



Annual Report 2016

Balnarring & District
Community Services Limited

ABN 00 127 842 059

Balnarring & District **Community Bank**[®] Branch

Contents

Chair's report	2
Manager's report	4
Community investments	5
Directors' report	6
Auditor's independence declaration	12
Financial statements	13
Notes to the financial statements	17
Directors' declaration	39
Independent audit report	40

Chair's report

For year ending 30 June 2016

Your bank, sharing profits, investing in our community

It is with a great deal of pleasure that I present the 8th Annual Report of Balnarring & District Community Services Limited. Excellent growth and business performance, along with a strong working relationship with Bendigo and Adelaide Bank Limited has seen our company perform extremely well over the 2015/6 financial year in spite of what has been a challenging economic environment. We thank our many customers for the support and advocacy, which has been the basis of this success.

The achievements of Balnarring & District **Community Bank**[®] Branch were recognised at the 2015/16 Mornington Peninsula Region End of Financial Year Celebration, when we were named 'Branch of the Year', an award which acknowledged the contribution of all involved with our branch – staff, Directors and our community partners and was, for that reason, particularly gratifying. We also won the 'Lending Growth Award', with significant growth over budget thanks to the hard work of our then Branch Manager Jason Symonds and his team and the substantial support of the Bendigo business bankers, in particular Mick Radecki.

The many communities from Somers to Flinders and across to Red Hill South which make up our district have embraced the **Community Bank**[®] model and supported our branch with their banking. We will continue to ensure that Balnarring & District **Community Bank**[®] Branch remains relevant to the needs and aspirations of each of those communities as we work to increase our reach in each.

Staff and Directors will also work closely with our communities to identify and support their community-building priorities, both through our community investments and by working in partnership with other groups and organisations to facilitate the best possible outcomes and see the realisation of their dreams and aspirations.

Our community investments continued to grow during 2015/16 and we returned \$184,000 over that time. Sponsorships, grants and donations to our many hard-working and diverse community groups and organisations have included:

- Somers CFA
- Somers & Balnarring Primary Schools
- Balnarring Musos
- 1st Balnarring Scouts
- Shoreham Community Association
- Flinders CFA
- St Marks House, Balnarring
- RDAV Mornington Carriage Driving Centre.

As part of our determination to make a real difference, the Board was proud to initiate two significant projects focussed on young people during the year – the Balnarring & District **Community Bank**[®] Branch 'Young Leader Award' and the Portsea Youth Leadership Camp, undertaken by the eight Bendigo and **Community Bank**[®] branches on the Peninsula in partnership with the Mornington Peninsula Shire. We would like to acknowledge the invaluable contribution of the Shire's Communities That Care and Youth Services teams, with whom we worked closely to develop and implement these projects.

Today there are 312 **Community Bank**[®] communities across every State and territory in Australia, which have returned more than \$148 million to local communities and we are an important part of that network.

During 2015/16 we paid our fourth dividend of 5.5 cents per share, with a total payment to shareholders of \$46,200.

Since our branch opened in 2008, we have now returned a total of \$640,000 to our community as donations, grants and sponsorships and to our shareholders as dividend payments.

We invest our profits back into our communities for the benefit of local people and to support the valuable work of some 88 community groups and organisations because we're not just good with money, we're about the good that money can bring and we care about the future of our communities.

Chair's report (continued)

During the financial year, discussions about the implementation of the recommendations of Project Horizon, the most comprehensive ever review of the **Community Bank**[®] model undertaken by our partner Bendigo and Adelaide Bank Limited and the national **Community Bank**[®] network continued.

As a result, changes to the financial model will take place on 1 July 2016 and these, along with tightening margins and a competitive banking sector, could have an impact on our bottom line. Your Board of Directors will continue to have robust discussions with Bendigo and Adelaide Bank Limited to ensure the best possible outcome for all.

As a cohesive, highly experienced and well-governed entity, the Board will continue to work for the best interests of shareholders and the community. We have a strong and positive working relationship with our major partner, Bendigo and Adelaide Bank Limited and we have a well-defined Strategic Plan to deal with these changes and to continue to grow the business.

Since the last Annual General Meeting our Branch Manager of five years, Jason Symonds, resigned to try a career in something other than banking. Whilst we were extremely sorry to lose Jason, who was a highly successful and popular manager, we welcome Greg Hood into the role. Greg is a very experienced banker, with extensive knowledge of the **Community Bank**[®] network and our staff and Board look forward to working with him to build on the success achieved thus far. We wish Jason and his family well.

Staff, Directors and customers were also sorry to farewell Sue Pritchard, who took a promotion to another branch. Building on our commitment to employing locals, Joanna Albress has now joined Glenys, Melinda, Kathryn and Tracey as part of our professional and dedicated staff team.

There have also been changes to our Board during the year, with Taimi Clinch resigning due to the demands of a new job and Rod Slater and Anne Bartholomew leaving to pursue other interests in their retirement. We thank Taimi, Rod and Anne for their significant contribution to the work of the Board and the success of our business.

