redemption at any time. The shares are not transferable and have no dividend entitlement.

The number of member shares at 30 June 2015 is 203,050 (2014: 194,288).

(a) Concentration of deposits

The deposit portfolio of the Company does not include any deposits or groups of deposits that represents a material concentration in terms of the source of liability.

	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000	COMPANY 2015 $'000	COMPANY 2014 $'000
19 TRADE AND OTHER PAYABLES				
Unearned loan fee obligation	**685**	818	**685**	818
Trade and other creditors	**13,533**	17,030	**13,354**	16,891
	14,218	17,848	**14,039**	17,709

	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000	COMPANY 2015 $'000	COMPANY 2014 $'000
20 BORROWINGS				
Subordinated debt	**1,966**	1,966	**1,966**	1,966
Securitised loan funding	**497,508**	361,510	**497,508**	361,510
	499,474	363,476	**499,474**	363,476

Securitised loan funding is provided through Perpetual Corporate Trust Limited ("Perpetual").

Funding provided through Perpetual is in its capacity as Trustee for the The Barton Series 2011-1 Trust. Under the transaction documents for this facility, The Barton Series 2011-1 Trust acquires residential mortgages originated by the Company. The acquisition of the residential mortgages by The Barton Series 2011-1 Trust is funded by Notes issued from the The Barton Series 2011-1 Trust. The Master Trust Deed established for this structure does not have an expiry date. The maturity profile of the Issued Notes are effectively tied to the maturity profile of the associated securitised loans and has been disclosed accordingly at Note 34(b).

The Barton Series 2014-1 Trust was established in November 2014 and is similar in structure and with respect to the funding arrangements established for The Barton Series 2011-1 discussed above. Disclosures relating to the maturity profile of the Issued Notes has also been disclosed accordingly at Note 34(b).

Warehouse securitisation funding under The Barton trust program is also provided by Perpetual in its capacity as Trustee of The Barton A Warehouse Trust and The Barton W Warehouse Trust. The Barton A Warehouse Trust was established in August 2011, expires in October 2015 and, under its transaction documents, acquires residential mortgages originated by the Company with funding provided by Australia and New Zealand Banking Group. The Barton W Warehouse Trust was established in February 2012, expires in May 2016 and, under its transaction documents, acquires residential mortgages originated by the Company with funding provided by Westpac Banking Corporation and Waratah Finance. Both warehouse facilities can be renewed with the agreement of the relevant parties.

Notes to the Financial Statements

	CONSOLIDATED		COMPANY	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
21 OTHER FINANCIAL ASSETS/(LIABILITIES)				
At fair value:				
Interest rate swap assets	**4,273**	-	**4,273**	-
Interest rate swap liabilities	**(5,633)**	(362)	**(1,360)**	(362)
	(1,360)	(362)	**2,913**	(362)

In certain circumstances the Company has the right to set-off the amounts due to/owed from interest rate counter parties for the above interest rate swap instruments.

The impact of netting off would have no impact on the reported financial position of the Company.

	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000	COMPANY 2015 $'000	COMPANY 2014 $'000
22 PROVISIONS				
Provision for dividends				
Balance at beginning of financial year	**24**	30	**24**	30
Dividends declared	**27**	33	**27**	33
Dividends paid	**(29)**	(39)	**(29)**	(39)
Balance at end of financial year	**22**	24	**22**	24
23 SHARE CAPITAL				
D Class shares				
Balance at beginning of financial year	**758**	800	**763**	805
Redeemed out of (retained) profits during the year	**(22)**	(42)	**(22)**	(42)
Balance at end of financial year	**736**	758	**741**	763
Redeemable preference shares				
Balance at beginning of financial year	**-**	-	**-**	-
Acquired through business combinations	**-**	2,000	**-**	2,000
Redeemed out of retained profits during the year	**-**	(2,000)	**-**	(2,000)
Balance at end of financial year	**-**	-	**-**	-
Total share capital	**736**	758	**741**	763

D Class shares are non-cumulative redeemable preference shares with no voting rights additional to those attributable to the holder's member share and are redeemable at the option of the Company. The dividend rate is determined by the Board every six months and paid annually. At 30 June 2015, there were 735,900 D Class shares on issue fully paid to $1 per share (2014: 757,900).

24 RESERVES

Asset revaluation reserve
Upward (or subsequent downward) adjustments to the carrying value of assets are recorded in the asset revaluation reserve.

Redeemed share reserve
Upon a member ceasing membership with the Company or redeeming a D Class Share out of retained profit the redeemed share reserve is used.

General reserve for credit losses
In accordance with APRA Prudential Regulations a General Reserve for Credit Losses is maintained. This reserve exists to provide an additional reserve against possible volatility in future cash flows as a result of unexpected loan defaults.

Transfer of business reserve
Mergers with other mutual entities are accounted for by recognising the identifiable assets and liabilities of the transferring entity on the Statements of Financial Position at their fair value at the date of merger. The excess of the fair value of assets taken up over liabilities assumed is taken directly to equity as a reserve.

	CONSOLIDATED		COMPANY	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
25 RETAINED EARNINGS				
Balance at beginning of financial year	**221,765**	196,688	**216,585**	191,336
Transfer to general reserve for credit losses	**(1,220)**	(1,622)	**(1,220)**	(1,622)
Transfer to redeemed member share reserve	**(56)**	(72)	**(56)**	(72)
Available for sale financial asset net change in fair value	**-**	3,857	**-**	3,857
Net profit attributable to members	**22,807**	22,987	**26,627**	23,159
Dividends	**(29)**	(73)	**(29)**	(73)
Balance at end of financial year	**243,267**	221,765	**241,907**	216,585

26 NOTES TO THE STATEMENTS OF CASH FLOWS

(a) Reconciliation of profit to net cash flows from operating activities:

	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000	COMPANY 2015 $'000	COMPANY 2014 $'000
Profit for the period	**22,807**	22,987	**26,627**	23,159
Impairment losses	**1,268**	1,263	**1,268**	1,263
Depreciation and amortisation of non current assets	**3,446**	3,355	**3,392**	3,321
Business combination costs classified as cash flows from investing activities	**-**	1,105	**-**	1,105
Loss on sale of discontinued operation	**-**	530	**-**	-
Share of net profit of associates	**14**	(449)	**14**	(449)
Net (Gain)/Loss on sale of plant and equipment	**79**	113	**79**	113
Changes in assets and liabilities				
Decrease/(Increase) in loans, advances and other receivables	**(195,489)**	(103,138)	**(195,489)**	(103,138)
Decrease/(Increase) in placements with other financial institutions	**(148,820)**	48,576	**(147,765)**	48,781
Decrease/(Increase) in interest receivable	**(1,056)**	(30)	**(1,056)**	(30)
Decrease/(Increase) in prepayments and other receivables	**393**	3,076	**(889)**	2,645
Decrease/(Increase) in other financial assets	**68**	(69)	**(4,204)**	(69)
Decrease/(Increase) in deferred tax assets	**(94)**	999	**(103)**	770
Increase/(Decrease) in deposits from members	**130,691**	98,177	**130,387**	98,815
Increase/(Decrease) in other borrowings	**135,997**	(27,093)	**135,997**	(27,093)
Increase/(Decrease) in interest payable	**(786)**	(3,385)	**(786)**	(3,385)
Increase/(Decrease) in employee entitlements	**791**	(48)	**895**	44
Increase/(Decrease) in current tax liability	**2,801**	(6,792)	**2,790**	(6,809)
Increase/(Decrease) in other creditors	**(3,689)**	(15,616)	**(3,728)**	(15,484)
Net cash from operating activities	**(51,579)**	23,561	**(52,571)**	23,559

26 NOTES TO THE STATEMENTS OF CASH FLOWS (CONTINUED)

(b) Reconciliation of cash and cash equivalents

For the purposes of the Statements of Cash Flows, cash and cash equivalents includes cash on hand and in financial institutions and money market instruments readily convertible to cash within one working day, net of outstanding overdrafts.

Cash as at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the Statements of Financial Position as follows;

	CONSOLIDATED		COMPANY	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Cash and cash equivalents (Note 5)	**51,187**	106,549	**51,187**	106,549
Closing cash balance	**51,187**	106,549	**51,187**	106,549

(c) Cash flows presented on a net basis

Cash flows arising from the following activities are presented on a net basis in the Statements of Cash Flows :
i) member deposits to and withdrawals from deposit accounts
ii) borrowings and repayments on loans, advances and other receivables
iii) membership shares purchased and redeemed
iv) dealings with other financial institutions

(d) Financing facilities

The Company has access to the following financing facilities with Cuscal Ltd and the The Barton Warehouse Trust. The overdraft borrowing and standby facilities from Cuscal Ltd is secured by a fixed and floating charge over the assets and undertakings of the Company.

	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000	COMPANY 2015 $'000	COMPANY 2014 $'000
Overdraft facility - Cuscal Ltd				
Approved limit (committed)	**20,000**	20,000	**20,000**	20,000
Balance at end of financial year	**-**	-	**-**	-
Unused credit at end of financial year	**20,000**	20,000	**20,000**	20,000
Loan securitisation funding - Barton W Warehouse Trust				
Approved limit (committed)	**108,700**	100,000	**108,700**	100,000
Balance at end of financial year	**88,861**	94,539	**88,861**	94,539
Unused credit at end of financial year	**19,839**	5,461	**19,839**	5,461
Loan securitisation funding - Barton A Warehouse Trust				
Approved limit (committed)	**162,000**	159,000	**162,000**	159,000
Balance at end of financial year	**83,542**	145,439	**83,542**	145,439
Unused credit at end of financial year	**78,458**	13,561	**78,458**	13,561
Standby facilities - Cuscal Ltd				
Approved limit (committed)	**15,000**	15,000	**15,000**	15,000
Balance at end of financial year	**-**	-	**-**	-
Unused credit at end of financial year	**15,000**	15,000	**15,000**	15,000

All facilities are reviewed annually and therefore contractually mature within one year.

	CONSOLIDATED		COMPANY	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
27 OPERATING LEASES				
Non-cancellable operating lease payments				
Less than 1 year	**8,028**	7,376	**7,612**	7,196
Between 1 and 5 years	**19,680**	15,029	**18,078**	14,961
Beyond 5 years	**22,445**	22,944	**21,868**	22,944
	50,153	45,349	**47,558**	45,101
Non-cancellable operating lease commitments receivable				
Less than 1 year	**296**	463	**296**	491
Between 1 and 5 years	**300**	502	**300**	502
Beyond 5 years	**-**	-	**-**	-
	596	965	**596**	993

Operating Leases - as Lessee

Occupancy - The Consolidated Entity has entered into lease arrangements for periods up to 15 years, for the occupancy of business premises. The total amount of rental expense recognised in the financial year, in relation to occupying these premises was $8,226,739 (2014: $8,027,392). This represents the minimum lease payments. There are no contingent rental clauses.

The occupancy leases have varying option clauses to extend up to 5 years and contain market review clauses in the event that the Consolidated Entity exercises its option to renew. The Consolidated Entity does not have an option to purchase the leased asset at the expiry of the lease period.

Motor Vehicles - The Consolidated Entity has entered into lease arrangements for periods up to 5 years, for the operation of these assets. The total amount of rental expense recognised in the financial year, in relation to using the assets was $537,314 (2014: $480,946). This represents the minimum lease payments. The Consolidated Entity does not have an option to purchase the leased asset at the expiry of the lease period.

Operating Leases - as Lessor

The Company has entered into sub-lease arrangements with external parties for occupancy of leased space for periods of up to 3 years.

Rental Income recognised by the Consolidated Entity in the financial year was $215,400 (2014: $360,231).

Notes to the Financial Statements

	CONSOLIDATED		COMPANY	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
28 EMPLOYEE BENEFITS				
(a) Employee entitlements				
Provision for employee benefits - current				
- Termination benefits	**1,211**	-	**1,211**	-
- Annual leave	**3,598**	3,558	**3,466**	3,412
- Long service leave - current	**534**	585	**515**	511
	5,343	4,143	**5,192**	3,923
Provision for employee benefits - non current				
- Long service leave - non current	**3,982**	4,391	**3,833**	4,207
Total provision for employee benefits	**9,325**	8,534	**9,025**	8,130
Accrued staff costs included in trade and other payables (Note 19)	**1,523**	1,487	**1,447**	1,414
Aggregate employee benefit and related on-cost liabilities	**10,848**	10,021	**10,472**	9,544
	No.	No.	**No.**	No.
(b) Number of full time equivalent employees at year end	**505**	526	**483**	500

29 COMMITMENTS TO EXTEND CREDIT

Binding commitments to provide loan funding are agreements to lend to the member as long as there is no violation of any condition established in the contract. The total commitment amounts do not necessarily represent future cash requirements. The balance of undrawn credit limits are commitments which can be unconditionally revoked at any time without notice and are subject to review at least annually.

