



Annual Report 2017

Palerang Financial
Services Limited

ABN 83 097 801 100

Braidwood **Community Bank**[®] Branch
Bungendore **Community Bank**[®] Branch

Contents

Chairman's report	2
Senior Manager's report	4
Directors' report	5
Auditor's independence declaration	9
Financial statements	10
Notes to the financial statements	14
Community contributions Braidwood 2016/17	23
Community contributions in Braidwood and Bungendore	24
Community contributions Bungendore 2016/17	26
Directors' declaration	44
Independent audit report	45







Chairman's report

For year ending 30 June 2017

It is my privilege to provide you with the 2016/17 Annual Report for Palerang Financial Services Limited. This report once again outlines the excellent values and outcomes of the company and a result well achieved by all of our excellent staff.

Key points this year include:

- The year has seen continued improvement in market conditions.
- The low interest rate environment continues to deliver reduced income sourced from deposits and increased income from loans.
- The real estate market has seen increased activity that has had a positive impact our results.

Revenue	Profit after tax	Expense
\$2,401,342	\$109,864	\$541,089
		
New business	New customers	Nett assets
\$28.4M	279	\$1,674,760
		

The company has delivered continued growth whilst also operating in a restrained expense environment to deliver another positive result. We continue to develop upon our strong and healthy position (i.e. no debt, \$2,006,168 in Total Assets and \$334,408 in liabilities) whilst continuing to deliver outcomes for our communities. We experienced some one-off expense during the year which increased overall non-salary expenditure.

The company declared a franked dividend of 7.5 cents per share (CPS) (\$0.075) as at 1 November 2017, to be paid to shareholders in December 2017. This is an improved result from the last four years which was 6.5 cents per share.

Operationally, we provide banking services to our community through our staff in Braidwood and Bungendore, under the direction of our Senior Manager, Mr Craig Pettit. The Board and I would like to thank Craig, and all of his staff, for their focus and professional efforts to help our customers, and to build a better and bigger business, which will enable us to support the community in more tangible ways.

Palerang Financial Services Limited operates franchises of the Bendigo and Adelaide Bank to deliver banking and other services through our Braidwood and Bungendore **Community Bank**[®] branches. Using our profit share (on a 50:50 basis with Bendigo and Adelaide Bank) we allocate significant funds in order to deliver benefits to our community.

The total allocation for community endeavours this years was an outstanding \$599,000. This is a 63% increase on last year and includes contributions to appeals for support in relation to a local bushfire event.

With any business there will always be challenges. For next year the Board will contend with:

- a. Taking the business to the next level of community engagement,
- b. Generating new business through deeper engagements with development activities and other business generation relationships,
- c. The continued low interest climate that is also providing low margin percentages for the business.

Chairman's report (continued)

The Board and staff have a direct focus upon reducing expenses and achieving business growth, along with improved profitability over the coming year.

To continue to build upon our success, we need your continued support, as the more successful our banking operations are, the more we are able to put back into our communities.

I encourage you all to consider your banking needs, with a view to increasing your own banking with your local **Community Bank**[®] branch, knowing that the branch profit will stay in our local community. We have a great team of professionals who are eager to assist you.

We look forward to seeing you in one of our branches soon.



Shane A Holness
Chairman

Senior Manager's report

For year ending 30 June 2017

This is our 15th trading year and the past financial year has been one of our strongest on record with a \$28.4 million growth in banking business in line with last year. This has flowed through to an increase in revenue of \$275,208 or 12.9% and a 21.1% increase in profit before sponsorship and taxation up \$134,087 to \$769,652 for the year.

Our net profit after tax was down \$91,273 or 45.4% to \$109,864 due to an increase in donations and sponsorship which was up \$233,140 or 63.6%. This included a \$53,000 donation we made towards the bushfire victims at Carwoola for which we did not receive a tax deduction and is reported separately in the accounts.

This distorts the earnings per share which are well down on the previous year as this varies depending on how much we give to the community in the year. The headline growth is still very strong.

We continue to have a strong balance sheet with \$2,006,168 in assets against \$331,408 in liabilities, no debt and \$625,828 in cash and cash equivalent assets.

Bungendore **Community Bank**[®] Branch has performed extremely well in the past year with an amazing 18.8% growth in their banking book and Andrew and the staff should be congratulated on what is a very strong performance. The majority of the growth was also in lending with growth of \$10.3 million in their loan book. The strategy of upskilling more staff to lending has been very successful and I congratulate Penny, Jayde and Erin in their new roles.

The strong housing markets have seen a steady growth in loans at both branches which has continued into this year.

Negotiating the Franchise Agreement has drawn out through the past year and is very close to finalisation as at the time of writing; we hope to have it finalised by the end of the year. With the new franchise there is a new profit share model.

An adjustment to the old profit share model this year saw income drop slightly; changing to the new profit share structure will initially see a slight increase in income, however, overall the income will not vary greatly. The new model will in the future see more of our income move with the financial markets rather than receiving a set commission. This will mean a more volatile income but I do not see this having a material impact in the foreseeable future.

Our business has continued to be held up as success story by Bendigo Bank which saw us make the finals of the **Community Bank**[®] Hall of Fame this year. Unfortunately we lost to Rye Financial Services Limited which arguably has been the most successful franchise in the country for some time.

We also were selected to film the 'Be the Change' advertisement for NSW which saw a film crew come to Braidwood and make a short feature outlining what we have done for the community. This featured staff members Nick and Scott along with a number of Braidwood locals. It is currently being screened as an advertisement on commercial television.

We welcome Emilie Wade (Bungendore) and Meagan Orford (Braidwood) to the staff and I would like to thank all of the staff whose efforts over the year have seen our record result achieved.

We have again have supported some memorable community projects during the year and we should acknowledge the hard work and time the Directors have put into ensuring they achieve the best outcome. It is the staff and our Company Secretary, Janene, who often go above and beyond what is expected, and the tireless efforts of the Directors, who have made this company the success that it is.

Looking forward to another successful year and as always, if you haven't experienced our **Community Bank**[®] branch please come in and see the difference first hand.


Crai
Senior Manager

Directors' report

For the financial year ended 30 June 2017

The Directors present their report of the company for the financial year ended 30 June 2017.

Directors

The following persons were Directors of Palerang Financial Services Limited during or since the end of the financial year up to the date of this report:

Shane Holness

Position	Chairman
Professional qualifications	AIMM, GAICD
Experience and expertise	Shane operates a family owned consulting and IT management business, since 1999. He is a former Director in the Australian Public Service and a former member of the Royal Australian Navy.

