Annual Report 2017

Boorowa Community Financial Services Limited

ABN 76 093 519 094

Boorowa **Community Bank**® Branch

Contents

Chairman's report

For year ending 30 June 2017

Boorowa Community Financial Services Limited has enjoyed another successful year. Business levels have grown and profits have been healthy.

After 16 years of trading, it would be easy to take for granted the huge contribution our bank makes to the community. We continue to provide full face-to-face banking services, we continue to employ locals and we continue to put profits back into the community.

Shareholders received a 20c fully-franked dividend which is our largest dividend, to date. The Board has endeavoured to give shareholders a greater share of profits in response to shareholder feedback. Shareholders are reminded that we operate a Low Volume Market to facilitate share trading. A register of interested buyers and sellers can be found under Trading Shares (LVM) at www.bendigobank.com.au/Boorowa

A list of sponsorships, donations and charitable grants is included with this report. Our sponsorship budget of $50,000 remains constant each year. We regularly sponsor all our major community events such as Woolfest, Boorowa Show, Boorowa Picnics, Carols By Candlelight and International Women's Day. Charitable Grants and donations tend to fluctuate with community need. Our largest project this year was restoration of the Rye Park Church ($10,000). Often funds are provided for a project sometime after original Board approval which can make some years look far more generous than others. Currently, the new Men's Den is under construction with the assistance of a Boorowa Community Financial Services Limited grant ($40,000) which was approved in 2015 and paid out in 2017.

Looking to the future, the Board will continue to focus on face-to-face banking. In order to protect our significant customer base in Yass, we are considering opening a site in Yass. The new shop front could be an agency, an in-store or a sub-branch. It could be financed from retained profits, and should not require extra shareholder capital. Finding suitable premises would be the first step.

Congratulations to all involved in the success of our **Community Bank**® company. I acknowledge the valuable contributions made by the Board, our Accountants Laterals GLP and our business partners Bendigo Bank. I particularly thank our staff, led by Manager Greg Pryor, for the wonderful day-to day service we all enjoy. Most importantly, I thank shareholders and community members for their ongoing support. Together, we create something **Bigger than a bank**.

I look forward to future success in banking and the rewards it brings to our community.

Sue Corcoran
Chairman

Manager’s report

For year ending 30 June 2017

We have now reached the 16th year of trading and once again we see more great results for the Boorowa **Community Bank**® Branch.

Business levels increased by $6.5 million for the year and now stand at a total of $132.6 million in loans and deposits, a true reflection of how the local community and local district continue to embrace the **Community Bank**® concept.

Impressive dividends continue to be returned to shareholders with not only the Boorowa community but the local district experiencing profits back via grants sponsorships and donations, reflecting their support for the **Community Bank**® branch.

A big thanks must once again to the **Community Bank**® branch staff for their commitment to servicing customer needs and also to the support of Sue Corcoran and the Board of Directors for their voluntary commitment to running Boorowa Community Financial Services Limited.

The vision is now for the future and ways to maintain and grow our business levels which may involve expansion to other communities thus ensuring our business remains a viable long-term success and have the ability to continue to put profit funds back into the community.

With the continued support of Bendigo and Adelaide Bank I am sure this will be achieved.

Finally, thank you once again to the shareholders, customers and all those involved, who have made the Boorowa **Community Bank**® Branch one of the most successful **Community Bank**® branches in the network.

Remember; Bank with us and everyone benefits.

Greg Pryor
Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2017

As we approach 20 years since the first **Community Bank®** branch opened its doors, it's timely to reflect on the role of our network's 70,000-strong shareholders and its army of nearly 2,000 passionate local Directors.

As a group of people you are a powerful force that continues to influence change both locally and nationally.

United for a shared purpose in your communities, you are making big things happen beyond the delivery of great banking products and services; you're creating jobs, helping businesses to thrive, solving problems and achieving outcomes that will make your communities better places to live and do business.

Amongst other things, you are providing hundreds of thousands of people in communities around Australia with new opportunities to:

- Play sport in new **Community Bank®** funded centres.
- Continue their education thanks to a **Community Bank®** scholarship.
- Seek treatment in hospitals closer to home with equipment funded through a **Community Bank®** grant.
- Reap the environmental benefits of **Community Bank®** funded solar panels and LED lighting, and
- Access mental health services for teenage children with a service supported by a local **Community Bank®** branch.