	CONSOLIDATED		COMPANY	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Approved but undrawn loans	**140,753**	131,405	**140,753**	131,405
Approved but undrawn credit limits	**219,715**	221,396	**219,715**	221,396
	360,468	352,801	**360,468**	352,801

Notes to the Financial Statements

30 SIGNIFICANT ALLIANCES

The Company has significant alliances with the following suppliers of services:

Cuscal Ltd

This entity supplies the Company with rights to member cheques, Redi and Visa cards in Australia and provides services in the form of settlement with bankers for member cheques, electronic funds deposit, and Visa card transactions and provides the link for all member electronic funds transactions to the computer bureau which services the Company. The Company is a shareholder in Cuscal Ltd.

Data Action Pty Ltd

The Company is a shareholder in Data Action Pty Ltd, the computer bureau which provides the Company with a range of computing services.

Allianz Insurance Ltd

The Company is an agent of Allianz Australia Insurance Limited for the purpose of offering their specialised range of insurance products to members.

BT Financial Group

Eastwoods Wealth Management Pty Ltd has an agreement with Asgard Capital Management Ltd to provide administration services to financial planning clients and with Securitor to provide dealer-to-dealer services. Asgard and Securitor are both members of the BT Financial Group.

	CONSOLIDATED		COMPANY	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
31 AUDITOR'S REMUNERATION				
Amounts received or due and receivable by the auditors of the Consolidated Entity - KPMG:				
- auditing the financial report	**167**	205	**154**	166
- other regulatory activities	**66**	73	**64**	71
- other assurance services	**74**	61	**74**	61
- taxation services	**85**	104	**82**	104
- other consulting services	**77**	-	**77**	-
	469	443	**451**	402

The Board is satisfied that the provision of non-audit services has not compromised auditor independence.

No audit or other services were provided by practices related to the auditor of the Consolidated Entity.

32 KEY MANAGEMENT PERSONNEL DISCLOSURES

The following were key management personnel of the Company at any time during the reporting period.

Non-Executive Directors	**Executives**
A M O'Donnell (Chairman)	R Keogh (Chief Executive Officer)
S Nolis (Deputy Chairman)	W Matters (Deputy CEO and Chief Financial Officer)
H L Webster	R O'Brien (General Manager - Distribution)
D L Goodin	R Norgate (General Manager - Operations)
G J Knuckey	J Lipkiewicz (General Manager - Professional Services)
J L Leonard	P Rutter (General Manager - Community Development)
S Arndt	K Stocco (General Manager - Human Resources)
S D Andersen	S Warwick (General Manager - Digital Services)
	N May (General Manager - Corporate Services)

	CONSOLIDATED		COMPANY	
	2015	2014	**2015**	2014
	$	$	**$**	$
Key management personnel compensation				
The aggregate compensation of the key management personnel of the Company at any time during the reporting period				
Short term employee benefits	**3,378,214**	3,122,638	**3,378,214**	3,122,638
Post employment benefits	**308,655**	278,441	**308,655**	278,441
Termination benefits	**232,652**	-	**232,652**	-
	3,919,521	3,401,079	**3,919,521**	3,401,079

The key management personnel compensation detailed above is included in staff costs (Note 3) and includes $734,663 (2014: $683,511) relating to directors.

Other transactions with key management personnel - financial instruments				
Loans to key management personnel and their related parties				
Loans and overdrafts outstanding	**5,905,685**	6,081,302	**5,905,685**	6,081,302

Loans totalling $2,251,700 (2014: $3,639,935) were made to key management personnel during the year.

During the year key management personnel repaid $2,695,826 (2014: $3,217,699) of the balance outstanding on their loan.

Loans are either unsecured or secured by registered mortgage over the borrower's residences.

Interest received on the loans during the year totalled $268,509 (2014: $293,689).

Deposits from key management personnel and their related parties				
Deposit balances	**703,398**	902,756	**703,398**	902,756

Financial instrument transactions between key management personnel and the Company during the financial year were in the nature of normal personal banking, investment and deposit transactions. These transactions occurred on an arm's length basis and on normal commercial terms and conditions materially no more favourable than those given to other employees or members generally.

These terms and conditions have not been breached and no amounts have been written down or recorded as allowances as the balances are considered fully collectible.

Other transactions with key management personnel

Each key management member holds one Member share in the Company.

Notes to the Financial Statements

33 OTHER RELATED PARTY DISCLOSURES

Other related party transactions - ultimate parent entity
Community CPS Australia Ltd is the parent entity in the Consolidated Entity and the ultimate parent entity in the wholly owned group.

Other related party transactions - equity interests in controlled entities
Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 13 to the financial statements.

Other related party transactions - equity accounted associates
Data Action Pty Ltd provides a range of services, which includes computing services, stationary and communication, and received $6,706,537 (2014: $6,409,919) for services provided. Some of these services are discounted for shareholder customers.

Other related party transactions - transactions within the wholly-owned group
The wholly-owned group includes:

- the ultimate parent entity in the wholly-owned group; and
- controlled entities, listed in Note 13.

Amounts receivable and payable to entities in the wholly-owned group are disclosed in Notes 6 to the financial statements.

Other transactions that occurred during the financial year between entities in the wholly-owned group were;

- net changes in amounts payable/receivable to/from Eastwoods Wealth Management Pty Ltd $176,652 (2014: -$277,473) and Eastwoods Accounting & Taxation Pty Ltd $187,067 (2014: -$296,565);
- interest charged on receivables during the year from Eastwoods Wealth Management Pty Ltd $Nil (2014: $Nil) and Eastwoods Accounting & Taxation Pty Ltd $Nil (2014: $10,842) ;
- the Company provides administrative support to its controlled entities across a range of services, including accounts payable processing, marketing support, property maintenance, Information Technology etc. The extent of this support is not material to the Company and no charges are levied for their provision;
- the Company made donations totalling $373,113 (2014: $583,825) to the Beyond Bank Australia Foundation Master Support Fund and the Beyond Bank Australia Foundation Master DGR Fund;
- a management fee of $62,794 (2014: $67,915) was charged by Eastwoods Group Ltd to Eastwoods Wealth Management Pty Ltd for management services provided;
- a management fee of $773,938 (2014:$692,624) is paid to Community CPS Services Pty Ltd for trust management services in relation to The Barton Trusts;
- a fee of $823,069 (2014: $1,073,878) was received by the Company in relation to The Barton Series 2011-1 Trust for custodian services and loan servicing in accordance with the Trust documents for the Barton securitisation program;
- a fee of $725,346 (2014: $958,896) was received by the Company in relation to The Barton A Warehouse Trust for custodian services and loan servicing in accordance with the Trust documents for the Barton securitisation program;
- a fee of $590,926 (2014: $1,137,311) was received by the Company in relation to The Barton W Warehouse Trust for custodian services and loan servicing in accordance with the Trust documents for the Barton securitisation program, and
- a fee of $1,857,371 (2014: $2,081,883) was received by the Company in relation to The Barton Series 2013-1R Trust for custodian services and loan servicing in accordance with the Trust documents for the Barton securitisation program.
- a fee of $1,003,110 (2014: $Nil) was received by the Company in relation to The Barton Series 2014-1 Trust for custodian services and loan servicing in accordance with the Trust documents for the Barton securitisation program.