Michael Clarke

Position	Director
Professional qualifications	-
Experience and expertise	Michael has been the owner/operator of a retail butchery in Braidwood for the past twelve years. Mick is involved in community service organisations in Braidwood and is a past President of the Braidwood Apex Club.

Michael Wall

Position	Director - Resigned November 2016
Professional qualifications	B App Science (Agriculture), Dip Ed
Experience and expertise	Mick teaches Agriculture at the local school and is very passionate about the community. He is involved in a number of local groups and coaches the junior Redbacks Rugby team.

Mary Mathias

Position	Director - Resigned November 2016
Professional qualifications	-
Experience and expertise	Mary is a retired School Principal and is a respected community resident who is involved in many local groups and associations.

Noel Wisbey

Position	Treasurer
Professional qualifications	-
Experience and expertise	Noel is a retired Orchardist and has extensive business and financial experience across a number of areas. He is a proud grandparent and lives locally on a rural property. Noel is a former Company Chairman.

Michael Fay

Position	Director
Professional qualifications	-
Experience and expertise	Mick is a local businessman and Sales Manager. He is involved in many local groups and associations.

Directors' report (continued)

Directors (continued)

Susan Smith

Position	Director
Professional qualifications	-
Experience and expertise	Sue is retired from the Australian Defence Forces and brings extensive experience in banking and financial management to the PFSL Board, as well as her involvement with community organisations such as Bungendore War Memorial Hall.

Hanna Darmody

Position	Director
Professional qualifications	Diploma: Marketing, Canberra Institute of Technology
Experience and expertise	Hanna is currently employed in project management requiring a range of administrative, financial and people management skills. Hanna has extensive involvements in the local community including the Bungendore Autumn Fair, the B & S Ball, and the Bungendore Agricultural show, Rodeo and Country Muster.

Sue Doran

Position	Director - Appointed July 2016
Professional qualifications	AICD Member; Master of Public Policy; LLB; BA & Diploma of Teaching.
Experience and expertise	Sue is trained as a company Director; she holds a current certificate to practice law and has held positions of school teacher, school principal, education consultant & author. Sue is also a small business owner/operator and has experience in media management.

Gordon Waters

Position	Director - Appointed February 2017
Professional qualifications	Bachelor of Information Technology CQU
Experience and expertise	Gordon has extensive experience providing IT services in various capacities. He currently owns and operates an IT consultancy and services business in Braidwood and surrounding area.

Dale Towell

Position	Director - Appointed April 2017
Professional qualifications	BA - Secretarial Studies, Economic Major from University of Canberra
Experience and expertise	Dale has a considerable depth of experience in public sector administration at executive level, covering office and financial management across a range of government departments. Dale currently owns & operates a small business in the region.

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

No Directors have material interests in contracts with the company as at 30 June 2017.

Directors' report (continued)

Directors' meetings

Attendances by each Director during the year were as follows:

Director	Board meetings	
	A	B
Shane Holness	12	10
Michael Clarke	12	5
Michael Wall	5	3
Mary Mathias	6	5
Noel Wisbey	12	11
Michael Fay	12	8
Susan Smith	12	9
Hanna Darmody	12	10
Gordon Waters	6	5
Dale Towell	3	3
Sue Doran	12	11

A - The number of meetings eligible to attend.

B - The number of meetings attended.

Company Secretary

Janene Collins has been the Company Secretary of Palerang Financial Services Limited since September 2014.

Janene's qualifications and experience include a Diploma of Community Organisation Management and an Associate Degree in Library & Information Studies as well as many years experience as an Administrator and a volunteer Board member with a variety of organisations.

Principal activities

The principal activities of the company during the course of the financial year were in providing **Community Bank**[®] branch services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

There has been no significant change in the nature of these activities during the year.

Review of operations

The profit of the company for the financial year after provision for income tax was \$109,864 (2016: \$229,067), which is a 52% decrease as compared with the previous year. This decrease was a result of charitable donations increasing by \$180,090 to \$546,367 in 2017 (2016: \$366,277), plus a further \$53,000 paid towards the bushfire appeal.

Dividends

A fully franked final dividend of 6.5 cents per share was declared and paid during 2016/17 for the year ended 30 June 2016.

Options

No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report.

Significant changes in the state of affairs

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

Directors' report (continued)

Events subsequent to the end of the reporting period

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

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor

The company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The company also has Officers Insurance for the benefit of Officers of the company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the company or in or arising out of the discharge of the Officer's duties.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an Auditor of the company.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 9 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Signed in accordance with a resolution of the Board of Directors at Bungendore on 25 September 2017.



Shane Holness
Director

Auditor's independence declaration



Level 2, 10-16 Forest Street
Bendigo, Victoria
PO Box 448, Bendigo, VIC, 3552

Ph: (03) 5445 4200
admin@rsdaudit.com.au
www.rsdaudit.com.au

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Palerang Financial Services Limited.

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there has been no contraventions of:

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

RSD Audit
Chartered Accountants

A handwritten signature in black ink, appearing to read 'P. P. Delahunty', written over a light grey background.

P. P. Delahunty
Partner
Bendigo
Dated: 26 September 2017

Richmond Sinnott & Delahunty, trading as RSD Audit
ABN 60 616 244 309
Liability limited by a scheme approved under Professional Standards Legislation

Financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
Revenue	2	2,401,342	2,126,134
Expenses			
Employee benefits expense	3	(1,090,601)	(962,191)
Depreciation and amortisation	3	(55,080)	(53,575)
Bad and doubtful debts expense	3	(2,062)	(8,266)
Administration and general costs		(70,749)	(61,689)
Occupancy expenses		(52,078)	(61,588)
IT expenses		(40,416)	(41,996)
Professional fees		(51,148)	(45,184)
Advertising and marketing costs		(95,005)	(61,222)
Other expenses		(174,551)	(194,858)
		(1,631,690)	(1,490,569)
Operating profit before charitable donations and sponsorships		769,652	635,565
Charitable donations and sponsorships		(546,367)	(366,227)
Carwoola bushfire appeal	3	(53,000)	-
		(599,367)	(366,227)
Profit before income tax		170,285	269,338
Income tax expense	4	(60,421)	(68,201)
Profit for the year		109,864	201,137
Other comprehensive income	16	-	27,930
Total comprehensive income for the year		109,864	229,067
Profit attributable to members of the company		109,864	229,067
Total comprehensive income attributable to members of the company		109,864	229,067
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share		8.32	17.35

These financial statements should be read in conjunction with the accompanying notes.