In fact, since the model's inception your investment in local communities exceeds $165 million and that figure continues to grow every year. This amount excludes the significant co-investment on key projects that many companies have obtained from Government and other parties.

Nationally our voices are increasingly being heard, and our collaborative approach recognised and celebrated.

Representing us all at a recent forum at Canberra's Parliament House, Bendigo Bank's Managing Director and Chairman reinforced the significance of the **Community Bank®** model's achievements and called for regulatory change that would help us compete in a crowded and ever-evolving banking sector. Just two months later, the Federal Government announced a levy on Australia's biggest banks that is set to re-level the playing field as we've regularly advocated for.

But for us this is more than a levy. The Turnbull Government's announcement recognises the importance of customers having access to a robust, competitive and customer-focused banking sector. On this note Bendigo Bank was recently recognised as the banking provider of choice in the annual Mozo People's Choice Awards. Better yet, out of 110 banking providers nationally, we were the only bank recognised in all eight banking categories – and were rated the leading bank in six of those eight categories.

This is an extraordinary achievement for you and our bank. Not only does it demonstrate that, in the eyes of our customers, we are doing something right – it very clearly outlines that together we can continue to achieve results.

As we've long known, the more successful our customers are, the stronger our communities become. In this regard the **Community Bank®** model enables these outcomes for customers and communities, as increasingly recognised by more and more Australians.

So thank you for your investment in your local **Community Bank®** company, for your ongoing contribution and support, tireless advocacy and continued commitment to building strong local communities. Without this, our **Community Bank®** branches would be just another bank.

Robert Musgrove
Executive Engagement Innovation

Community engagement

Sponsorship 2016/17

Boorowa Show	$5,000
Yass Show Trophy	$200
Boorowa Picnic Races	$2,000
Boorowa Woolfest	$5,000
Boorowa Quick shear	$1,350
Boorowa Balladeers Choir Night	$1,000
Boorowa Working Dog Trials	$2,000
Boorowa Council Carols By Candlelight	$909
Boorowa Council International Womens Day	$2,000
Boorowa Womens Bowls Annual Tournament	$500
Yass Womens Bowls Annual Tournament	$500
Boorowa Soccer Club	$450
Yass Fishing Club	$50
Yass Touch Football	$909
Binalong Rugby League- Jerseys	$500
Boorowa Rovers Rugby League- Jerseys	$500
Boorowa Rugby Union-jerseys	$500
Boorowa Mens Golf Club	$150
Country Education Foundation-Pig Push	$1,000
Advertising-Local Magazines/ newspapers	$12,273
Bendigo Bank Collabrative marketing	$15,000
Boorowa Rodeo	$250
	$49,041

Donations/Grants 2016/17

Boorowa Central School driver program	$465
Motivation Driver program-Yass and Boorowa Schools	$4,500
Boorowa Central School Award	$50
Rye Park Uniting Church Renovation	$10,000
Boorowa RSL- Public address system	$3,357
St Josephs School-Defibrillator	$1,450
Wyangla Country Club- Defibrillator	$1,900
Yass Cancer Patients	$182
Duncans Legacy Ignites	$200
Boorowa Mens Den- new shed	$40,000
	$62,104

Directors' report

For the financial year ended 30 June 2017

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

Directors

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

Sue-Anne Corcoran

Position	Chairman
Professional qualifications	Bachelor of Pharmacy
Experience and expertise	Local Business Operator for 23 years

Michelle Fahey

Position	Company Secretary
Professional qualifications	Bachelor of Education in Special Education
Experience and expertise	School Principal

Christine Coble

Position	Treasurer
Professional qualifications	
Experience and expertise	School Administration

Belinda Reid

Position	Director
Professional qualifications	Bachelor of Law & Bachelor of Mangement
Experience and expertise	Small Business Manager/Director

Tim McGrath

Position	Director
Professional qualifications	
Experience and expertise	Local Farmer

Thomas Corcoran

Position	Director
Professional qualifications	
Experience and expertise	Farmer, Landholder & Contractor

Phillip Gorham

Position	Director
Professional qualifications	
Experience and expertise	Shearer & Landowner

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

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

Directors' report (continued)

Directors' meetings

Attendances by each Director during the year were as follows:

Director	Board meetings	
	A	B
Sue-Anne Corcoran	11	11
Michelle Fahey	11	9
Christine Coble	11	8
Belinda Reid	11	11
Tim McGrath	11	6
Thomas Corcoran	11	8
Phillip Gorham	11	8

A - The number of meetings eligible to attend.
B - The number of meetings attended.