34 FINANCIAL INSTRUMENTS

(a) Financial risk management objectives

The Company and Consolidated Entity as part of its daily operations is exposed to a range of risks. The management of these risk exposures involves a number of activities including the identification of particular risks, quantifying the risk exposure, implementing procedures to control and mitigate the risks, and risk reporting.

The Company and Consolidated Entity has in place an enterprise wide risk management process. The process is managed through its Board Risk Committee, the Board Audit Committee, and the Management Operations Risk Committee, and is supported by a documented risk management plan, risk policies and strategies, internal controls and procedures, and a Business Risk and Continuity Plan.

The risk management process involves establishing the context and the identification, analysis, evaluation, treatment, communication and ongoing monitoring of risks. A risk database has been established as part of the risk management process that utilises internationally recognised software enabling a structured and logical assessment and reporting of identified risks including their consequences and likelihood, and the assessment of established risk mitigation controls.

Risks of financial instruments are reported for the Consolidated Entity only as they are not materially different to those of the Company.

The Company does not enter into or trade financial instruments, including derivative financial instruments for speculative purposes. The use of financial derivatives is governed by the Company's policies, as approved by the Board. Compliance with policies is reviewed by the risk management structure in place on a continuous basis, as discussed above.

(b) Liquidity risk management

Liquidity risk is the risk that the Consolidated Entity will encounter difficulties in meeting obligations from its financial liabilities. The Consolidated Entity's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

The Consolidated Entity has in place policies, information systems and a structured process to measure, monitor and manage liquidity risk. The key measure used by the Consolidated Entity for managing liquidity risk is the ratio of high quality liquid assets to its liabilities base, as defined in APRA Prudential Standards. The management process incorporates specific liquidity management strategies and liquidity contingency plans that manage liquidity on a daily basis under normal situations and assumed adverse scenarios. The liquidity strategy requires the holding of surplus funds in high quality liquid assets, the availability of appropriate standby lines of funding, maintenance of reliable sources of funding (retail and wholesale) and daily, medium and longer term liquidity projections.

APRA Prudential Standards place specific management and reporting requirements on banks in relation to liquidity risk. The Prudential Standards provide that liquidity strategies and liquidity holdings can be based on either a scenario analysis or on a minimum liquidity holdings basis. APRA has approved the adoption by the Company of a minimum liquidity holdings basis whereby the Company is required to maintain a minimum holding of 9% of its liabilities in specified high quality liquid assets at all times. The Company and the Consolidated Entity complied with all APRA liquidity requirements throughout the year.

	CONSOLIDATED	
	2015	2014
	%	%
Liquidity holdings	**12.93**	12.37

34 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk management (continued)

An analysis of residual contractual maturities of the Consolidated Entity's financial assets and liabilities is set out below. Actual expected maturity periods for Loans and Advances to Members are substantially shorter than contractual maturity dates.

Financial Instruments	< 1 mth	1-3 mths	3 mths-1 yr	1-5 yrs	> 5 yrs	No maturity specified	Total carrying amount
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
i) Financial assets - 2015							
Cash	-	-	-	-	-	-	-
Cash and deposits at call	**45,639**	-	-	-	-	**5,548**	**51,187**
Other receivables	-	-	-	-	-	**13,650**	**13,650**
Placements with other financial institutions	**113,064**	**63,024**	**227,224**	**112,650**	-	**868**	**516,830**
Loans and advances to members	**175,265**	**13,118**	**65,713**	**464,934**	**3,037,955**	-	**3,756,985**
Equity accounted investments	-	-	-	-	-	**7,750**	**7,750**
Investment securities	-	-	-	-	-	**13,532**	**13,532**
Total financial assets	**333,968**	**76,142**	**292,937**	**577,584**	**3,037,955**	**41,348**	**4,359,934**
ii) Financial liabilities - 2015							
Deposits from members	**2,033,354**	**624,112**	**687,784**	**129,725**	-	-	**3,474,975**
Other payables	-	-	-	-	-	**14,218**	**14,218**
Borrowings	-	-	-	-	**499,474**	-	**499,474**
Other financial liabilities	-	-	**245**	**1,115**	-	-	**1,360**
Total financial liabilities	**2,033,354**	**624,112**	**688,029**	**130,840**	**499,474**	**14,218**	**3,990,027**
Commitments to extend credit	**360,468**	-	-	-	-	-	**360,468**
i) Financial assets - 2014							
Cash and deposits at call	100,780	-	-	-	-	5,769	106,549
Other receivables	-	-	-	-	-	12,988	12,988
Placements with other financial institutions	29,384	159,290	161,336	18,000	-	-	368,010
Loans and advances to members	189,509	14,488	61,666	426,628	2,869,436	-	3,561,727
Equity accounted investments	-	-	-	-	-	7,765	7,765
Investment securities	-	-	-	-	-	13,521	13,521
Total financial assets	319,673	173,778	223,002	444,628	2,869,436	40,043	4,070,560
ii) Financial liabilities - 2014							
Deposits from members	1,903,168	718,702	601,916	121,313	-	-	3,345,099
Other payables	-	-	-	-	-	17,848	17,848
Borrowings	-	-	-	-	363,476	-	363,476
Other financial liabilities	-	362	-	-	-	-	362
Total financial liabilities	1,903,168	719,064	601,916	121,313	363,476	17,848	3,726,785
Commitments to extend credit	352,801	-	-	-	-	-	352,801

34 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Consolidated Entity's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Statements of Financial Position. The maximum credit exposure does not take into account the value of any collateral or other security held, in the event other entities/parties fail to perform their obligations under the financial instruments in question. Collateral held takes the form of mortgage interests over real property, other registered securities and guarantees. The value of collateral held against individual exposures is generally only assessed at the time of borrowing or when a specific review of that exposure is undertaken in accordance with policy.

The Consolidated Entity minimises concentrations of credit risk in relation to loans receivable by undertaking transactions with a large number of members within the specified categories. The majority of members are concentrated in South Australia, Western Australia, the Australian Capital Territory and regional New South Wales. Credit risk in loans receivable is managed through both up-front and ongoing risk assessment processes applied for all members, including affordability and security requirements, approval authorities and the securing of credit insurance for higher risk loans. Loan provisions are calculated as disclosed under Note 1 - Summary of Significant Accounting Policies.