Financial statements (continued)

Statement of Financial Position as at 30 June 2017

	Notes	2017 \$	2016 \$
Assets			
Current assets			
Cash and cash equivalents	5	625,828	580,644
Trade and other receivables	6	232,709	198,580
Total current assets		858,537	779,224
Non-current assets			
Property, plant and equipment	8	1,080,309	1,073,977
Intangible assets	9	61,003	70,088
Deferred tax assets	4	6,319	-
Total non-current assets		1,147,631	1,144,065
Total assets		2,006,168	1,923,289
Liabilities			
Current liabilities			
Trade and other payables	10	124,883	112,265
Current tax liability	4	24,100	31,105
Provisions	12	178,995	116,142
Total current liabilities		327,978	259,512
Non-current liabilities			
Provisions	12	3,430	-
Deferred tax liability	4	-	13,053
Total non-current liabilities		3,430	13,053
Total liabilities		331,408	272,565
Net assets		1,674,760	1,650,724
Equity			
Issued capital	13	1,062,849	1,062,849
Retained earnings	14	496,094	472,058
Reserves	16	115,817	115,817
Total equity		1,674,760	1,650,724

These financial statements should be read in conjunction with the accompanying notes.

Financial statements (continued)

Statement of Changes in Equity for the year ended 30 June 2017

	Note	Issued capital \$	Retained earnings \$	Reserves \$	Total equity \$
Balance at 1 July 2015		1,062,849	356,748	87,887	1,507,484
Profit for the year		-	201,137	-	201,137
Other comprehensive income for the year		-	-	27,930	27,930
Total comprehensive income for the year		-	201,137	27,930	229,067
Transactions with owners, in their capacity as owners					
Dividends paid or provided	15	-	(85,827)	-	(85,827)
Balance at 30 June 2016		1,062,849	472,058	115,817	1,650,724
Balance at 1 July 2016		1,062,849	472,058	115,817	1,650,724
Profit for the year		-	109,864	-	109,864
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	109,864	-	109,864
Transactions with owners, in their capacity as owners					
Dividends paid or provided	15	-	(85,828)	-	(85,828)
Balance at 30 June 2017		1,062,849	496,094	115,817	1,674,760

These financial statements should be read in conjunction with the accompanying notes.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
Cash flows from operating activities			
Receipts from customers		2,589,600	2,303,358
Payments to suppliers and employees		(2,333,692)	(2,020,060)
Interest received		11,395	8,131
Income tax paid		(86,693)	(55,225)
Net cash provided by operating activities	18b	180,610	236,204
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		2,727	2,273
Purchase of property, plant and equipment		(52,325)	(7,494)
Purchase of intangible assets		-	(13,556)
Net cash used in investing activities		(49,598)	(18,777)
Cash flows from financing activities			
Dividends paid		(85,828)	(85,827)
Net cash used in financing activities		(85,828)	(85,827)
Net increase in cash held		45,184	131,600
Cash and cash equivalents at beginning of financial year		580,644	449,044
Cash and cash equivalents at end of financial year	18a	625,828	580,644

These financial statements should be read in conjunction with the accompanying notes.

Notes to the financial statements

For year ended 30 June 2017

These financial statements and notes represent those of Palerang Financial Services Limited.

Palerang Financial Services Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 25 September 2017.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The company is a for profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

Economic dependency

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**[®] branches at Braidwood & Bungendore.

The branches operate as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank", the logo, and systems of operation of Bendigo and Adelaide Bank Limited. The company manages the **Community Bank**[®] branches on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank**[®] branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

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

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

- Advice and assistance in relation to the design, layout and fit out of the **Community Bank**[®] branches;
- Training for the Branch Managers and other employees in banking, management systems and interface protocol;
- Methods and procedures for the sale of products and provision of services;
- Security and cash logistic controls;
- Calculation of company revenue and payment of many operating and administrative expenses;
- The formulation and implementation of advertising and promotional programs; and
- Sale techniques and proper customer relations.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(b) Impairment of assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

(c) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(d) New and amended accounting policies adopted by the company

There are no new and amended accounting policies that have been adopted by the company this financial year.

(e) Comparative figures

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

(f) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company. Estimates and judgements are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and judgements that have a significant risk of causing material adjustments to the carrying values of assets and liabilities are as follows:

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and intangible assets. The depreciation and amortisation charge will increase where useful lives are less than previously estimated lives.

Fair value assessment of non-current physical assets

The AASB 13 Fair Value standard requires fair value assessments that may involve both complex and significant judgement and experts. The value of land and buildings may be materially misstated and potential classification and disclosure risks may occur.

Employee benefits provision

Assumptions are required for wage growth and CPI movements. The likelihood of employees reaching unconditional service is estimated. The timing of when employee benefit obligations are to be settled is also estimated.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(f) Critical accounting estimates and judgements (continued)

Income tax

The company is subject to income tax. Significant judgement is required in determining the deferred tax asset.

Deferred tax assets are recognised only when it is considered sufficient future profits will be generated. The assumptions made regarding future profits are based on the company's assessment of future cash flows.

Impairment

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

(g) New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company.

The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in the future reporting periods is set below:

- (i) AASB 9 Financial Instruments and associated Amending Standards (applicable for annual reporting periods beginning on or after 1 January 2018)

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

- a) Financial assets that are debt instruments will be classified based on:
 - (i) the objective of the entity's business model for managing the financial assets; and
 - (ii) the characteristics of the contractual cash flows.
- b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- c) Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.
- d) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- e) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
 - the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI)
 - the remaining change is presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk is also presented in the profit or loss.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(g) New accounting standards for application in future periods (continued)

- (i) AASB 9 Financial Instruments and associated Amending Standards (applicable for annual reporting periods beginning on or after 1 January 2018) (continued)

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- classification and measurement of financial liabilities; and
- derecognition requirements for financial assets and liabilities

Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements.

- (ii) AASB 15: Revenue from Contracts with Customers (applicable for annual reporting periods commencing on or after 1 January 2018)

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with customers;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosure regarding revenue.

When this Standard is first adopted for the year ending 30 June 2019, it is not expected that there will be a material impact on the transactions and balances recognised in the financial statements.