Local businessman Shane Mathieson returned to the Board in August 2015 and Donna Grey, another local resident with extensive business experience, was appointed in December, so we continue to attract highly competent and experienced Directors.

I would like to thank our staff and Directors for their total commitment to the success of the Balnarring & District **Community Bank**[®] Branch and through that, to the success of our communities. Thank you also to our many community partners. These partnerships are what the **Community Bank**[®] network is all about. They are why the many who volunteer to make our communities better places in which to live, work so hard. Thank you also to our Regional Manager Simon Sponza and his ever-helpful team.

Thank you also to our many shareholders – without your early commitment and ongoing support there would be no **Community Bank**[®] branch.

If you are a shareholder who is not banking with our branch, we would encourage you to make the change to your local bank. The reality is much easier than the perception, so call in and talk to our friendly staff about how they can help you make that switch to the bank of which you are a part owner.

If you are already a customer, thank you for your support and please continue to advocate for us out there in your community by recommending us to your family and friends.

May I conclude by setting our shareholders a challenge – to tell one new person every month about your **Community Bank**[®] company shareholding and how banking with Balnarring & District **Community Bank**[®] Branch can make a real difference in their community by building on the vital community capital that prosperous communities possess. We look forward to working with you to make a real difference.



Heather Goddard
Chair

Manager's report

For year ending 30 June 2016

It is with great pleasure that I present my first report for the financial year ending 30 June 2016 on behalf of Balnarring & District **Community Bank**[®] Branch.

I was fortunate to take up the position of Branch Manager when it became available through the resignation of former Branch Manager, Jason Symonds.

I look forward to the remainder of the year with excitement as Jason and the team at the branch have had a fantastic financial year, with significant growth in the business. We were rewarded with winning the 2016 Mornington Peninsula Region 'Branch of the Year', along with the 'Lending Growth Award'.

It takes a lot of work by branch staff, Board members and our community to enable such results and win these awards and we are thrilled with these results.

Over the year our total business grew by \$23 million to a total of \$147 million.

Our customer base continues to grow, with the result that:

1. Our lending book grew by \$8.34 million to a total of \$58.2 million
2. Deposits grew by \$13.6 million to a total of \$79.1 million
3. Other banking business grew by \$1.1 million to a total of \$9.7 million.

This growth is a result of excellent work by our staff and Board members, but would not happen without the support of our customers and communities from Somers to Flinders.

For our growth to continue it is very important for our customers and shareholders to do as much of their banking with our **Community Bank**[®] branch as possible. This will ensure that our activity levels remain high and we will foster the growth of our banking business. I would also encourage you to tell your family and friends about our branch and what we do not only for your banking, but also for our community.

I would like to thank my staff – Glenys, Melinda, Kathryn, Joanna and Tracey for their efforts over the past year. We should be proud of their efforts, professionalism, commitment to both the business and the community and the level of service they provide and I look forward to working with all of them going forward.

Thank you to the company's Board of Directors who continue to work diligently on a volunteer basis to make sure that the business remains strong and that it can continue to provide increased benefits to our local communities.

I would also like to acknowledge and thank our partners, the Bendigo Bank Regional team led by Simon Sponza, Regional Manager. Also our Business Relationship Manager Mick Radecki and Financial Planner Catriona Smith. We thank them for their support over the year as our success can also be attributed to the work they do for our branch and our customers.

The branch has fantastic relationships with our communities. What we do as a **Community Bank**[®] branch is unique and our challenge going forward is to strengthen this relationship to ensure that we have even greater outcomes in the future.

Thank you to everyone in our community for their continued support and I look forward to meeting you all so please call into the branch and introduce yourself.

My staff and I look forward to a successful and rewarding year ahead.



Greg Hood
Branch Manager

Community investments

Balnarring & District **Community Bank**[®] Branch community groups and organisations supported – July 2008 to June 2016.