Company Secretary

Michelle Fahey has been the Company Secretary of Boorowa Community Financial Services Limited since 2004.

Principal activities

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

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

Review of operations

The profit/loss of the company for the financial year after provision for income tax was $367,345 (2016 profit: $211,402), which is a 73.8% increase as compared with the previous year.

Dividends

Dividends paid or declared since the start of the financial year.

A fully franked final dividend of 0.20 cents per share was declared and paid during the year for the year ended 30 June 2017. No dividend has been declared or paid for the year ended 30 June 2018 as yet.

Options

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

Significant changes in the state of affairs

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

Events subsequent to the end of the reporting period

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

Directors' report (continued)

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor

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

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

Proceedings on behalf of company

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

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 10 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Non-audit services

The Board of Directors are satisfied that the provision of non audit services during the year is compatible with the general standard of independence for Auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed in Note 3 did not compromise the external Auditor's independence for the following reason:

- none of the services undermine the general principles relating to Auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Remuneration report

<u>Remuneration policy</u>

There has been no remuneration policy developed as Director positions are held on a voluntary basis and Directors are not remunerated for their services.

<u>Remuneration benefits and payments</u>

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. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Directors' report (continued)

Remuneration report (continued)

Equity holdings of key management personnel

The number of ordinary shares in the company held during the financial year and prior year by each Director and other key management personnel, including their related parties, are set out below:

Name	Balance at 30 June 2016	Net change in holdings	Balance at 30 June 2017
Directors			
Sue-Anne Corcoran	5,000	-	5,000
Michelle Fahey (jointly held with spouse)	500	-	500
Christine Coble (jointly held with spouse)	100	500	600
Belinda Reid	100	-	100
Tim McGrath	500	-	500
Thomas Corcoran	500	-	500
Phillip Gorham	3,000	-	3,000
Other key management Personnel			
Greg Pryor	-	-	-

Loans to key management personnel

There were no loans to key management personnel during the current or prior reporting period.

Signed in accordance with a resolution of the Board of Directors at Boorowa on 19 September 2017.

Sue-Anne Corcoran
Director

Auditor's independence declaration

Boorowa Community Financial Services Limited
ABN 76 093 519 094
Independence Declaration

laterals glp
CHARTERED ACCOUNTANTS

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

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

(i) the Auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Laterals GLP
Chartered Accountants

Tim Allen
Director

Dated at Goulburn 28 August 2017

Financial statements

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

	Notes	2017 $	2016 $
Revenue	2	1,198,871	1,173,060
Expenses			
Employee benefits expense	3	(463,090)	(488,940)
Depreciation and amortisation	3	(32,181)	(27,866)
Bad and doubtful debts expense	3	(23)	(213)
Administration and general costs		(15,001)	(19,681)
Occupancy expenses		(25,924)	(28,132)
IT expenses		(25,642)	(26,875)
Advertising and promotion		(18,150)	(22,509)
Insurance Costs		(16,332)	(21,280)
Freight and cartage		(27,601)	(27,907)
Other expenses		(46,056)	(45,329)
		(670,000)	**(708,732)**
Operating profit / (loss) before charitable donations and sponsorships		**528,870**	**464,328**
Charitable donations and sponsorships		(19,003)	(169,053)
Profit / (loss) before income tax		**509,867**	**295,275**
Income tax expense / benefit	4	(142,523)	(83,873)
Profit/(loss) for the year		**367,345**	**211,402**
Other comprehensive income		-	-
Total comprehensive income for the year		**367,345**	**211,402**
Profit / (loss) attributable to members of the company		367,345	211,402
Total comprehensive income attributable to members of the company		**367,345**	**211,402**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share	16	94.85	54.58