- (iii) AASB 16: Leases (applicable for annual reporting periods commencing on or after 1 January 2019)

AASB 16:

- replaces AASB 117 Leases and some lease-related Interpretations;
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases;
- provides new guidance on the application of the definition of lease and on sale and lease back accounting;
- largely retains the existing lessor accounting requirements in AASB 117; and
- requires new and different disclosures about leases.

The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

Notes to the financial statements (continued)

Note 2. Revenue

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

Rendering of services

The entity generates service commissions on a range of products issued by the Bendigo and Adelaide Bank Limited. The revenue includes upfront and trailing commissions, sales fees and margin fees.

Interest and other income

Interest income is recognised on an accrual basis using the effective interest rate method.

Other revenue is recognised when the right to the income has been established

All revenue is stated net of the amount of goods and services tax (GST).

	2017	2016
	\$	\$
Revenue		
- service commissions	2,387,220	2,112,505
	2,387,220	2,112,505
Other revenue		
- interest received	11,395	8,131
- other revenue	2,727	5,498
	14,122	13,629
Total revenue	2,401,342	2,126,134

Note 3. Expenses

Operating expenses

Operating expenses are recognised in profit or loss on an accruals basis, which is typically upon utilisation of the service or at the date upon which the entity becomes liable.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised leased assets, but excluding freehold land, is depreciated over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

Class of asset	Rate	Method
Buildings	2.5%-15%	SL
Leasehold improvements	5.75-15%	SL
Plant and equipment	5%-100%	SL
Motor vehicles	25%	SL

SL = Straight line depreciation

Notes to the financial statements (continued)

Note 3. Expenses (continued)

Gains/losses upon disposal of non-current assets

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

	2017	2016
	\$	\$
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	846,966	809,284
- superannuation costs	107,699	92,252
- other costs	135,936	60,655
	1,090,601	962,191
Depreciation and amortisation		
Depreciation		
- buildings & improvements	26,680	30,297
- motor vehicle	2,768	-
- plant and equipment	16,547	18,657
	45,995	48,954
Amortisation		
- franchise fees	9,085	4,621
Total depreciation and amortisation	55,080	53,575
Bad and doubtful debts expenses	2,062	8,266
(Gain) / Loss on disposal of property, plant and equipment	(2,727)	2,950
Auditors' remuneration		
Remuneration of the Auditor, Richmond, Sinnott & Delahunty, for:		
- Audit or review of the financial report	8,100	6,000
- Taxation services	-	605
- Share registry services	4,600	4,582
	12,700	11,187
Carwoola bushfire appeal	53,000	-

The Carwoola bushfire appeal expense is a one off donation to the Queanbeyan Palerang Regional Council to assist the victims of the Carwoola Bushfire. This was determined to be non-deductible for tax purposes.

Notes to the financial statements (continued)

Note 4. Income tax

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities are measured at the amounts expected to be paid to the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred income tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

	2017 \$	2016 \$
a. The components of tax expense comprise:		
Current tax expense	79,689	81,806
Deferred tax expense	(19,373)	10,965
Recoupment of prior year tax losses	-	(11,970)
Under/(over)provision in respect to prior years	105	(12,600)
	60,421	68,201
b. Prima facie tax payable		
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 27.5% (2016: 28.5%)	46,828	80,801
Add tax effect of:		
- Under / (over) provision of prior years	-	(12,600)
- Non deductible donations	14,575	-
- Change in tax rates	(982)	-
Income tax attributable to the entity	60,421	68,201
The applicable weighted average effective tax rate is:	35.48%	25.32%
c. Current tax liability		
Current tax relates to the following:		
Current tax liabilities		
Opening balance	31,105	(18,455)
Income tax paid	(86,694)	(55,225)
Current tax	79,689	81,806
Under provision prior years	-	22,979
	24,100	31,105

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 4. Income tax (continued)		
d. Deferred tax asset		
Deferred tax relates to the following:		
Deferred tax assets balance comprises:		
Accruals	1,755	1,740
Employee provisions	50,064	34,843
	51,819	36,583
Deferred tax liabilities balance comprises:		
Property, plant & equipment	45,500	49,636
	45,500	49,636
Net deferred tax asset	6,319	(13,053)
e. Deferred income tax included in income tax expense comprises:		
(Increase) / decrease in deferred tax assets	(15,131)	(1,004)
(Decrease) / increase in deferred tax liabilities	(4,137)	11,970
Under / (Over) provision prior years	(105)	(35,579)
	(19,373)	(24,613)

Note 5. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks and other short-term highly liquid investments with original maturities of three months or less.

	2017 \$	2016 \$
Cash at bank and on hand	120,204	225,504
Short-term bank deposits	505,624	355,140
	625,828	580,644

The effective interest rate on short-term bank deposits was 2.25% (2016: 2.45%); these deposits have an average maturity of 90 days.

Note 6. Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provision for doubtful debts. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. A provision for doubtful debts is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the assets carrying amount and the present value of estimated cash flows, discounted at the effective interest rate. The amount of the provision is recognised on profit or loss.

Notes to the financial statements (continued)

	2017 \$	2016 \$
--	------------	------------

Note 6. Trade and other receivables (continued)

Current

Trade receivables	232,709	198,580
	232,709	198,580

Credit risk

The main source of credit risk relates to a concentration of trade receivables owing by Bendigo and Adelaide Bank Limited, which is the source of the majority of the company's income.

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be high credit quality.

	Gross amount \$	Not past due \$	Past due but not impaired			Past due and impaired \$
			< 30 days \$	31-60 days \$	> 60 days \$	
2017						
Trade receivables	232,709	232,709	-	-	-	-
Total	232,709	232,709	-	-	-	-
2016						
Trade receivables	198,580	198,580	-	-	-	-
Total	198,580	198,580	-	-	-	-

Note 7. Financial assets

Classification of financial assets

The company classifies its financial assets in the following categories:

- loans and receivables,
- held to maturity investments, and

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

Loans and receivables

This category is the most relevant to the company. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the period end, which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