1. Australian Red Cross – Balnarring Unit
2. Balnarring Auskick
3. Balnarring Bowls & Social Club
4. Balnarring Business Group
5. Balnarring Community Flower Show
6. Balnarring Cricket Club
7. Balnarring District Netball Club
8. Balnarring CFA
9. Balnarring Foreshore Committee
10. Balnarring & District Historical Society
11. Balnarring Occasional Care Centre
12. Balnarring Pony Club
13. Balnarring Pre-School
14. Balnarring Primary School
15. Balnarring Scouts
16. Balnarring Senior Citizens Club
17. Balnarring Tennis Club
18. Balnarring Thunder Junior Football Club
19. Balnarring Village Common
20. Bittern Combined Probus Club
21. Bittern CFA
22. Brigid's Paddock Revegetation Project
23. CWA Balnarring Branch
24. Defibrillator Provision Program
25. Disabled Surfers Association Mornington Peninsula
26. Emu Plains Committee of Management
27. Flinders Art Show
28. Flinders CFA
29. Flinders Community Association
30. Flinders Cricket Club
31. Flinders Golf Bowls Club
32. Flinders Golf Club
33. Flinders Lions Club
34. Flinders Singers
35. Flinders Yacht Club
36. Frankston & Mornington Peninsula Excellence in Business Awards
37. Frankston Peninsula Carers Inc
38. Friends of Bill Carroll Reserve
39. Friends of Flinders Coastline
40. Friends of Somers Foreshore Inc
41. Lions Club of Balnarring
42. Lord Somers Camp
43. Merricks Yacht Club
44. Navy Steam Club
45. Mornington Carriage Driving
46. Mornington Peninsula Cricket Association
47. Mornington Peninsula Cricket Umpires Association
48. Mornington Peninsula Junior Football League
49. Mornington Peninsula Marine Alliance
50. Mornington Peninsula Nepean Football League
51. Mornington Peninsula Netball Association
52. Mornington Peninsula Schools Environment Week
53. Open Family Australia
54. OXFAM – Trail Walkers
55. Peninsula All Abilities Vaulters
56. Peninsula Hospice
57. Peninsula Studio Trail
58. Peninsula Summer Music Festival
59. Point Leo Boat Club
60. Point Leo Foreshore Reserve
61. Point Leo Life Saving Club
62. Presentation Family Centre
63. Probus Club of Balnarring Inc
64. Red Hill Agricultural & Horticultural Society
65. Red Hill Riders Mountain Bike Club
66. Riding for the Disabled Association Victoria, Peninsula Group
67. Rosebud Heart Soccer Club
68. Schools of the Southern Peninsula Science Fair
69. Shoreham CFA
70. Somers CFA
71. Somers Girl Guides
72. Somers Nautilus
73. Somers Neighbourhood Watch
74. Somers Pre-School
75. Somers Primary School
76. Somers Residents' Association
77. Somers School Camp
78. Somers Tennis Club
79. Somers Yacht Club
80. Spot a
81. The Bridge Magazine
82. Thin Green Line Foundation
83. Caroline Chisholm Foundation WP Connect
84. Westernport Coast Guard
85. Westernport Model Aircraft Club
86. Western Port Yacht Club
87. Westernport Rotary Club
88. Westernport Uniting Church Craft Festival

Directors' report

For the financial year ended 30 June 2016

Your directors submit the financial statements of the company for the financial year ended 30 June 2016.

Directors

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

Heather Goddard

Chair

Occupation: Retired

Qualifications, experience and expertise: Diploma of Teaching Primary & Graduate Diploma in Educational Studies (Learning Difficulties in Language and Mathematics). Retired primary teacher. State Parliamentary Electorate Officer 1982-1986. Balnarring Primary School Early Years Literacy Co-ordinator 1993-2009, Sustainability Co-ordinator 2009-2011. Founding member of the Balnarring Community Wetlands Committee; member of the Communities That Care Two Bays Local Area Group; member of the WP (Western Port) Connect Advisory Group.

Special responsibilities: Chair, Audit, Governance & Risk Management Committee, Marketing, Sponsorship & Shareholder Relations Committee

Interest in shares: 1,500

Chantelle Waterson

Vice Chair

Occupation: Accountant

Qualifications, experience and expertise: Bachelor in Commerce, Post Graduate Diploma in Accounting and CPA qualification. Finance Manager at Montalto Vineyard & Olive Grove. Experience as a business analyst at Powercor and Commercial Analyst for Silk Telecom.

Special responsibilities: Vice Chair, Finance & Budget Committee, Business Development Committee

Interest in shares: 500

Mark Laughton

Director

Occupation: Lawyer

Qualifications, experience and expertise: 23 Years service with Victoria Police, National Crime Authority and Australian Crime Commission. Cert IV Workplace Training and Assessment (2001). Bachelor of Law, Graduate Diploma in Legal Practice. Committee member of Balnarring Junior Football Club for the past 5 years. Employed by Burdon-Smith & Associates Balnarring.

Special responsibilities: Audit, Governance & Risk Management Committee, HR Committee

Interest in shares: Nil

Andrew Thomas

Director

Occupation: Competency & Recognition Assessor Technical Training HMAS Cerberus

Qualifications, experience and expertise: Competency & Recognition Assessor Technical Training. Quality Assurance Officer Technical Training. Resource & Planning Coordinator Technical Training. Technical Instructor. Chief Petty Officer Royal Australian Navy. Diploma Engineering Communications Systems. Diploma Frontline Management. Certificate IV Training & Assessment TAE40110. Former Treasurer Dromana Secondary College & School Council member. Member Balnarring Village Common Community Group – Treasurer.

Special responsibilities: Marketing, Sponsorship & Shareholder Relations Committee

Interest in shares: 1,500

Directors' report (continued)

Directors (continued)

Carl Anthony Luke

Director

Occupation: MICA Paramedic

Qualifications, experience and expertise: Full time paramedic since 1995, including Air Ambulance, Clinical Instructor and MICA Paramedic. Prior worked as a registered nurse. Qualifications include Bachelor of Business, Graduate Diploma in Financial Planning. Deputy Board Member on ESSSuper. Involvement with community groups includes the Balnarring Tennis Club and local running and riding groups.