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

Statement of Financial Position
as at 30 June 2017

	Notes	2017 $	2016 $
Assets			
Current assets			
Cash and cash equivalents	5	1,568,898	1,164,296
Trade and other receivables	6	114,423	117,997
Total current assets		**1,683,321**	**1,282,293**
Non-current assets			
Property, plant and equipment	7	630,221	643,738
Intangible assets	8	41,026	52,310
Deferred tax assets	4	23,471	22,681
Total non-current assets		**694,718**	**718,730**
Total assets		**2,378,039**	**2,001,023**
Liabilities			
Current liabilities			
Trade and other payables	9	52,582	31,440
Current tax liability	4	76,472	13,061
Provisions	11	80,768	78,891
Total current liabilities		**209,822**	**123,391**
Non-current liabilities			
Deferred tax liability	4	17,226	17,226
Provisions	11	2,095	1,394
Total non-current liabilities		**19,321**	**18,620**
Total liabilities		**229,144**	**142,011**
Net assets		**2,148,896**	**1,859,013**
Equity			
Issued capital	12	387,310	387,310
Retained earnings / Accumulated losses	13	1,702,088	1,412,206
Reserves	15	59,498	59,498
Total equity		**2,148,896**	**1,859,013**

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

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

	Note	Issued capital $	Retained earnings $	Reserves $	Total equity $
Balance at 1 July 2015		**387,310**	**1,258,900**	**59,498**	**1,705,708**
Profit / Loss for the year		-	211,402	-	211,402
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		**-**	**211,402**	**-**	**211,402**
Transactions with owners, in their capacity as owners					
Shares issued during the year		-	-	-	-
Dividends paid or provided	14	-	(58,096)	-	(58,096)
Balance at 30 June 2016		**387,310**	**1,412,205**	**59,498**	**1,859,013**
Balance at 1 July 2016		**387,310**	**1,412,205**	**59,498**	**1,859,013**
Profit / Loss for the year		-	367,344	-	367,344
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		**-**	**367,344**	**-**	**367,344**
Transactions with owners, in their capacity as owners					
Shares issued during the year		-	-	-	-
Dividends paid or provided	14	-	(77,462)	-	(77,462)
Balance at 30 June 2017		**387,310**	**1,702,087**	**59,498**	**2,148,895**

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

Statement of Cash Flows
for the year ended 30 June 2017

	Notes	2017 $	2016 $
Cash flows from operating activities			
Receipts from customers		1,172,117	1,132,343
Payments to suppliers and employees		(633,006)	(839,948)
Interest received		30,232	29,862
Income tax paid		(79,900)	(118,410)
Net cash provided by / (used in) operating activities	**17b**	**489,443**	**203,847**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	13,636
Purchase of property, plant and equipment		(7,380)	(114,128)
Net cash flows from / (used in) investing activities		**(7,380)**	**(100,492)**
Cash flows from financing activities			
Dividends paid		(77,462)	(58,096)
Net cash provided by / (used in) financing activities		**(77,462)**	**(58,096)**
Net increase / (decrease) in cash held		**404,602**	**45,259**
Cash and cash equivalents at beginning of financial year		1,164,296	1,119,037
Cash and cash equivalents at end of financial year	**17a**	**1,568,898**	**1,164,296**

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

Notes to the financial statements

For year ended 30 June 2017

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

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

The financial statements were authorised for issue by the Directors on 19 September 2017.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

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

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

Economic dependency

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

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

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

"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 Managers and other employees in banking, management systems and interface protocol;
- Methods and procedures for the sale of products and provision of services;
- Security and cash logistic controls;
- Calculation of company revenue and payment of many operating and administrative expenses;
- The formulation and implementation of advertising and promotional programs; and
- Sale techniques and proper customer relations.

Note 1. Summary of significant accounting policies (continued)

(b) Impairment of assets

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

(c) Goods and services tax (GST)

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

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

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

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

(e) Comparative figures

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

(f) Critical accounting estimates and judgements

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

<u>Estimation of useful lives of assets</u>

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

<u>Fair value assessment of non-current physical assets</u>

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

<u>Employee benefits provision</u>

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

Note 1. Summary of significant accounting policies (continued)

(f) Critical accounting estimates and judgements (continued)

<u>Income tax</u>

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

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

<u>Impairment</u>

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

(g) New accounting standards for application in future periods

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

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

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

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

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

a) Financial assets that are debt instruments will be classified based on:

   (i) the objective of the entity's business model for managing the financial assets; and

   (ii) the characteristics of the contractual cash flows.

b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

c) Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.

d) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

e) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

   - the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI)
   - the remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Note 1. Summary of significant accounting policies (continued)

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

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

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

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

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.