Braidwood Community Bank® Branch – Contributions to our community 2016/17

Organisation	Purpose	Amount \$
Majors Creek Festival Inc	2016 Majors Creek Music Festival	3,000
Braidwood Life Centre	Christmas in July Fundraising Dinner	100
Braidwood Preschool Assoc. Inc.	Fundraising Trivia Night	240
Braidwood District Pony Club Inc	Rewiring of Collett Stand	800
Braidwood Men's Shed	Fundraising Raffle	100
Upper Shoalhaven Landcare Council Inc.	Purchase of new office equipment	3,000
The Lions Club of Braidwood Inc	Antique Fair Fundraiser	1,500
Braidwood Rugby Union Club	Braidwood Rugby Club's Black Widow Rugby 7s team	3,000
Braidwood & Villages Tourism Assoc Inc	2016 Festival of Braidwood marketing	3,000
Braidwood Bowling Club	2016 Barefoot Bowls Competition	1,000
Braidwood Show Society	2017 Braidwood Show	8,000
Braidwood District Pony Club Inc	Braidwood District Pony Club Open Day	150
Braidwood Community Radio	Purchase of a Marquee	1,974
Two Fires Festival of Art and Activism	2017 Festival	3,000
Braidwood Junior Soccer Club	Purchase of Notice Boards at the Rec Ground	895
Braidwood Rodeo Club	2017 Braidwood Rodeo	2,000
Braidwood & Villages Tourism Assoc Inc	Promotion of the Two Fires Festival	1,000
The Lions Club of Braidwood Inc	2017 Braidwood Community Bank Bill Cart Derby	3,000
Braidwood Central School P&C	Braidwood Central School Show Team Shirts	500
Braidwood Country Womens Association	Purchase and installation of a new stove	790
APEX Braidwood	APEX Christmas in the Park Fundraiser Raffle	100
Braidwood Golf Club	Shirts for Senior Penants Competition	350
Braidwood Jockey Club	2017 Race Day Large screen monitor	2,500
Braidwood Polocrosse Club	2017 Braidwood Polocrosse Annual Carnival	2,000
Braidwood Team Sorting	Annual Braidwood Team Sorting Event	1,000
APEX Braidwood	Purchase of a Marquee	1,974
Braidwood Central School P&C	Debating and Public Speaking Program	900
Majors Creek Progress Assoc.	Permanent shade sail over playground	6,000

Organisation	Purpose	Amount \$
Braidwood Swimming Club	Club Towels and Trophies	1,500
Braidwood Rugby Union Club	2017 Rugby Season	3,000
Braidwood Junior Soccer Club	2017 Junior Soccer Season	3,000
Braidwood Lions Club	Annual Antique & Collectables Fair	1,500
Braidwood Volunteer Rural Fire Service	Station staff welfare	2,000
Braidwood Motor Club	Purchase of a Club Marquee	1,150
Braidwood District Pony Club Inc	Purchase of a water cooler	250
Braidwood Golf Club	Championship Presentation Night	580
Lodge of Truth	1st Aid Course for BCS Year 11 Students	200
Braidwood Squash Club	Braidwood Squash Club Uniforms	570
Us on Mondays Quilting Group	Finishing of quilts for Carwoola Bushfires victims	2,250
Araluen Sports Day Association	Araluen Sports Day	3,000
Braidwood Central School P&C	Promotion of Truffle Central	3,372
Braidwood & District Historical Society	Re-enactment of the Capture of the Clarkes	15,000
Braidwood & District Education Foundation	Prize at Melbourne Cup Luncheon Fundraiser	100
Braidwood Life Centre	Christmas Hampers	5,580
St Bede's Primary School, Braidwood	End of year assembly	200
Braidwood Central School P&C	End of year assembly	200
Australian Sports Foundation	Resurfacing courts at Braidwood Tennis Club	70,000
Carwoola Fire Appeal	Fire Appeal	26,500
Braidwood & District Education Foundation	Annual Melbourne Cup Fundraiser	1,000
Braidwood Regional Arts Group	BRAG Youth Art Awards	5,000
Braidwood Tennis Club Inc via Aust Sports Foundation	Tennis Court Resurfacing project administration	3,500
Braidwood total		201,325
Community Enterprise Foundation™		
Gundillion Recreational Reserve	Defibrillator for Hall	2,450
Braidwood District Historical Society	National Theatre & Community Centre Restorations	100,000
Education Scholarship	Inga Nielsen	5,000
Braidwood Scouts Assoc.	New Shed	22,600
Braidwood CEF Total		130,050
Braidwood Grand Total		331,375

Community contributions 2016/17



1



2



3

Braidwood



4



5

1. Braidwood Quilters contributions to the Carwoola Bushfire appeal. 2. Braidwood Gentlemen's Golf Club Grand Final team. 3. Students train for First Aid Certificates. 4. Braidwood Motor Club members relax in the shade. 5. Everyone wins when kids can swim and are confident in the water. 6. The re-enactment of the capture of the Clarke Brothers. Many locals volunteered their skills and the event drew visitors from near and far. 7. Clarke Brothers trial re-enactment at the Braidwood Courthouse. 8. Braidwood's Youth Speakout. 9. The image shows the proposed clock to be installed above the Braidwood Community Bank® Branch.



6



7



8



9



1



2

Bungendore



3



4



5



6



7



8

1. Bungendore RFS – the trailer is still going strong. 2. A grant to Bungendore Primary School P&C provided these educational resources. 3. Bikes on parade. 4. A favourite at the 2017 Car & Bike Show. 5. Captains Flat Pre-school resourced for early learning programs. 6. Supporting rugby union in Bungendore. 7. Junior soccer going strong in Bungendore. 8. 2017 Bungendore **Community Bank**® Branch Scholarship helped Katie Fairfax get on the road to Uni.

The Bungendore Weekly has kindly supplied some of these photos.

Braidwood and Bungendore **Community Bank**® branches

Bungendore Community Bank® Branch – Contributions to our community 2016/17

Organisation	Purpose	Amount \$
Bungendore Riding Club	Sponsorship towards 1st prize for One Day Event at Bungendore Showgrounds	150
Bungendore Soccer Club	Prize Money from 2016 FY	10
Bungendore & District Automotive Club	Sponsorship of the Summer Rods Royal Car & Bike Show	2,000
Bungendore Country Music Muster	Sponsorship of the 2016 Bungendore Country Music Muster	3,500
Lake George Hotel Cricket Club	Sponsorship of the Lake George Hotel Cricket Club Gear and Registrations	3,000
Bungendore PA & H Society	Sponsorship 2017 Bungendore Show	8,500
Australian Decorative Fine Arts Society	Sponsorship towards the purchase of laptop & software for presentation of lectures	1,870
The BVH Memorial Trust for Youth Incorporated	Sponsorship towards the general operations of the Bungendore Swimming Club	3,000
Bungendore Chamber of Commerce & Industry	Sponsorship of Xmas party	272.70
D-Tech	Sponsorship towards 10th Birthday Gym	255.20
Bungendore Quilters	Sponsorship towards the Bungendore Quilt Event	100
Bungendore Spring Ball	Sponsorship towards the cost of the band at the Spring Ball	3,000
Bungendore Unit SES	Sponsorship towards the purchase of a Light Tower	2,750
Blaze Aid	Purchase of equipment to repair fencing after fire	422.11
Bungendore Tigers Junior Rugby League FC	Sponsorship towards 2017-2018 season	6,000
Bungendore RLFC	Sponsorship towards the 2017 season	3,000
Southern NSW Harvest Incorporated	Sponsorship towards the Bungendore Harvest Festival	500