Special responsibilities: Finance & Budget Committee

Interest in shares: Nil

Christopher Gurney

Director

Occupation: Director

Qualifications, experience and expertise: Bachelor of Economics Monash University. Graduate of Australian Institute of Company Directors Past positions in Marketing and General Management with Unilever, Beecham, SCA and Bakers Delight. Key roles were Acting Managing Director Sancella SCA UK, General Manager Deeko, Logistics and Purchasing Manager CHH/SCA, President COBS Bread North America (Bakers Delight), GM Marketing and Operations Bakers Delight Australia and NZ. Current positions part time, Director Bakers Delight Holdings Ltd, Senior Associate XPotential Australia and NZ Consulting, Conference Convener Bakers Delight International Conference. Vice Commodore Somers Yacht Club Broad Management, Marketing, Franchising, Operational, Financial and Strategic skills.

Special responsibilities: Business Development Committee

Interest in shares: 8,500

Shane Mathieson (Appointed 26 August 2015)

Director

Occupation: Small Business Owner

Qualifications, experience and expertise: Shane is a business owner in Balnarring, Cellarbrations Liquor Store. He has four children and has coached junior basketball teams on the peninsula and throughout Melbourne for some thirty years. He is passionate about developing young people through participation in sport. Shane has lived at Balnarring Beach with his family and also on the Mornington Peninsula for some ten years. Shane has always worked in sales and has had many roles including Sales Manager, Account Manager, National Training Manager and Sales Distribution Manager. Shane has great belief in the **Community Bank** model and the position it holds is an integral part of the community. It's not just what it offers as a bank, but what it gives back to our community.

Special responsibilities: Business Development Committee

Interest in shares: Nil

Donna Gray (Appointed 16 December 2015)

Director

Occupation: Site Manager - Parmalat

Qualifications, experience and expertise: Graduated from Latrobe University with honours in Biological Science degree. Post graduate degree in Masters in Business and Biotechnology from RMIT University. Experience in not for profit, co-operative, private and corporate organisations within the dairy industry. Gaining experience across a variety of functions including: research, quality assurance and operations.

Special responsibilities: HR Committee & Business Development Committee

Interest in shares: Nil

Directors' report (continued)

Directors (continued)

Anne Bartholomew (Resigned 30 June 2016)

Treasurer

Occupation: Retired

Qualifications, experience and expertise: 25 years in Financial Services Industry. Treasurer Somers Residents Association. Volunteer Somers Yacht Club. Masters degree in Business Administration. Certified Financial Planner.

Special responsibilities: Treasurer, Finance & Budget Committee

Interest in shares: 2,500

Taimi Clinch

Director (Resigned 25 November 2015)

Occupation: General Manager

Qualifications, experience and expertise: Bachelor of Arts 2001. General Manager working in disability sector across the areas of People, Culture and Communications. 18 years of HR experience across a variety of sectors; strategic planning; marketing; social media skills; IT skills. 2011-current: Marriott Support Services. disability support service. 2006-2011: InciteHR. own HR Consultancy.

Special responsibilities: HR Committee: Convenor; Audit, Governance & Risk Management Committee

Interest in shares: Nil

Gerald Roderick Slater

Director (Resigned 25 November 2015)

Occupation: Management Consultant/Research

Qualifications, experience and expertise: Bachelor of Commerce, The University of Melbourne. Group General Manager Marketing, ANZ Bank. Board Member, Melbourne Symphony Orchestra. Regional Director North Asia, Cadbury Confectionery. Marketing Director Asia/Pacific, Cadbury Confectionery. Operations Director, Lipton Japan. Marketing Director, Unilever (Netherlands). Adjunct Professor of Marketing, RMIT University.

Special responsibilities: Company Secretary, Marketing, Sponsorship & Shareholder Relations Committee, Business Development Committee

Interest in shares: Nil

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

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

Company Secretary

The company secretary is Melinda Symes. Melinda was appointed on 12 April 2013, resigned on 26 August 2015 and was re-appointed to the position of secretary on 25 November 2015.

Qualifications, experience and expertise: As an experienced Senior Accounts Manager and Customer Relationship Manager, Melinda is well qualified to support the Board and oversee the governance and administrative functions of the company.

Gerald Slater was appointed to the position of secretary between 26 August 2015 and 25 November 2015.

Qualifications, experience and expertise: Bachelor of Commerce, The University of Melbourne. Group General Manager Marketing, ANZ Bank. Board Member, Melbourne Symphony Orchestra. Regional Director North Asia, Cadbury Confectionery. Marketing Director Asia/Pacific, Cadbury Confectionery. Operations Director, Lipton Japan. Marketing Director, Unilever (Netherlands). Adjunct Professor of Marketing, RMIT University.

Directors' report (continued)

Principal Activities

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

There have been no significant changes in the nature of these activities during the year.

Operating results

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

Year ended 30 June 2016 \$	Year ended 30 June 2015 \$
59,053	46,691

Dividends

	Year ended 30 June 2016	
	Cents	\$
Dividends paid in the year	5.5	46,200

Significant changes in the state of affairs

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

Indemnification and insurance of directors and officers

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

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an auditor of the company or a related body corporate.