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

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

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

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

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

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

In May 2015, the AASB issued ED 260 Income of Not-for-Profit Entities, proposing to replace the income recognition requirements of AASB 1004 Contributions and provide guidance to assist not-for-profit entities to apply the principles of AASB 15. The ED was open for comment until 14 August 2015 and the AASB is currently in the process of redeliberating its proposals with the aim of releasing the final amendments in late 2016.

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

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

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

AASB 16:

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

Note 1. Summary of significant accounting policies (continued)

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

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

- largely retains the existing lessor accounting requirements in AASB 117; and
- requires new and different disclosures about leases.

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

Note 2. Revenue

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

The entity applies the revenue recognition criteria set out below to each separately identifiable sales transaction in order to reflect the substance of the transaction.

Rendering of services

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

Interest, dividend and other income

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

Dividend and other revenue is recognised when the right to the income has been established.

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

	2017 $	2016 $
Revenue		
- service commissions	1,159,070	1,134,926
	1,159,070	**1,134,926**
Other revenue		
- interest received	30,232	29,862
- other revenue	9,568	7,682
	39,800	**37,544**
Gain / (Loss) on disposal of property, plant and equipment	-	590
Total revenue	**1,198,871**	**1,173,060**

Note 3. Expenses

Operating expenses

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

Depreciation

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

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

Class of asset	Rate	Method
Buildings	3%	DV
Moter vehicles	25%	DV
Plant and equipment	10-40%	DV

Gains/losses upon disposal of non-current assets

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

	2017 $	2016 $
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	421,672	435,791
- superannuation costs	38,839	40,605
- other costs	2,579	12,544
	463,090	**488,940**
Depreciation and amortisation		
Depreciation		
- plant and equipment	2,810	5,926
- motor vehicles	11,218	4,610
- buildings	6,869	9,348
	20,897	**19,884**

	2017 $	2016 $
Note 3. Expenses (continued)		
Amortisation		
- franchise fees	11,284	7,982
Total depreciation and amortisation	**32,181**	**27,866**
Bad and doubtful debts expenses	23	213
(Gain) / Loss on disposal of property, plant and equipment	-	(590)
Auditors' remuneration		
Remuneration of the Auditor, Laterals GLP Chartered Accountants, for:		
- Audit or review of the financial report	6,100	5,700
- Taxation services	1,000	1,000
	7,100	**6,700**

Note 4. Income tax

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

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

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

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

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

	2017 $	2016 $
a. The components of tax expense / (income) comprise:		
Current tax expense / (income)	143,312	87,374
Deferred tax expense / (income) relating to the origination and reversal	(790)	(3,501)
of temporary differences		
Recoupment of prior year tax losses	-	-
Under / (over) provision of prior years	-	-
	142,523	**83,873**

	2017 $	2016 $
Note 4. Income tax (continued)		
b. Prima facie tax payable		
The prima facie tax on profit / (loss) from ordinary activities		
before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit / (loss) before income tax at 27.5% (2016: 28.5%)	140,213	84,153
Add tax effect of:		
- Movement in prepayments and accruals	3,098	3,221
- Under / (over) provision of prior years	-	-
- Non-deductible expenses	-	-
Income tax attributable to the entity	**143,312**	**87,374**
The applicable weighted average effective tax rate is	-27.95%	-28.41%
c. Current tax liability		
Current tax relates to the following:		
Current tax liabilities / (assets)		
Opening balance	13,061	47,324
Income tax paid	(79,900)	(121,638)
Current tax	143,312	87,374
Under / (over) provision prior years	-	-
	76,472	**13,061**
d. Deferred tax asset / (liability)		
Deferred tax relates to the following:		
Deferred tax assets balance comprises:		
Provision for doubtful debts	-	-
Prepayments	-	-
Property, plant & equipment	-	-
Accruals	(145)	(199)
Employee provisions	23,616	22,880
Unused tax losses	-	-
	23,471	**22,681**
Deferred tax liabilities balance comprises:		
Accrued income	-	-
Property, plant & equipment	17,226	17,226
	17,226	**17,226**
Net deferred tax asset / (liability)	**6,245**	**5,455**
Total carried forward tax losses not recognised as deferred tax assets	-	-

Notes to the financial statements (continued)

	2017 $	2016 $

Note 4. Income tax (continued)

e. Deferred income tax (revenue)/expense included in income tax expense comprises:

Decrease / (increase) in deferred tax assets	(790)	(2,594)
(Decrease) / increase in deferred tax liabilities	(0)	(907)
Under / (over) provision prior years	-	-
	(790)	**(3,501)**

Note 5. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

	2017 $	2016 $
Cash at bank and on hand	281,933	52,951
Short-term bank deposits	1,286,965	1,111,345
	1,568,898	**1,164,296**

Note 6. Trade and other receivables

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

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

	2017 $	2016 $
Current		
Trade receivables	105,998	109,500
Other receivables	8,425	8,497
	114,423	**117,997**

Note 6. Trade and other receivables (continued)

Credit risk

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

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

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

	Gross amount $	Not past due $	Past due but not impaired			Past due and impaired $
			< 30 days $	31-60 days $	> 60 days $	
2017						
Trade receivables	105,998	105,998	-	-	-	-
Other receivables	8,425	8,425	-	-	-	-
Total	**114,423**	**114,423**	**-**	**-**	**-**	**-**
2016						
Trade receivables	109,500	109,500	-	-	-	-
Other receivables	8,497	8,497	-	-	-	-
Total	**117,997**	**117,997**	**-**	**-**	**-**	**-**

Note 7. Property, plant and equipment

Property

The land upon which the branch is located was revalued during the 2006 financial year. This value has been assessed by the Directors every year since then to determine it has not decreased.The Directors determined that the value of the land has not decreased from the figure as shown in the 2006 financial year and as such no further adjustments have been made.

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

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

The land and buildings held at Dry Street, Boorowa are measured at cost and therefore are carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of land and buildings is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

Note 7. Property, plant and equipment (continued)

Plant and equipment

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

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

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

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

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

	2017 $	2016 $
Land		
At valuation	135,980	135,980
At cost	396,394	396,394
	532,373	**532,373**
Buildings		
At cost	157,611	157,611
Less accumulated depreciation	(108,844)	(101,975)
	48,767	**55,636**
Motor vehicles		
At cost	45,368	45,368
Less accumulated depreciation	(11,714)	(496)
	33,654	**44,872**
Plant and equipment		
At cost	103,420	96,041
Less accumulated depreciation	(87,994)	(85,184)
	15,426	**10,857**
Total property, plant and equipment	**630,221**	**643,738**

	2017 $	2016 $
Note 7. Property, plant and equipment (continued)		
Movements in carrying amounts		
Land		
Balance at the beginning of the reporting period	532,373	520,098
Additions	-	12,275
Disposals	-	-
Balance at the end of the reporting period	**532,373**	**532,373**
Buildings		
Balance at the beginning of the reporting period	55,636	64,984
Additions	-	-
Disposals	-	-
Depreciation expense	(6,869)	(9,348)
Balance at the end of the reporting period	**48,767**	**55,636**
Motor vehicles		
Balance at the beginning of the reporting period	44,872	17,160
Additions	-	45,368
Disposals	-	(13,046)
Depreciation expense	(11,218)	(4,610)
Balance at the end of the reporting period	**33,654**	**44,872**
Plant and equipment		
Balance at the beginning of the reporting period	10,857	16,783
Additions	7,379	-
Disposals	-	-
Depreciation expense	(2,810)	(5,926)
Balance at the end of the reporting period	**15,426**	**10,857**
Total property, plant and equipment		
Balance at the beginning of the reporting period	643,738	619,025
Additions	7,379	57,643
Disposals	-	(13,046)
Depreciation expense	(20,897)	(19,884)
Balance at the end of the reporting period	**630,221**	**643,738**

Note 8. Intangible assets

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

	2017 $	2016 $
Franchise fee		
At cost	56,484	56,484
Less accumulated amortisation	(15,458)	(4,174)
	41,026	**52,310**
Total intangible assets	**41,026**	**52,310**
Movements in carrying amounts		
Franchise fee		
Balance at the beginning of the reporting period	52,310	3,808
Additions	-	56,484
Disposals	-	-
Amortisation expense	(11,284)	(7,982)
Balance at the end of the reporting period	**41,026**	**52,310**
Total intangible assets		
Balance at the beginning of the reporting period	52,310	3,808
Additions	-	56,484
Disposals	-	-
Amortisation expense	(11,284)	(7,982)
Balance at the end of the reporting period	**41,026**	**52,310**

Note 9. Trade and other payables

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

	2017 $	2016 $
Current		
Unsecured liabilities:		
Trade creditors	10,923	10,084
Other creditors and accruals	41,658	21,356
	52,582	**31,440**

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

Note 10. Financial liabilities

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

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

Note 11. Provisions

Short-term employee benefits

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

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

Other long-term employee benefits

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

The company’s obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

	2017 **$**	**2016** **$**
Current		
Employee benefits	80,768	78,891
Non-current		
Employee benefits	2,095	1,394
Total provisions	**82,864**	**80,284**

Note 12. Share capital

Ordinary shares are classified as equity.