The Group holds collateral against loans and advances to members in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral usually is not held against investment securities, and no such collateral was held at 30 June 2014 or 2015.

Investments are allowed only in liquid securities and only with counterparties that have a credit rating of at least investment grade.

	CONSOLIDATED AND COMPANY			
Exposure to credit risk	Loans and advances to members		Placements with other financial institutions	
	2015	2014	**2015**	2014
Carrying amount	**$'000**	$'000	**$'000**	$'000
Individually impaired				
- Mortgage secured	**8,663**	6,368	**-**	-
- Other loans	**366**	514	**-**	-
Gross amount	**9,029**	6,882	**-**	-
Less: Allowance for impairment	**953**	957	**-**	-
Carrying amount	**8,076**	5,925	**-**	-
Collectively impaired:				
- Mortgage secured	**14,288**	13,836	**-**	-
- Other loans	**2,222**	1,888	**-**	-
- Overdrawn and overlimit savings	**7,437**	6,900	**-**	-
Gross amount	**23,947**	22,624	**-**	-
Less: Allowance for impairment	**1,321**	1,210	**-**	-
Carrying amount	**22,626**	21,414	**-**	-
Past due but not impaired				
- less than 30 days	**63,617**	60,056	**-**	-
- 30 days +	**-**	-	**-**	-
Carrying amount	**63,617**	60,056	**-**	-
Neither past due nor impaired				
Carrying amount	**3,660,390**	3,472,165	**516,830**	368,010
Total carrying amount	**3,754,709**	3,559,560	**516,830**	368,010

Notes to the Financial Statements

34 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Capital management

The Board's policy is to maintain a strong capital base so as to maintain member, creditor and market confidence and to sustain future development of the business. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group's medium term target is to achieve a return on equity of greater than 10%; during the year ended 30 June 2015 the return was 6.2% percent (2014: 7.0%). There were no changes in the Group's approach to capital management during the year.

(e) Capital adequacy

The management of the capital of a financial institution is a fundamental part of its risk management process as an essential element of capital is its availability to absorb future, unexpected and unidentified losses. As a mutual organisation, the Company's primary source of capital is retained earnings. The Company maintains an Internal Capital Adequacy Assessment Process to provide assurance that its capital holdings are commensurate with its risk exposures, it identifies future capital needs in advance and has plans in place to respond to unexpected capital deficiencies. Note 36 provides an outline of the Capital Adequacy of the Company.

(f) Market risk management

Market risk is the risk of exposure to changes to financial prices affecting the value of positions held by the Company as part of its normal trading activities. As the Company does not deal in foreign exchange contracts or commodities, market risk for the Group consists solely of interest rate risk.

Interest rate risk is managed in the following ways:

The Board has in place a market risk policy which establishes a methodology for the calculation, examination and reporting of the interest rate risk position on a regular basis. The policy sets risk limits above which the Company is required to actively hedge its exposure through the use of on-balance sheet methods or through financial instruments such as interest rate swaps.

Overall daily management of interest rate risk is vested in the Assets and Liability Committee (ALCO). The ALCO meets monthly and reviews the interest rate risk position and measures taken to manage that position. The ALCO is also responsible for reviewing all policies associated with market risk and treasury matters, making recommendations to the Board as required.

Two methods are used to measure interest rate risk, namely Market Value of Equity (MVE) and net interest income volatility with the MVE the preferred measure. The MVE method encompasses the price sensitivity of assets and liabilities and the value of the cash flows to maturity. The calculations are obtained through the use of specific modelling software using actual and projected financial information within defined interest rate scenarios of upward and downward shocks of 200 basis points. The net interest income approach is derived from the same modelling software utilising simulated income projections. A rudimentary gap analysis methodology is also employed. Refer to Note 34(h).

34 FINANCIAL INSTRUMENTS (CONTINUED)

(g) Interest rate risk management

The Company's activities primarily expose the Consolidated Entity to the financial risks of changes in interest rates. The Company utilises financial modelling techniques to identify the value at risk to net interest income and the market value of equity, given a number of assumed changes in market interest rates. The Board has in place a market risk policy which sets risk limits above which the Company is required to actively hedge its exposure through the use of on-balance sheet methods or through financial instruments such as interest rate swaps.

The Consolidated Entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities at the balance date, which is not materially different to that of the Company, are as follows :

Financial Instruments	Variable int. rate	Fixed interest rate maturing in: < 1 yr	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	> 5 yrs	Non interest bearing	Total	Weighted av. effective int. rate
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	%
i) Financial assets - 2015										
Cash and deposits at call	45,639	-	-	-	-	-	-	5,548	51,187	1.90%
Other receivables	-	-	-	-	-	-	-	13,650	13,650	n/a
Placements with other financial institutions	11,219	504,743	-	-	-	-	-	868	516,830	2.82%
Loans and advances to members	2,298,925	705,534	416,309	205,585	70,113	59,319	1,200	-	3,756,985	5.04%
Equity accounted investments	-	-	-	-	-	-	-	7,750	7,750	n/a
Investment securities	-	-	-	-	-	-	-	13,532	13,532	n/a
Total financial assets	2,355,783	1,210,277	416,309	205,585	70,113	59,319	1,200	41,348	4,359,934	
ii) Financial liabilities - 2015										
Deposits from members	1,659,661	1,661,886	88,145	34,152	9,139	883	-	21,109	3,474,975	2.50%
Other payables	-	-	-	-	-	-	-	14,218	14,218	n/a
Borrowings	-	499,474	-	-	-	-	-	-	499,474	3.62%
Other financial liabilities	-	244	1,174	(58)	-	-	-	-	1,360	n/a
Total financial liabilities	1,659,661	2,161,604	89,319	34,094	9,139	883	-	35,327	3,990,027	
Interest rate swaps – notional principal	-	45,000	147,000	15,000	-	-	-	-	207,000	2.65%

34 FINANCIAL INSTRUMENTS (CONTINUED)

(g) Interest rate risk management (continued)