Directors' report (continued)

Directors' meetings

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

	Board Meetings Attended		Committee Meetings Attended									
			Audit		Marketing		Human Resources		Finance & Budget		Finance & Budget	
	A	B	A	B	A	B	A	B	A	B	A	B
Heather Goddard	12	9	5	5	11	9	C	3	-	-	-	-
Chantelle Waterson	12	8	-	-	-	-	-	-	-	-	7	4
Mark Laughton	12	8	5	5	-	-	3	2	-	-	-	-
Andrew Thomas	12	12	-	-	11	11	-	-	-	-	-	-
Carl Anthony Luke	12	8	-	-	11	5	-	-	1	1	-	-
Chris Gurney	12	10	-	-	-	-	-	-	-	-	7	7
Shane Mathieson (Appointed 26 August 2015)	11	9	-	-	-	-	-	-	-	-	6	5
Donna Gray (Appointed 16 December 2015)	7	7	-	-	-	-	2	2	-	-	-	-
Anne Bartholomew (Resigned 30 June 2016)	12	10	-	-	-	-	-	-	1	1	-	-
Gerald Roderick Slater (Resigned 25 November 2015)	4	2	-	-	4	-	-	-	-	-	2	1
Taimi Clinch (Resigned 25 November 2015)	4	2	-	-	-	-	1	1	-	-	-	-

A - Eligible to attend

B - Number attended

C - Visitor

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

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

Non audit services

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

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

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

Directors' report (continued)

Non audit services (continued)

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 12.

Signed in accordance with a resolution of the board of directors at Balnarring, Victoria on 12 September 2016.



**Heather Goddard,
Chair**

Auditor's independence declaration



Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Balnarring & District Community Services Limited

As lead auditor for the audit of Balnarring & District Community Services Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

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

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart', written in a cursive style.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 31 August 2016

A handwritten signature in black ink, appearing to read 'David Hutchings', written in a cursive style.

David Hutchings
Lead Auditor

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

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Financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
Revenue from ordinary activities	4	806,485	763,431
Employee benefits expense		(344,555)	(339,079)
Charitable donations, sponsorship, advertising and promotion		(156,596)	(126,704)
Occupancy and associated costs		(72,413)	(68,155)
Systems costs		(21,941)	(21,889)
Depreciation and amortisation expense	5	(26,589)	(27,735)
Finance costs	5	(1,825)	(1,680)
General administration expenses		(98,078)	(106,478)
Profit before income tax expense		84,488	71,711
Income tax expense	6	(25,435)	(25,020)
Profit after income tax expense		59,053	46,691
Total comprehensive income for the year		59,053	46,691
Earnings per share for profit attributable to the ordinary shareholders of the company:			
		¢	¢
Basic earnings per share	23	7.03	5.56

The accompanying notes form part of these financial statements.

Financial statements (continued)

Balance Sheet as at 30 June 2016

	Notes	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	354,466	312,087
Trade and other receivables	8	74,767	65,026
Total Current Assets		429,233	377,113
Non-Current Assets			
Property, plant and equipment	9	99,539	102,949
Intangible assets	10	26,535	40,379
Deferred tax asset	11	34,562	59,997
Total Non-Current Assets		160,636	203,325
Total Assets		589,869	580,438
LIABILITIES			
Current Liabilities			
Trade and other payables	12	21,009	14,762
Borrowings	13	4,962	4,648
Provisions	14	23,056	31,318
Total Current Liabilities		49,027	50,728
Non-Current Liabilities			
Borrowings	13	13,019	17,981
Provisions	14	3,241	-
Total Non-Current Liabilities		16,260	17,981
Total Liabilities		65,287	68,709
Net Assets		524,582	511,729
Equity			
Issued capital	15	815,096	815,096
Accumulated losses	16	(290,514)	(303,367)
Total Equity		524,582	511,729

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Changes in Equity for the year ended 30 June 2016

	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2014	815,096	(308,058)	507,038
Total comprehensive income for the year	-	46,691	46,691
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(42,000)	(42,000)
Balance at 30 June 2015	815,096	(303,367)	511,729
Balance at 1 July 2015	815,096	(303,367)	511,729
Total comprehensive income for the year	-	59,053	59,053
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(46,200)	(46,200)
Balance at 30 June 2016	815,096	(290,514)	524,582

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
Cash flows from operating activities			
Receipts from customers		865,487	829,597
Payments to suppliers and employees		(766,801)	(742,036)
Interest received		5,701	4,142
Interest paid		(1,825)	(1,680)
Net cash provided by operating activities	17	102,562	90,023
Cash flows from investing activities			
Payments for property, plant and equipment		(9,335)	-
Net cash used in investing activities		(9,335)	-
Cash flows from financing activities			
Repayment of borrowings		(4,648)	(4,354)
Dividends paid		(46,200)	(42,000)
Net cash used in financing activities		(50,848)	(46,354)
Net increase in cash held		42,379	43,669
Cash and cash equivalents at the beginning of the financial year		312,087	268,418
Cash and cash equivalents at the end of the financial year	7(a)	354,466	312,087

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2016

Note 1. Summary of significant accounting policies

a) Basis of preparation

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

Compliance with IFRS

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

Critical accounting estimates

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

Historical cost convention

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

Comparative figures

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

Application of new and amended accounting standards

The following amendments to accounting standards issued by the Australian Accounting Standards Board (AASB) became mandatorily effective for accounting periods beginning on or after 1 July 2015, and are therefore relevant for the current financial year.

- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality.
- AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent.

None of the amendments to accounting standards issued by the Australian Accounting Standards Board (AASB) that became mandatorily effective for accounting periods beginning on or after 1 July 2015, materially affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Application of new and amended accounting standards (continued)

	Effective for annual reporting periods beginning on or after
AASB 9 Financial Instruments, and the relevant amending standards.	1 January 2018
AASB 15 Revenue from Contracts with Customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15.	1 January 2018
AASB 16 Leases	1 January 2019
AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations.	1 January 2016
AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation.	1 January 2016
AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants.	1 January 2016
AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements.	1 January 2016
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.	1 January 2018
AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle.	1 January 2016
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101.	1 January 2016
AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception.	1 January 2016
AASB 2016-1 Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses.	1 January 2017
AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107.	1 January 2017

The company has not elected to apply any accounting standards or interpretations before their mandatory operative date for the annual reporting period beginning 1 July 2015. Therefore the abovementioned accounting standards or interpretations have no impact on amounts recognised in the current period or any prior period.

Economic dependency - Bendigo and Adelaide Bank Limited

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

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

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

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

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

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

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

b) Revenue

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

Revenue calculation

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Revenue calculation (continued)

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

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

Core banking products

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

Margin

Margin is arrived at through the following calculation:

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

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

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

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

Commission

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

Fee income

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

Ability to change financial return

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Ability to change financial return (continued)

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

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

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

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

Monitoring and changing financial return

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

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

Monitoring and changing financial return (Continued)

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

The Board is yet to appreciate the full impact of the above changes on our revenue moving forward. We would anticipate that by the time of this year's AGM we will be able to inform our shareholders of the likely outcomes of the new model.

The Board is continuing to work with Bendigo and Adelaide Bank Ltd to understand any potential changes to revenue and will provide further details as appropriate in due course.

c) Income tax

Current tax

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

c) Income tax (continued)

Deferred tax

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

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

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

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

Current and deferred tax for the period

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

d) Employee entitlements

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

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

e) Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet.

f) Trade receivables and payables

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

g) Property, plant and equipment

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

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

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

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

h) Intangibles

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

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

i) Payment terms

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

j) Borrowings

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

k) Financial instruments

Recognition and initial measurement

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

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

Derecognition

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

k) Financial instruments (continued)

Classification and subsequent measurement

(i) Loans and receivables

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

(ii) Held-to-maturity investments

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

(iii) Available-for-sale financial assets

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

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

(iv) Financial liabilities

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

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

l) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the company are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

m) Provisions

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

m) Provisions (continued)

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

n) Contributed equity

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

o) Earnings per share

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

p) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet. Cash flows are included in the Statement of Cash Flows on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Note 2. Financial risk management

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

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

(i) Market risk

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

(ii) Price risk

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

(iii) Credit risk

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

(iv) Liquidity risk

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

Notes to the financial statements (continued)

Note 2. Financial risk management (continued)

(v) Cash flow and fair value interest rate risk

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

(vi) Capital management

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board of directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Balance Sheet.

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

The distribution limit is the greater of:

- (a) 20% of the profit or funds of the franchisee otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the franchisee over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2016 can be seen in the Statement of Profit or Loss and Other Comprehensive Income.

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

Note 3. Critical accounting estimates and judgements

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

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

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

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

Taxation

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

Notes to the financial statements (continued)

Note 3. Critical accounting estimates and judgements (continued)

Taxation (continued)

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

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

Estimation of useful lives of assets

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

Impairment of assets

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

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

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

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

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 4. Revenue from ordinary activities		
Operating activities:		
- services commissions	800,206	757,519
Total revenue from operating activities	800,206	757,519
Non-operating activities:		
- interest received	6,279	5,912
Total revenue from non-operating activities	6,279	5,912
Total revenues from ordinary activities	806,485	763,431

Note 5. Expenses

Depreciation of non-current assets:		
- plant and equipment	8,345	8,029
- motor vehicle	4,400	5,862
Amortisation of non-current assets:		
- franchise agreement	2,307	2,307
- franchise renewal fee	11,537	11,537
	26,589	27,735
Finance costs:		
- interest paid	1,825	1,680
Bad debts	143	7

Note 6. Income tax expense

The components of tax expense comprise:

- Movement in deferred tax	1,780	(1,736)
- Adjustment to deferred tax to reflect change to tax rate in future periods	1,258	3,158
- Recoupment of prior year tax losses	22,397	23,598
	25,435	25,020

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows

Operating profit	84,488	71,711
Prima facie tax on profit from ordinary activities at 28.5% (2015: 30%)	24,079	21,513