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

	2017 $	2016 $
387,310 Ordinary shares fully paid	387,310	387,310
Bonus shares issued for no consideration	-	-
Less: Equity raising costs	-	-
	387,310	**387,310**
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	387,310	387,310
Shares issued during the year	-	-
At the end of the reporting period	**387,310**	**387,310**

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

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 Statement of Financial Position.

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

(i) the Distribution Limit is the greater of:

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

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

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

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

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

	2017 $	2016 $

Note 13. Retained earnings / Accumulated losses

	2017 $	2016 $
Balance at the beginning of the reporting period	1,412,206	1,258,900
Profit/(loss) after income tax	367,345	211,402
Dividends paid	(77,462)	(58,096)
Balance at the end of the reporting period	**1,702,088**	**1,412,206**

Note 14. Dividends paid or provided for on ordinary shares

Dividends paid or provided for during the year

	2017 $	2016 $
Interim and/or final fully franked ordinary dividend of 0.20 cents per share (2016: 0.15) franked at the tax rate of 27.5% (2016: 28.5%).	77,462	58,096

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

Note 15. Reserves

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

	2017 $	2016 $
Asset revaluation reserve		
Balance at the beginning of the reporting period	59,498	59,498
Fair value movements during the period	-	-
Balance at the end of the reporting period	**59,498**	**59,498**

Note 16. Earnings per share

Basic earnings per share

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

	2017 $	2016 $
Basic earnings per share (cents)	95	55
Earnings used in calculating basic earnings per share	367,345	211,402
Weighted average number of ordinary shares used in calculating basic earnings per share.	387,310	387,310

Note 17. Statement of cash flows

	2017 $	2016 $
(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:		
Cash and cash equivalents (Note 5)	1,568,898	1,164,296
As per the Statement of Cash Flow	**1,568,898**	**1,164,296**
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit / (loss) after income tax	367,345	211,402
Non-cash flows in profit		
- Depreciation	20,897	19,884
- Amortisation	11,284	7,982
- Net (profit) / loss on disposal of property, plant & equipment	-	(590)
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	3,502	(10,052)
- (Increase) / decrease in prepayments and other assets	72	(1,328)
- (Increase) / decrease in deferred tax asset	(790)	(2,595)
- Increase / (decrease) in deferred tax liability	-	(907)
- Increase / (decrease) in trade and other payables	840	1,751
- Increase / (decrease) in current tax liability	63,412	(31,035)
- Increase / (decrease) in provisions	22,881	9,334
Net cash flows from / (used in) operating activities	**489,443**	**203,847**

Note 18. Key management personnel and related party disclosures

(a) Key management personnel

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

(b) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(c) Transactions with key management personnel and related parties

No key management personnel or related party has entered into any contracts with the company. No Director fees have been paid as the positions are held on a voluntary basis.

Notes to the financial statements (continued)

Note 18. Key management personnel and related party disclosures (continued)

(d) Key management personnel shareholdings

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

	2017	2016
Sue-Anne Corcoran	5,000	5,000
Michelle Fahey (jointly held with spouse)	500	500
Christine Coble (jointly held with spouse)	600	100
Belinda Reid	100	100
Tim McGrath	500	500
Thomas Corcoran	500	500
Phillip Gorham	3,000	3,000
	10,200	**9,700**

Each share held has a paid up value of $1 and is fully paid.

(e) Other key management transactions

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

Note 19. Events after the reporting period

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

Note 20. Contingent liabilities and contingent assets

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

Note 21. Operating segments

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

Note 22. Company details

The registered office and principle place of business is: 32 Marsden Street, Boorowa NSW.