Organisation	Purpose	Amount \$
Bungendore Community Soccer Club	Gold Sponsorship Pack	2,500
Bungendore War Memorial Committee	Sponsorship towards the Bungendore War Memorial Committee Dinner	500
Bungendore Rugby Football Club Inc	Sponsorship towards the 2017 Rugby season	3,000
Bungendore Spring Ball Committee	Sponsorship towards the cost of the Band and Hall Hire for Bungendore Spring Ball	3,000
Southern Highlands Polocrosse	Sponsorship towards the NSW Polocrosse Club Championships 2017	3,000
Bungendore Quilters Inc	Sponsorship of the Annual Quilt Exhibition	4,243
Bungendore Public School P&C Assoc.	Donation towards BPSP&C Trivia Night	300
Bungendore Public School P&C Assoc.	Donation - end of year assembly	200
Captains Flat Central School P&C	Donation - end of year assembly	200
Bungendore Chamber of Commerce	Christmas Gifts for families in need	629
Royal Hotel Bungendore	Donation towards Royal Hotel Fundraiser for Beyond the Blaze	1,500
Carwoola Fire Brigade	Donation towards Fire Appeal	26,500
Wildcare Queanbeyan Inc	Donation towards the Carwoola Fire Wildlife Recovery Project	3,840
Captains Flat Central School P&C	Donation towards classroom extension	3,000
Bungendore Total		90,742
Community Enterprise Foundation		
Education Scholarship	Samantha Battaglone	5,000
Education Scholarship	Catherine Fairfax	5,000
Bungendore Scout Assoc.	Construction of Scout Hall	
Bungendore CEF Total		60,000
Bungendore Grand Total		150,742

Braidwood grant total	\$331,375
Bungendore grand total	\$150,742
Community Enterprise Foundation™	\$117,250
Combined grand total	\$599,367

Braidwood and Bungendore
Community Bank® branches

Notes to the financial statements (continued)

Note 7. Financial assets (continued)

Classification of financial assets (continued)

Held to maturity investments

The group classifies investments as held-to-maturity if:

- they are non-derivative financial assets
- they are quoted in an active market
- they have fixed or determinable payments and fixed maturities
- the group intends to, and is able to, hold them to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which would be classified as current assets.

Measurement of financial assets

At initial recognition, the group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discount estimated future cash payments or receipts over the expected life (or where this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in the profit or loss.

Impairment of financial assets

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Notes to the financial statements (continued)

Note 7. Financial assets (continued)

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Note 8. Property, plant and equipment

Property

Freehold land and buildings are carried at their fair value (refer note 27), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 8. Property, plant and equipment (continued)		
Land		
Fair Value	172,780	172,780
Buildings		
Fair Value	824,520	824,520
Less accumulated depreciation	(26,680)	-
	797,840	824,520
Plant and equipment		
At cost	211,844	193,202
Less accumulated depreciation	(133,069)	(116,525)
	78,775	76,677
Motor Vehicle		
At cost	33,681	21,624
Less accumulated depreciation	(2,767)	(21,624)
	30,914	-
Total property, plant and equipment	1,080,309	1,073,977
Movements in carrying amounts		
Land		
Balance at the beginning of the reporting period	172,780	252,021
Revaluation Increments	-	5,500
Transfers	-	(84,741)
Balance at the end of the reporting period	172,780	172,780
Buildings and Improvements		
Balance at the beginning of the reporting period	824,520	735,676
Additions	-	34,400
Transfers	-	84,741
Depreciation expense	(26,680)	(30,297)
Balance at the end of the reporting period	797,840	824,520
Plant and equipment		
Balance at the beginning of the reporting period	76,677	93,063
Additions	18,645	7,494
Disposals	-	(5,223)
Depreciation expense	(16,547)	(18,657)
Balance at the end of the reporting period	78,775	76,677

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 8. Property, plant and equipment (continued)		
Motor Vehicle		
Balance at the beginning of the reporting period	-	-
Additions	33,682	-
Depreciation expense	(2,768)	-
Balance at the end of the reporting period	30,914	-
Total property, plant and equipment		
Balance at the beginning of the reporting period	1,073,977	1,080,760
Additions	52,327	7,494
Disposals	-	(5,223)
Revaluation increments	-	39,900
Depreciation expense	(45,995)	(48,954)
Balance at the end of the reporting period	1,080,309	1,073,977

Note 9. Intangible assets

Franchise fees and have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation in the Statement of Profit or Loss and Other Comprehensive Income.

	2017 \$	2016 \$
Franchise fee		
At cost	160,888	160,888
Less accumulated amortisation	(99,885)	(90,800)
	61,003	70,088
Movements in carrying amounts		
Franchise fee		
Balance at the beginning of the reporting period	70,088	6,928
Additions	-	67,781
Amortisation expense	(9,085)	(4,621)
Balance at the end of the reporting period	61,003	70,088

Notes to the financial statements (continued)

Note 10. Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

	2017	2016
	\$	\$
Current		
Unsecured liabilities:		
Trade creditors	27,368	25,873
Franchise renewel fee payable	59,647	59,647
Other creditors and accruals	37,868	26,745
	124,883	112,265

The average credit period on trade and other payables is one month.