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 6. Income tax expense (continued)		
Add tax effect of:		
- non-deductible expenses	98	349
- timing difference expenses	(1,780)	1,736
	22,397	23,598
Movement in deferred tax	1,780	(1,736)
Adjustment to deferred tax to reflect change of tax rate in future periods	1,258	3,158
	25,435	25,020

Note 7. Cash and cash equivalents

Cash at bank and on hand	149,747	127,317
Term deposits	204,719	184,770
	354,466	312,087

Note 7.(a) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the Statement of Cash Flows at the end of the financial year as follows:

Cash at bank and on hand	149,747	127,317
Term deposits	204,719	184,770
	354,466	312,087

Note 8. Trade and other receivables

Trade receivables	63,823	59,043
Prepayments	8,132	3,748
Other receivables and accruals	2,812	2,235
	74,767	65,026

Note 9. Property, plant and equipment

Plant and equipment		
At cost	301,362	292,027
Less accumulated depreciation	(215,075)	(206,730)
	86,287	85,297

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 9. Property, plant and equipment (continued)		
Motor vehicles		
At cost	29,635	29,635
Less accumulated depreciation	(16,383)	(11,983)
	13,252	17,652
Total written down amount	99,539	102,949
Movements in carrying amounts:		
Plant and equipment		
Carrying amount at beginning	85,297	93,327
Additions	9,335	-
Disposals	-	-
Less: depreciation expense	(8,345)	(8,030)
Carrying amount at end	86,287	85,297
Motor vehicles		
Carrying amount at beginning	17,652	23,514
Additions	-	-
Disposals	-	-
Less: depreciation expense	(4,400)	(5,862)
Carrying amount at end	13,252	17,652
Total written down amount	99,539	102,949

Note 10. Intangible assets

Franchise fee		
At cost	21,537	21,537
Less: accumulated amortisation	(17,114)	(14,807)
	4,423	6,730
Establishment fee		
At cost	100,000	100,000
Less: accumulated amortisation	(100,000)	(100,000)
	-	-

Notes to the financial statements (continued)

	Note	2016 \$	2015 \$
Note 10. Intangible assets (continued)			
Renewal processing fee			
At cost		57,684	57,684
Less: accumulated amortisation		(35,572)	(24,035)
		22,112	33,649
Total written down amount		26,535	40,379

Note 11. Tax

Non-Current:

Deferred tax assets			
- accruals		674	883
- employee provisions		7,232	8,926
- tax losses carried forward		27,430	50,825
		35,336	60,634
Deferred tax liability			
- accruals		774	637
		774	637
Net deferred tax asset		34,562	59,997
Movement in deferred tax charged to Statement of Comprehensive Income		3,037	25,020

Note 12. Trade and other payables

Current:

Trade creditors		2,420	1,210
Other creditors and accruals		18,589	13,552
		21,009	14,762

Note 13. Borrowings

Current:

Chattel mortgage		4,962	4,648
		4,962	4,648

Non-Current:

Chattel mortgage		13,019	17,981
		13,019	17,981
	18	17,981	22,629

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 14. Provisions		
Current:		
Provision for annual leave	11,023	10,096
Provision for long service leave	12,033	21,222
	23,056	31,318
Non-Current:		
Provision for long service leave	3,241	-

Note 15. Contributed equity

840,000 ordinary shares fully paid (2015: 840,000)	840,000	840,000
Less: equity raising expenses	(24,904)	(24,904)
	815,096	815,096

Rights attached to shares

(a) Voting rights

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

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

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

(b) Dividends

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

(c) Transfer

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

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

Notes to the financial statements (continued)

Note 15. Contributed equity (continued)

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the “10% limit”).
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the “close connection test”).
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the “base number test”). The base number is 243. As at the date of this report, the company had 274 shareholders.

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

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

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

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

	2016	2015
	\$	\$
Note 16. Accumulated losses		
Balance at the beginning of the financial year	(303,367)	(308,058)
Net profit from ordinary activities after income tax	59,053	46,691
Dividends paid or provided for	(46,200)	(42,000)
Balance at the end of the financial year	(290,514)	(303,367)

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 17. Statement of Cash Flows		
Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities		
Profit from ordinary activities after income tax	59,053	46,691
Non cash items:		
- depreciation	12,745	13,891
- amortisation	13,844	13,844
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(9,741)	(4,149)
- (increase)/decrease in other assets	25,435	25,020
- increase/(decrease) in payables	6,247	(9,268)
- increase/(decrease) in provisions	(5,021)	3,994
Net cash flows provided by operating activities	102,562	90,023

Note 18. Leases

Finance lease commitments

Payable - minimum lease payments:

- not later than 12 months	5,992	5,992
- between 12 months and 5 years	13,225	19,218
- greater than 5 years	-	-
Minimum lease payments	19,217	25,210
Less future finance charges	(1,236)	(2,581)
Present value of minimum lease payments	17,981	22,629

The finance lease of \$36,596, which commenced in 2013, is a four year lease. Interest is recognised at an average rate of 8.13% (2015: 6.82%). Bendigo Bank maintain a security agreement over the motor vehicle for the period of lease.