Note 23. Financial risk management

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Specific financial risk exposure and management

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

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

	Note	2017 $	2016 $
Financial assets			
Cash and cash equivalents	5	1,568,898	1,164,296
Trade and other receivables	6	114,423	117,997
Total financial assets		**1,683,321**	**1,282,293**
Financial liabilities			
Trade and other payables	9	52,582	31,440
Total financial liabilities		**52,582**	**31,440**

(a) Credit risk

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

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

Credit risk exposures

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

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

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

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

Note 23. Financial risk management (continued)

(b) Liquidity risk

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

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

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

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

Financial liability and financial asset maturity analysis:

30 June 2017	**Total $**	**Within 1 year $**	**1 to 5 years $**	**Over 5 years $**
Financial assets				
Cash and cash equivalents	1,568,898	1,568,898	-	-
Trade and other receivables	114,423	114,423	-	-
Total anticipated inflows	**1,683,321**	**1,683,321**	**-**	**-**
Financial liabilities				
Trade and other payables	52,582	52,582	-	-
Total expected outflows	**52,582**	**52,582**	**-**	**-**
Net inflow / (outflow) on financial instruments	**1,630,740**	**1,630,740**	**-**	**-**

30 June 2016	**Total $**	**Within 1 year $**	**1 to 5 years $**	**Over 5 years $**
Financial assets				
Cash and cash equivalents	1,164,296	1,164,296	-	-
Trade and other receivables	117,997	117,997	-	-
Total anticipated inflows	**1,282,293**	**1,282,293**	**-**	**-**
Financial liabilities				
Trade and other payables	31,440	31,440	-	-
Total expected outflows	**31,440**	**31,440**	**-**	**-**
Net inflow / (outflow) on financial instruments	**1,250,853**	**1,250,853**	**-**	**-**

Note 23. Financial risk management (continued)

(c) Market risk

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

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

Sensitivity analysis

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

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

	Profit $	Equity $
Year ended 30 June 2017		
+/- 1% in interest rates (interest income)	15,689	15,689
+/- 1% in interest rates (interest expense)	-	-
	15,689	**15,689**
Year ended 30 June 2016		
+/- 1% in interest rates (interest income)	11,643	11,643
+/- 1% in interest rates (interest expense)	-	-
	11,643	**11,643**

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

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Fair values

Fair value estimation

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

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

Note 23. Financial risk management (continued)

(d) Price risk (continued)

Fair values (continued)

	2017		2016	
	Carrying amount $	**Fair value $**	**Carrying amount $**	**Fair Value $**
Financial assets				
Cash and cash equivalents (i)	1,568,898	1,568,898	1,164,296	1,164,296
Trade and other receivables (i)	114,423	114,423	117,997	117,997
Total financial assets	**1,683,321**	**1,683,321**	**1,282,293**	**1,282,293**
Financial liabilities				
Trade and other payables (i)	52,582	52,582	31,440	31,440
Total financial liabilities	**52,582**	**52,582**	**31,440**	**31,440**

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

Directors' declaration

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

1. The financial statements and notes, as set out on pages 11 to 36 are in accordance with the Corporations Act 2001 and:

    (i) comply with Australian Accounting Standards which, as stated in accounting policy Note 1(a) to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

    (ii) give a true and fair view of the company's financial position as at 30 June 2017 and of the performance for the year ended on that date;

2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

3. The audited remuneration disclosures set out in the remuneration report section of the Directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

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

Sue-Anne Corcorann
Director

Signed at Boorowa on 19 September 2017.

Independent audit report

Boorowa Community Financial Services Limited
ABN 76 093 519 094
Independent Audit Report

Report on the Audit of the Financial Report

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

In our opinion:

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

Basis for Opinion
We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 : Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

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

Responsibilities of the Directors for the Financial Report
The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Boorowa Community Financial Services Limited
ABN 76 093 519 094
Independent Audit Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit 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 company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

Signed date: 19 September 2017

Tim Allen CA
Laterals GLP Chartered Accountants

Montague Street, Goulburn

Boorowa **Community Bank**® Branch
32 Marsden Street, Boorowa NSW 2586
Phone: (02) 6385 3277 Fax: (02) 6385 3446

Franchisee: Boorowa Community Financial Services Limited
32 Marsden Street, Boorowa NSW 2586
Phone: (02) 6385 3277 Fax: (02) 6385 3446
ABN: 76 093 519 094

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