Financial Instruments	Variable int. rate	Fixed interest rate maturing in: < 1 yr	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	> 5 yrs	Non interest bearing	Total	Weighted av. effective int. rate
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	%
i) Financial assets – 2014										
Cash and deposits at call	100,780	-	-	-	-	-	-	5,769	106,549	2.70%
Other receivables	-	-	-	-	-	-	-	12,988	12,988	n/a
Placements with other financial institutions	-	368,010	-	-	-	-	-	-	368,010	3.07%
Loans and advances to members	2,380,829	452,329	400,339	239,155	45,065	42,107	1,903	-	3,561,727	5.57%
Equity accounted investments	-	-	-	-	-	-	-	7,765	7,765	n/a
Investment securities	-	-	-	-	-	-	-	13,521	13,521	n/a
Total financial assets	2,481,609	820,339	400,339	239,155	45,065	42,107	1,903	40,043	4,070,560	
ii) Financial liabilities – 2014										
Deposits from members	1,541,589	1,661,383	89,333	25,268	3,260	2,345	-	21,921	3,345,099	2.91%
Other payables	-	-	-	-	-	-	-	17,848	17,848	n/a
Borrowings	-	363,476	-	-	-	-	-	-	363,476	3.87%
Other financial liabilities	-	-	24	338	-	-	-	-	362	n/a
Total financial liabilities	1,541,589	2,024,859	89,357	25,606	3,260	2,345	-	39,769	3,726,785	
Interest rate swaps – notional principal	-	-	20,000	62,000	-	-	-	-	82,000	2.95%

The Consolidated Entity has disclosed the above information in relation to financial assets and liabilities based on the expected repricing dates. These dates may differ significantly from the contractual dates however this basis provides a more accurate measure for evaluating the interest rate risk to which the entity is exposed.

The Company provides mortgage secured loans to its members at interest rates that can be fixed for terms of one to five years. The member retains an option to break their loan contract during the fixed rate period upon payment of the prescribed fee. This fee is calculated based on the economic loss of the Company and should off-set the loss incurred due to the breaking of the contract.

Notes to the Financial Statements

34 FINANCIAL INSTRUMENTS (CONTINUED)

(h) Market risk sensitivity analysis

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Consolidated Entity's net interest revenue and net financial assets or "market value of equity" to standard interest rate scenarios. Standard interest rate scenarios considered on a monthly basis include 100 and 200 basis point (bp) parallel falls and rises in all yield curves. Sensitivity outcomes are assessed relative to either 12 month forecast net interest revenue, in respect of net interest revenue sensitivity, or the Consolidated Entity's current capital base, for market value of equity sensitivity.

	30 June 2015				30 June 2014			
	100 bp rise	**100 bp fall**	**200 bp rise**	**200 bp fall**	100 bp rise	100 bp fall	200 bp rise	200 bp fall
Market value of equity sensitivity								
Average for the period	**-1.11%**	**1.14%**	**-2.13%**	**2.27%**	-1.14%	1.16%	-2.09%	2.25%
Maximum for the period	**-1.72%**	**1.76%**	**-3.30%**	**3.56%**	-1.47%	1.51%	-2.79%	2.97%
Minimum for the period	**-0.79%**	**0.81%**	**-1.45%**	**1.58%**	-0.46%	0.47%	-0.69%	0.83%
Net interest revenue sensitivity								
Average for the period	**1.61%**	**-1.58%**	**3.31%**	**-3.22%**	1.77%	-1.74%	3.72%	-3.63%
Maximum for the period	**1.88%**	**-1.86%**	**3.90%**	**-3.83%**	2.09%	-2.07%	4.41%	-4.29%
Minimum for the period	**1.37%**	**-1.26%**	**2.84%**	**-2.64%**	1.56%	-1.55%	3.28%	-3.22%

34 FINANCIAL INSTRUMENTS (CONTINUED)

(i) Interest rate swap contracts

The Consolidated Entity may use various types of interest rate contracts in managing interest rate exposure, including interest rate swap contracts.

Under interest rate swap contracts, the Consolidated Entity agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Consolidated Entity to mitigate the risk of changing interest rates.

The Consolidated Entity enters into interest rate swap agreements for the sole purpose of managing interest rate exposures in the Statements of Financial Position and not for speculative purposes.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date.

	Average interest rate		Fair Value		Notional principal amount	
	2015	2014	**2015**	2014	**2015**	2014
Outstanding fixed for floating contracts			**$'000**	$'000	**$'000**	$'000
Less than 1 year	**2.73%**	-	**(244)**	-	**45,000**	-
1 to 2 years	**2.69%**	2.79%	**(1,174)**	(24)	**147,000**	20,000
2 to 5 years	**2.01%**	3.01%	**58**	(338)	**15,000**	62,000
			(1,360)	(362)	**207,000**	82,000

	CONSOLIDATED		COMPANY	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Interest rate swap contracts exchanging fixed rate interest for floating rate interest are designated and assessed as effective fair value hedges.				
Fair value movements on financial instruments recognised in the Statements of Profit or Loss and Other Comprehensive Income comprised the following:				
- Net (losses)/gains on effective fair value hedging instruments	**(997)**	178	**(997)**	178
- Net gains/(losses) on fair value hedged items	**929**	(116)	**929**	(116)
- Net gains/(losses) on derivatives not hedge accounted - other	**-**	7	**-**	7
- Net gains/(losses) on derivatives not hedge accounted - securitisation	**-**	-	**4,272**	-
Total fair value movements recognised in the Statements of Profit or Loss and other comprehensive income	**(68)**	69	**4,204**	69

34 FINANCIAL INSTRUMENTS (CONTINUED)

(j) Financial assets and liabilities by classification

The table below sets out the Consolidated Entity's classification of each class of financial assets and liabilities, and their fair values (excluding accrued interest).

	Note	Available for sale	At fair value	Held-to-maturity	Loans and Receivables	Other at Amortised cost	Total Carrying Amount	Fair Value
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
30 June 2015								
Cash and cash equivalents	5	**-**	**-**	**-**	**51,187**	**-**	**51,187**	**51,187**
Prepayments and other receivables	6	**-**	**-**	**-**	**13,650**	**-**	**13,650**	**13,650**
Placements with other financial institutions	7	**-**	**-**	**516,830**	**-**	**-**	**516,830**	**516,598**
Loans and advances to members	8,9	**-**	**-**	**-**	**3,754,711**	**-**	**3,754,711**	**3,821,276**
Equity accounted investments	12	**-**	**7,750**	**-**	**-**	**-**	**7,750**	**7,750**
Investment securities	13	**13,532**	**-**	**-**	**-**	**-**	**13,532**	**13,532**
Deposit from members	18	**-**	**-**	**-**	**-**	**3,474,975**	**3,474,975**	**3,465,923**
Other payables	19	**-**	**-**	**-**	**-**	**14,218**	**14,218**	**14,218**
Borrowings	20	**-**	**-**	**-**	**-**	**499,474**	**499,474**	**499,474**
Other financial liabilities	21	**-**	**1,360**	**-**	**-**	**-**	**1,360**	**1,360**
30 June 2014								
Cash and cash equivalents	5	-	-	-	106,549	-	106,549	106,549
Prepayments and other receivables	6	-	-	-	12,988	-	12,988	12,988
Placements with other financial institutions	7	-	-	368,010	-	-	368,010	366,079
Loans and advances to members	8,9	-	-	-	3,559,560	-	3,559,560	3,573,267
Equity accounted investments	12	-	7,765	-	-	-	7,765	7,765
Investment securities	13	13,521	-	-	-	-	13,521	13,521
Deposit from members	18	-	-	-	-	3,345,099	3,345,099	3,329,795
Other payables	19	-	-	-	-	17,848	17,848	17,848
Borrowings	20	-	-	-	-	363,476	363,476	363,476
Other financial liabilities	21	-	362	-	-	-	362	362

Notes to the Financial Statements

34 FINANCIAL INSTRUMENTS (CONTINUED)

(k) Fair value of financial instruments

The following methods and assumptions are used to determine the fair values of financial assets and liabilities based on the assumptions in the Statement of significant accounting policies at Note 1.