Note 11. Financial liabilities

Financial liabilities include trade payables, other creditors, loans from third parties and loans from or other amounts due to related entities. Financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Financial liabilities are initially measured at fair value plus transaction costs, except where the instrument is classified as “fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately. Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Note 12. Provisions

Short-term employee benefits

Provision is made for the company’s obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The liability for annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

Notes to the financial statements (continued)

Note 12. Provisions (continued)

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurement for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

	2017	2016
	\$	\$
Current		
Employee benefits	178,995	116,142
Total Current	178,995	116,142
Non-current		
Employee benefits	3,430	-
Total provisions	182,425	116,142

Note 13. Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

	2017	2016
	\$	\$
1,062,849 Ordinary shares fully paid	1,062,849	1,062,849
257,570 Bonus shares issued for no consideration	-	-
	1,062,849	1,062,849
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	1,320,419	1,320,419
Shares issued during the year	-	-
At the end of the reporting period	1,320,419	1,320,419

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

Notes to the financial statements (continued)

Note 13. Share capital (continued)

Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board of Directors monitors the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Statement of Financial Position.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the Distribution Limit.

(i) the Distribution Limit is the greater of:

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

(b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid can be seen in the Statement of Profit or Loss and Comprehensive Income.

	2017 \$	2016 \$
Note 14. Retained Earnings		
Balance at the beginning of the reporting period	472,058	356,749
Profit after income tax	109,864	201,137
Dividends paid	(85,828)	(85,828)
Balance at the end of the reporting period	496,094	472,058

Note 15. Dividends paid or provided for on ordinary shares

Dividends paid or provided for during the year

Fully franked ordinary dividend of 6.5 cents per share (2016: 6.5) franked at the tax rate of 27.5% (2016: 28.5%).	85,828	85,828
--	--------	--------

A provision is made for the amount of any dividends declared, authorised and no longer payable at the discretion of the entity on or before the end of the financial year, but not distributed at balance date.

Notes to the financial statements (continued)

Note 16. Reserves

The reserves represent undistributable gains recognised on the revaluation of non-current assets.

	2017 \$	2016 \$
Asset revaluation reserve		
Balance at the beginning of the reporting period	115,817	87,887
Fair value movements during the period	-	27,930
Balance at the end of the reporting period	115,817	115,817

Note 17. Earnings per share

Basic earnings per share

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

	2017 \$	2016 \$
Basic earnings per share (cents)	8.32	17.35
Earnings used in calculating basic earnings per share	109,864	229,067
Weighted average number of ordinary shares used in calculating basic earnings per share.	1,320,419	1,320,419

Note 18. Statement of cash flows

(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:

Cash and cash equivalents (Note 5)	625,828	580,644
As per the Statement of Cash Flow	625,828	580,644

(b) Reconciliation of cash flow from operations with profit after income tax

Profit after income tax	109,864	201,137
Non-cash flows in profit		
- Depreciation	45,995	48,954
- Amortisation	9,085	4,621
- Bad debts	2,062	-
-(Gain) / loss on disposal of property, plant and equipment	(2,727)	2,950

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 18. Statement of cash flows (continued)		
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(36,191)	(15,357)
- (Increase) / decrease in deferred tax asset	(19,372)	(36,584)
- Increase / (decrease) in trade and other payables	12,616	(22,250)
- Increase / (decrease) in current tax liability	(7,005)	49,560
- Increase / (decrease) in provisions	66,283	3,173
Net cash flows from operating activities	180,610	236,204

Note 19. Key management personnel and related party disclosures

(a) Key management personnel

Any person(s) having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company is considered key management personnel.

No remuneration was paid to key management personnel of the company during the year as the positions are held on a voluntary basis.

(b) Other related parties

Other related parties include close family of key management personnel and entities that are controlled or jointly controlled by those key management personnel, rights and shares granted on granted sates.

(c) Transactions with key management personnel and related parties

Other than detailed below, no key management personnel or related party has entered into any contracts with the company up to 30 June 2017.

During the year, the company entered transaction under normal terms and conditions from related parties as follows:

Name of related party	Description of goods/services	Value \$
Hanna Darmody	Family member is involved in the Bungendore Showground Trust that received a community donation.	3,000
Shane Holness	Shane is a participant in the Bungendore Car & Bike show that received a community donation.	5,000
Michael Fay - PFS Ltd	33 Ellendon Street property costs including waste collection, public lighting etc.	1,157
Dale Towell	Associated with the Bungendore Car & Bike show	5,000

Notes to the financial statements (continued)

Note 19. Key management personnel and related party disclosures (continued)

(d) Key management personnel shareholdings

The number of ordinary shares in Palerang Financial Services Limited held by each key management personnel of the company during the financial year is as follows:

Director	2017	2016
Shane Holness	2,000	2,000
Michael Clarke	1,500	1,500
Michael Wall	-	-
Mary Anne Mathias	-	-
Noel Wisbey	6,751	6,001
Michael Fay	1,000	1,000
Susan Smith	-	-
Hanna Darmody	-	-
Gordon Waters	-	-
Dale Towell	-	-
Sue Doran	-	-
	11,251	10,501

During the year, Noel Wisbey received 750 additional shares from his mother's estate. There were no other movements in key management personnel shareholdings. Each share held has a paid up value of \$1 and is fully paid.

(e) Other key management transactions

There have been no other transactions involving equity instruments other than those described above.

Note 20. Events after the reporting period

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

Note 21. Contingent liabilities and contingent assets

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

Note 22. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one geographic area being the Palerang Shire (incorporating Braidwood and Bungendore), NSW. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2016: 100%).

Notes to the financial statements (continued)

Note 23. Commitments

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the Statement of Financial Position.

	2017 \$	2016 \$
Payable:		
- no later than 12 months	14,300	14,300
- between 12 months and five years	-	14,300
- greater than five years	-	-
Minimum lease payments	14,300	28,600

The property lease is a non-cancellable lease with a two year term (one year remaining), with rent payable monthly in advance and with CPI increases each year.

Note 24. Company details

The registered office and principle place of business is 95 Wallace Street Braidwood, NSW 2622.

Note 25. Fair value measurements

The company may measure some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair value of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The company measures and recognises the following assets at fair value on a recurring basis after initial recognition:

- freehold land and buildings

The company does not subsequently measure any liabilities at fair value on a non-recurring basis.

Notes to the financial statements (continued)

Note 25. Fair value measurements (continued)

(a) Fair value hierarchy

AASB 13: Fair value measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

Fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the company are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Notes to the financial statements (continued)

Note 25. Fair value measurements (continued)

Valuation techniques (continued)

The following tables provide the fair values of the company's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

	30 June 2017			
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements				
Non-financial assets				
Freehold land	-	172,780	-	172,780
Buildings	-	797,840	-	797,840
Total non-financial assets recognised at fair value on a recurring basis	-	970,620	-	970,620

	30 June 2016			
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements				
Non-financial assets				
Freehold land	-	172,780	-	172,780
Buildings	-	824,520	-	824,520
Total non-financial assets recognised at fair value on a recurring basis	-	997,300	-	997,300

There were no transfers between Levels for assets measured at fair value on a recurring basis during the reporting period (2016: no transfers).