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable - minimum lease payments:

- not later than 12 months	49,438	47,712
- between 12 months and 5 years	37,079	83,496
- greater than 5 years	-	-
	86,517	131,208

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

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 19. Auditor's remuneration		
Amounts received or due and receivable by the auditor of the company for:		
- audit and review services	4,100	3,950
- share registry services	1,755	1,624
- other non audit services	3,383	1,650
	9,238	7,224

Note 20. Director and related party disclosures

The names of directors who have held office during the financial year are:

Heather Goddard
 Anne Bartholomew
 Chantelle Waterson
 Mark Laughton
 Andrew Thomas
 Carl Anthony Luke
 Chris Gurney
 Shane Mathieson (Appointed 26 August 2015)
 Donna Gray (Appointed 16 December 2015)
 Gerald Roderick Slater (Resigned 25 November 2015)
 Taimi Clinch (Resigned 25 November 2015)

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

	2016 \$	2015 \$
Transactions with related parties:		
Wine sales with Shane Mathieson's Cellarbrations Liquor Store	400	-

	2016	2015
Directors' shareholdings		
Heather Goddard	1,500	1,500
Anne Bartholomew	2,500	2,500
Chantelle Waterson	500	500
Mark Laughton	-	-
Andrew Thomas	1,500	1,500
Carl Anthony Luke	-	-
Chris Gurney	8,500	8,500

Notes to the financial statements (continued)

Note 20. Director and related party disclosures (continued)

	2016	2015
Directors' shareholdings (continued)		
Shane Mathieson (Appointed 26 August 2015)	-	-
Donna Gray (Appointed 16 December 2015)	-	-
Gerald Roderick Slater (Resigned 25 November 2015)	-	-
Taimi Clinch (Resigned 25 November 2015)	-	-

There was no movement in directors' shareholdings during the year.

	2016 \$	2015 \$
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Note 21. Dividends paid or provided

Dividends paid during the year

Current year dividend		
Unfranked dividend - 5.5 cents (2015: 5 cents) per share	46,200	42,000

Note 22. Key Management Personnel Disclosures

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

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

Community Bank® Directors' Privileges Package

The board has adopted the **Community Bank®** Directors' Privileges Package. The package is available to all directors, who can elect to avail themselves of the benefits based on their personal banking with the **Community Bank®** branch at Balnarring, Victoria. There is no requirement to own BEN shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The total benefits received by the directors from the Directors' Privilege Package are \$65 for the year ended 30 June 2016 (2015: \$nil).

	2016 \$	2015 \$
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Note 23. Earnings per share

(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	59,053	46,691
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	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	840,000	840,000

Notes to the financial statements (continued)

Note 24. Events occurring after the reporting date

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

Note 25. Contingent liabilities and contingent assets

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

Note 26. Segment reporting

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

Note 27. Registered office/Principal place of business

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

Registered Office

Shop 28, Balnarring Village
3050 Frankston Flinders Road
Balnarring VIC 3926

Principal Place of Business

Shop 28, Balnarring Village
3050 Frankston Flinders Road
Balnarring VIC 3926

Note 28. Financial instruments

Financial Instrument Composition and Maturity Analysis

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

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$	2016 %	2015 %		
Financial assets												
Cash and cash equivalents	149,747	127,317	204,719	184,770	-	-	-	-	-	-	1.82	1.87
Receivables	-	-	-	-	-	-	-	-	63,823	59,043	N/A	N/A
Financial liabilities												
Interest bearing liabilities	-	-	4,962	4,648	13,019	17,981	-	-	-	-	8.13	6.82
Payables	-	-	-	-	-	-	-	-	2,420	1,210	N/A	N/A

Notes to the financial statements (continued)

Note 28. Financial instruments (continued)

Net Fair Values

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

Credit Risk

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

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

Interest Rate Risk

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

Sensitivity Analysis

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

As at 30 June 2016, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2016	2015
	\$	\$
Change in profit/(loss)		
Increase in interest rate by 1%	3,365	2,895
Decrease in interest rate by 1%	3,365	2,895
Change in equity		
Increase in interest rate by 1%	3,365	2,895
Decrease in interest rate by 1%	3,365	2,895

Directors' declaration

In accordance with a resolution of the directors of Balnarring & District Community Services Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Heather Goddard,
Chair

Signed on the 12th of September 2016.

Independent audit report



Independent auditor's report to the members of Balnarring & District Community Services Limited

Report on the financial report

We have audited the accompanying financial report of Balnarring & District Community Services Limited, which comprises the balance sheet as at 30 June 2016, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

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

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

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

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Independent audit report (continued)

Independence

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

Auditor's opinion on the financial report

In our opinion:

1. The financial report of Balnarring & District Community Services Limited is in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 30 June 2016 and of its financial performance and its cash flows for the year then ended and complying with Australian Accounting Standards and the Corporations Regulations 2001.
2. The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.



Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 31 August 2016



David Hutchings
Lead Auditor

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Shop 28, Shopping Village,
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ABN: 00 127 842 059

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