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities (the consolidated Entity has no such financial instruments)
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: inputs for the asset or liability that are not based on observable market data.

The fair value heirachy applied to each category of financial asset and liability is noted in brackets below.

Cash and cash equivalents (Level 2)

As the assets are at call the carrying amount equates to fair value.

Other receivables (Level 2)

The carrying amount of trade debtors and other receivables is estimated to approximate fair value.

Placements with other financial institutions (Level 2)

The fair values of other deposits are estimated using discounted cash flow analysis, based on current market rates for investments having substantially the same terms and conditions. Bank accepted bills of exchange and bank negotiable certificates of deposit held are not intended to be traded but held until maturity. The fair value of these assets is based on the quoted market price at balance date.

Loans and advances to members (Level 3)

The fair values of loans receivable are estimated using discounted cash flow analysis, based on current incremental lending rates for similar types of lending arrangements.

Other financial assets/liabilities (Level 2)

The fair value of Interest rate swaps are determined as the net present value of the future cash flows.

Investment securities (Level 3)

With exception of shares held in Cuscal Ltd, the fair value and carrying value of unlisted shares is their original cost as their fair value cannot be measured reliably. A parcel of Cuscal shares were purchased during the year ended 30 June 2008 for $1.25 per share. In acquiring the parcel of Cuscal shares, a range of high level values were determined using various valuation methodologies with a market methodology average supporting the $1.25 price. As the shares purchased are identical in terms of rights and obligations to Cuscal shares already held, this determined the fair value for the original shares held and hence a fair value upward adjustment was raised in equity in that year.

Deposits from other financial institutions (Level 2)

The fair values of deposits from other financial institutions are estimated using discounted cash flow analysis, based on current market rates for deposits having substantially the same terms and conditions.

Deposits from members (Level 2)

The carrying amount approximates fair value for savings account balances as they are at call.

The fair value of members' term deposits are estimated using discounted cash flow analysis, based on current market rates for term deposits having substantially the same terms and conditions.

Other Payables (Level 2)

This includes interest payable and accrued expenses payable for which the carrying amount is considered to be a reasonable estimate of net fair value.

Borrowings (Level 2)

The fair values of borrowings are estimated using discounted cash flow analysis, based on current market rates for borrowings having substantially the same terms and conditions.

The aggregate net fair values of financial assets and financial liabilities at the balance date are detailed in the table above under note 34(j).

34 FINANCIAL INSTRUMENTS (CONTINUED)

(k) Fair value of financial instruments (continued)

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	CONSOLIDATED	
	2015	2014
	$'000	$'000
Investment Securities		
Balance at beginning of the financial year	**13,521**	14,186
Purchases	**11**	-
Acquisitions through business combinations	**-**	829
Redesignation of available-for-sale investment securities as equity accounted investments	**-**	(1,494)
Balance at end of financial year	**13,532**	13,521

Although the Consolidated Entity considers that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value at Level 3. However, changing one or more of the inputs to reasonably possible alternative assumptions would not change the fair value of Level 3 financial instruments significantly relative to total assets or equity.

35 TRANSFERS OF FINANCIAL ASSETS

In the ordinary course of business, the Company enters into transactions that result in the transfer of financial assets that consist primarily of loans and advances to members. In accordance with Note 1(m), the transferred financial assets continue to be recognised in their entirety to the extent of the Company's continuing involvement or are derecognised in their entirety.

The Company transfers financial assets primarily through securitisation activities in which loans and advances to members are transferred to investors in the notes issued by consolidated special purpose entities ("SPEs"), ie, The Barton Trust. The notes issued are collaterised by the purchased assets.

A transfer of such financial assets arises when the Company sells assets to a consolidated SPE, then the transfer is from the Group (that includes the consolidated SPE) to investors in the notes. The transfer is in the form of the Group assuming an obligation to pass cash flows from the underlying assets to investors in the notes.

Although the Company does not own more than half the voting power, it has effective control over these SPEs because it is exposed to the majority of ownership risks and rewards of the SPEs and hence, these SPEs are consolidated.

The SPEs that are part of the Group transfer substantially all the economic risks and rewards of ownership of the transferred assets to investors in the notes. Derecognition of the transferred assets is prohibited because the cash flows that it collects from the transferred assets on behalf of the investors are not passed through to them without material delay.

In these cases, the consideration received from the investors in the notes in the form of cash is recognised as a financial asset and a corresponding financial liability is recognised.

The investors in the notes have recourse only to the cash flows from the transferred financial assets.

When the Company transfers assets as part of the securitisation transactions it does not have the ability to use the assets during the term of the arrangement.

The total of both on and off balance sheet securitised loans is disclosed at Note 8(b) Net Loans and Advances to Members - Securitised Loans.

	CONSOLIDATED	
	2015	2014
	%	%
36 CAPITAL ADEQUACY		
APRA calculation (minimum 8%)	**16.54**	16.71

	2015	2014
	$'000	$'000
Capital		
Paid-up ordinary capital	**736**	758
Reserves	**117,284**	117,228
Retained earnings including current year earnings	**243,267**	221,765
Common equity Tier 1 and total Tier 1 capital	**361,287**	339,751
Goodwill and other intangibles	**2,044**	2,407
Deferred tax assets dependant on future profitability	**3,220**	3,125
Investments in banking and financial entities, consolidated entity owns <10%	**13,532**	13,521
Equity investments in commercial entities	**7,750**	7,765
Regulatory adjustment to common equity Tier 1	**26,546**	26,818
Common equity Tier 1 capital - net of deductions	**334,741**	312,933
Tier 2 provisions (general reserve for credit losses)	**18,127**	16,907
Total capital	**352,868**	329,840

APRA Prudential Standards require banks to maintain at all times a minimum ratio of capital to risk-weighted assets of 8%.