(b) Valuation techniques and inputs used to measure Level 2 fair values

Description	Fair value at 30 June 2017 \$	Description of valuation techniques	Inputs used
Freehold land	172,780	Market value approach using valuations of land and buildings as at 30 June 2016	Qualified external valuer
Buildings	797,840	Market value approach using valuations of land and buildings as at 30 June 2016	Qualified external valuer

- (i) The fair value of freehold land and buildings is determined at least every three years based on valuations by an independent valuer. At the end of each intervening period, the Directors review the independent valuation and, when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data and discounted cash flow methodologies.

There were no changes during the period in the valuation techniques used by the company to determine Level 2 fair values.

Notes to the financial statements (continued)

Note 26. Financial risk management

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

Specific financial risk exposure and management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and other price risk. There have been no substantial changes in the types of risks the company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

The company's financial instruments consist mainly of deposits with banks, short term investments, account receivables and payables. The totals for each category of financial instruments measured in accordance with AASB 139 Financial Instruments: Recognition and Measurement as detailed in the accounting policies are as follows:

	Note	2017 \$	2016 \$
Financial assets			
Cash and cash equivalents	5	625,828	580,644
Trade and other receivables	6	232,709	198,580
Total financial assets		858,537	779,224
Financial liabilities			
Trade and other payables	9	124,883	112,265
Total financial liabilities		124,883	112,265

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the table above.

The company has significant concentrations of credit risk with Bendigo and Adelaide Bank Limited. The company's exposure to credit risk is limited to Australia by geographic area.

None of the assets of the company are past due (2016: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

The company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Limited and therefore credit risk is considered minimal.

Notes to the financial statements (continued)

Note 26. Financial risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions.

Liquidity management is carried out within the guidelines set by the Board.

Typically, the company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis:

	Weighted average interest rate %	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
30 June 2017					
Financial assets					
Cash and cash equivalents	2.50%	625,828	625,828	-	-
Trade and other receivables		232,709	232,709	-	-
Total anticipated inflows		858,537	858,537	-	-
Financial liabilities					
Trade and other payables		124,883	124,883	-	-
Total expected outflows		124,883	124,883	-	-
Net inflow / (outflow) on financial instruments		733,654	733,654	-	-

Notes to the financial statements (continued)

Note 26. Financial risk management (continued)

(b) Liquidity risk (continued)

	Weighted average interest rate %	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
30 June 2016					
Financial assets					
Cash and cash equivalents	2.45%	580,644	580,644	-	-
Trade and other receivables		198,580	198,580	-	-
Total anticipated inflows		779,224	779,224	-	-
Financial liabilities					
Trade and other payables		112,265	112,265	-	-
Total expected outflows		112,265	112,265	-	-
Net inflow / (outflow) on financial instruments		666,959	666,959	-	-

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments that primarily expose the company to interest rate risk are cash and cash equivalents.

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit \$	Equity \$
Year ended 30 June 2017		
+/- 1% in interest rates (interest income)	6,258	6,258
	6,258	6,258
Year ended 30 June 2016		
+/- 1% in interest rates (interest income)	5,806	5,806
	5,806	5,806

Notes to the financial statements (continued)

Note 26. Financial risk management (continued)

(c) Market risk (continued)

Sensitivity analysis (continued)

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

(e) Fair values

Fair value estimation

The fair values of financial assets and liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position.

Differences between fair values and the carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied to the market since their initial recognition by the company.

	2017		2016	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair Value \$
Financial assets				
Cash and cash equivalents (i)	625,828	625,828	580,644	580,644
Trade and other receivables (i)	232,709	232,709	198,580	198,580
Total financial assets	858,537	858,537	779,224	779,224
Financial liabilities				
Trade and other payables (i)	124,883	124,883	112,265	112,265
Total financial liabilities	124,883	124,883	112,265	112,265

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.

Directors' declaration

In accordance with a resolution of the Directors of Palerang Financial Services Limited, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 10 to 43 are in accordance with the Corporations Act 2001 and:
 - (i) comply with Australian Accounting Standards which, as stated in accounting policy Note 1(a) to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - (ii) give a true and fair view of the company's financial position as at 30 June 2017 and of the performance for the year ended on that date;
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This resolution is made in accordance with a resolution of the Board of Directors.



Shane Holness
Director

Signed at Bungendore on 25 September 2017.

Independent audit report



Level 2, 10-16 Forest Street
Bendigo, Victoria
PO Box 448, Bendigo, VIC, 3552

Ph: (03) 5445 4200
admin@rsdaudit.com.au
www.rsdaudit.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PALERANG FINANCIAL SERVICES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Palerang Financial Services Limited, which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion:

- (a) the financial report of Palerang Financial Services Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2017 and of its performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements related to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

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

Independence

We are independent of the entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.



Richmond Sinnott & Delahunty, trading as RSD Audit
ABN 60 616 244 309
Liability limited by a scheme approved under Professional Standards Legislation



We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

Director's 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

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.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of 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 conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion.

Independent audit report (continued)



Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. On connection with our audit of the financial report, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RSD AUDIT

Chartered Accountants

A handwritten signature in black ink, appearing to read 'P. P. Delahunty', written over a light blue horizontal line.

P. P. Delahunty

Partner

Bendigo

Dated: 26 September 2017

Braidwood **Community Bank**[®] Branch
93-95 Wallace Street, Braidwood NSW 2622
Phone: (02) 4842 1700 Fax: (02) 4842 1711
www.bendigobank.com.au/braidwood

Bungendore **Community Bank**[®] Branch
1/33 Ellendon Street, Bungendore NSW 2621
Phone: (02) 6238 0547 Fax: (02) 6238 0587
www.bendigobank.com.au/bungendore

Franchisee: Palerang Financial Services Limited
Unit 1/19 Park Lane, Braidwood NSW 2622
Phone: (02) 4842 1118 Fax: (02) 4842 1711
ABN: 83 097 801 100

(BNPAR17141) (10/17)

This Annual Report has been printed on 100% Recycled Paper



bendigobank.com.au