As part of its risk management process, the Company has developed a methodology with financial modelling to assist in determining the optimum level of capital that is consistent with assessed risk exposure and business activity. The optimum capital is managed within a range well above the 8% minimum required by APRA and incorporates an assessment of the combined risk exposure for operations, market and credit risk. The Company and the Consolidated Entity complied with all APRA capital adequacy requirements throughout the year.

37 CONTINGENT LIABILITIES

Credit Union Financial Support System (CUFSS):

The Company is a party to the Credit Union Financial Support System (CUFSS). CUFSS is a voluntary scheme that many Credit Unions and Mutual Banks agreed to participate in. CUFSS is a company limited by guarantee, each member's guarantee being $100.

As a member of CUFSS, the Company:

- May be required to advance funds of up to 3% (excluding permanent loans) of total assets to a CUFSS member requiring financial support.
- May be required to advance permanent loans of up to 0.2% of total assets per financial year to a CUFSS member requiring financial support.
- Agrees, in conjunction with other members, to fund the operating costs of CUFSS.

No such direction has, at balance date, been given to the Company.

Letter of financial support - Eastwoods Wealth Management Pty Ltd:

The Company has provided a letter of limited financial support to its controlled entity, Eastwoods Wealth Management Pty Ltd, in connection with that entity's Financial Services Licensing obligations.

The fair value of this letter of financial support is $Nil as the Company does not envisage Eastwoods Wealth Management Pty Ltd needing to call on it, due to the financial position and projections for the company.

Letter of financial support - Community CPS Services Pty Ltd:

The Company has provided a letter of limited financial support to its controlled entity, Community CPS Services Pty Ltd, in connection with that entity's Financial Services Licensing obligations.

The fair value of this letter of financial support is $Nil as the Company does not envisage Community CPS Services Pty Ltd needing to call on it, due to the financial position and projections for the company.

Financial guarantees provided on behalf of members:

At balance date, the Company had financial guarantees in place that it had provided on behalf of members, totalling $3,316,632 (2014: $2,976,925).

The Company has not received any directions in relation to these guarantees to balance date.

The fair value of these guarantees is $Nil as they are secured by either registered mortgage or term deposit and no loss is anticipated even in the event of directions.

38 SUBSEQUENT EVENTS

There have been no events subsequent to balance date which would have a material effect on the Consolidated Entity's and the Company's financial statements as at 30 June 2015.

Glossary of Terms and Acronyms

AFSL
Australian Financial Services Licence authorises licensees to conduct a financial services business, as regulated by ASIC.

APRA
Australian Prudential Regulation Authority.

ASIC
Australian Securities and Investments Commission.

BBSW
Bank Bill Swap Reference Rate is used in financial markets as a benchmark for interest rate related transactions.

Capital Adequacy Ratio
A ratio used to measure the prudential strength of a financial institution. Prudential strength is calculated as total retained earnings and other 'capital' divided by total assets, weighted to reflect the relative risks associated with our operations.

Consolidated
The combined accounts of Community CPS Australia Limited (trading as Beyond Bank Australia) and its controlled entities.

Contingent Liability
A possible liability that arises from past events, the existence of which will be confirmed only by the occurrence of one or more uncertain future events not wholly within Beyond Bank Australia's control.

Controlled Entity
An entity for which Beyond Bank Australia is able to control its decision making, to ensure it operates for the benefit of Beyond Bank Australia.

Deferred Tax Amounts
Deferred Tax Assets and Deferred Tax Liabilities reflect the tax effect of timing differences, being items which are brought to account in different periods for income tax and accounting purposes.

Derivative Financial Instrument
Derivative Financial Instruments create rights and obligations that have the effect of transferring between the parties to the instrument one or more of the financial risks inherent in an underlying primary financial instrument, but without the transfer of the underlying primary instrument.

Equity
The excess of Beyond Bank Australia's assets over its liabilities, which is the amount owned by members. Also referred to as Member's Funds.

Equity Accounted Investments
An investment of more than 20% and less than 100% ownership interest over which Beyond Bank Australia is able to exert 'significant influence'. Significant influence normally stems from the investor's voting power which is linked to ownership interest and is evidenced by existence of factors such as representation on the board of the investee and participation in policy making processes for that entity.

Fair Value
The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial Instrument
Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Franking Credit
Tax credits arising largely from the payment of tax by Beyond Bank Australia that are available for attachment to eligible distributions by Beyond Bank Australia to its members.

Interest Rate Swap
A type of derivative Financial Instrument under which Beyond Bank Australia agrees to exchange interest cash flows with another party for an agreed period of time.

Liability
A debt or obligation to another party, eg. a savings account held on behalf of a Beyond Bank Australia member.

Liquid Assets
A monetary asset that can be readily converted to cash at Beyond Bank Australia's option without significant change in value.

Provisions
An amount set aside out of profits of Beyond Bank Australia for an expense which has been incurred, but the amount and timing of payment can only be estimated (eg. long service leave or bad debts).

Receivables
Amounts owed by members and other external parties for which payment is expected soon.

Reserves
Several reserves exist within equity and have been derived from specific transactions. Namely; the net change in value of revalued assets still held (Asset Revaluation Reserve), the Equity transferred to Beyond Bank Australia from another credit union upon merger (Transfer of Business Reserve), and the value of shares redeemed out of retained profits (Redeemed Share Reserve).

Securitisation
A financing technique whereby one party can convert an illiquid asset (such as a member's loan) into a liquid asset (such as cash) through the equitable assignment of its ownership interest (essentially the sale of the illiquid asset).

Registered Office

Adelaide 100 Waymouth St, Adelaide SA 5000
GPO Box 1430, Adelaide SA 5001

BSB 805-022
ABN 15 087 651 143
AFSL/Australian Credit Licence 237856

Regional Offices

Canberra 105 Mawson Drive, Mawson ACT 2607
Maitland 1/212 High Street, Maitland NSW 2320
Perth 430 Roberts Road, Subiaco WA 6008
Wagga Wagga 141 Peter Street, Wagga Wagga NSW 2650
Whyalla 2-4 Donaldson Terrace, Whyalla SA 5600

Beyond Bank Australia Branches

With branches across the Australian Capital Territory,
New South Wales, South Australia and Western Australia.

To find your nearest branch visit **beyondbank.com.au**

Beyond Bank Australia Wealth Management

62 The Parade, Norwood SA 5067

Beyond Bank Australia is a trading name of Community CPS Australia Ltd
ABN 15 087 651 143 AFSL/Australian Credit Licence 237 856.