



Annual Report 2016

Buninyong & District Financial Services Limited

ABN 63 137 673 388

Buninyong & District **Community Bank**® Branch

Contents

Chairman's report

For year ending 30 June 2016

Year in review

In its sixth year of serving our communities, your Buninyong & District **Community Bank**® Branch continues to grow. Directors are pleased to report that as a result of growth in business portfolio (loans and deposits), growth in customer numbers and accounts held, and growth in branch transactions, Operating Profit has shown a steady increase.

This means that the pool of funds available to be distributed to communities through our Community Investment Program has grown. The 2015/16 financial year has seen a record $151,000 available for Community Investments.

At Christmas 2015, a significant bushfire in the Scotsburn area had a disastrous impact on large sections of the community. It is my pleasure to report that your company (staff and Directors) were well represented in relief and recovery efforts. The Community House at 407 Warrenheip Street was utilised by Councils and relief agencies for many months as the official Relief & Recovery Centre. Our fundraising appeal raised more than $100,000 for distribution to 79 affected families in Moorabool Shire and City of Ballarat. Directors organised charitable fund raising activities around the Cycling Australia National Road Championships in Buninyong in January, a cinema night at Regent Cinema in March, and through the broader **Community Bank**® network.

Business environment

Although the Australian economy as a whole is continuing to enjoy growth, the environment for business remains challenging. Competition remains fierce, and (key to the banking business), interest rates have remained low, falling to new record lows. This is the old good news / bad news story – good news for customers with loans, bad news for customers depending on deposits for interest income.

As a consequence of competition and interest rates, organic income growth remains modest. Thanks to the strong support of communities, customers and shareholders, portfolio growth has contributed to overall income growth.

Our branch staff and voluntary Directors continue to work hard to earn and retain our community's support, and branch staff are focused on preserving customer's trust. Together, we strive to enhance the community through provision of banking services which enable our Community Investments, whilst working to preserve Enterprise Value to ensure the business will remain sustainable. As Chairman, I would like to acknowledge and thank these individuals for their dedicated work in support of our communities.

Our business' performance

As indicated above, business performance has benefited from continuing strong customer and community support. Challenging economic conditions notwithstanding, your **Community Bank**® branch is continuing to fulfil its Vision to contribute to the growth and prosperity of our community.

Your Board can report another profitable performance of your company at the end of the 2015/16 financial year, our sixth year of trading.

Measure	Unit	2016	2015	2014
Profit before community grants	$	174,771	95,735	117,775
Donations, Grants & Sponsorships	$	151,105	33,502	89,390
Profit before tax	$	23,666	62,233	28,385
Net income	$	(14,908)	39,364	17,598
Indicator				
Total equity	$	530,727	545,637	547,783
Return on equity *	%	32	7	3
Earnings per share *	¢	25	5.7	2.5
Shareholder dividend	¢	5.0	4.0	6.0

(* : based on profit before community grants)

Community investment

Our strategic direction for Community Investment remains unchanged – Youth, Environment & Society, or "YES".

Profits from our **Community Bank**® bank franchise have supported initiatives at kindergartens, primary and secondary schools, and Universities. A diverse range of sporting clubs (football/netball, cricket, tennis, bowls, hockey and golf) have received our support, along with service organisations as diverse as CFA, RSL, CWA, Lions, Men's Shed and Linkup Young Parents. We have also continued in our support of the Buninyong & District Community Association, in particular the Goodlife Festival and the Buninyong News.

From the point of view of community building, perhaps the most rewarding area of investment is in the many ways we support our area's youth. This will continue to be a significant focus of our Board, helping to build future leaders and a stronger society.

We can proudly say that as a result of the efforts of our branch staff and due to the support of our communities, we have invested more than $340,000 into community activities cumulatively over the six years of our operation. This is the quantitative expression of the **Community Bank**® mantra 'To feed into community prosperity, not off it.'

Community House

Our Community House strategy is based on the concept that our company and our **Community Bank**® franchise can be **Bigger than a bank**, that we are a force for good in building our community and that we can contribute to community sustainability.

Last year, we forecast that the Community House at 407 Warrenheip Street will yield significant future benefits to our community. This prediction was proven to be sound, with the Community House playing an important role in the relief and recovery activities of authorities, and a place for affected residents to visit for advice, comfort and solace.

Other uses for the Community House this year have included City of Ballarat's mobile library every Saturday morning since January, a monthly Carer's Lounge run by Carers Victoria, and numerous small scale community based activities and meetings. We are non-prescriptive about the use communities will put the house to, and encourage individuals and groups to embrace the House in the future to further their own objectives.

Unfortunately, the gold-rush era structure has proven to be less robust than we would like, resulting in a partial and temporary closure of the House pending the conclusion of investigations into its repair. Although this will result in the company incurring future additional expense for the House project, we strongly believe that the project is beneficial to our communities and remains a strategically significant part of our operations.

Play your part in building our community

Of course, as our valued shareholders, you have already contributed to building our communities. Without your investment in your company over six years ago, our activities would not have been possible. Thank you!

There are other ways that you, our shareholder community, can materially contribute to community development. Have you transferred your banking business (all of it) to Buninyong & District **Community Bank**® Branch? If not, why not? It's the banking business which generates the profit which enables the community investments we make. With everyone's banking business there's more to contribute to community projects and potential shareholder dividends.

Are you a member of a club? A simple introduction of our Branch Manager to your group, an invitation to come and talk to members about becoming a customer, could significantly support community.

Branch staff, voluntary Directors and our Bendigo Bank colleagues will continue to work on behalf of our communities towards the implementation of our Vision, to contribute to the growth and prosperity of our communities. We look forward to your continued support in this enterprise.

Steve Falconer
Chairman

Manager’s report

For year ending 30 June 2016

Wow, that was an exciting year! I’m resisting the temptation to simply cut and paste my previous year’s report and add a few extra superlatives. The 2015/16 financial year was another strong year of growth in numbers and volume. Despite the challenging financial environment with shrinking margins we managed to achieve record profits and produce significant community dividends.

I thank everyone who has made this possible. Thank you to my staff who diligently and passionately work for the benefit of the customers and the community. Thank you to the Board for their support, direction and trust. Thank you to the shareholders for their continued belief in the **Community Bank**® model. And a most heart-felt thanks to our customers for making everything we do possible, simply by banking with us. Thank you!

I would like to take this opportunity to reinforce the difference banking with a **Community Bank**® branch makes. I have recently been challenged to self-reflect on my own banking practices. Speaking candidly, as a staff member of Buninyong & District Financial Services Limited, I receive the same home loan interest rates as my customers. I’ve chosen to refinance my loan to the Buninyong & District **Community Bank**® Branch for the quality service and other benefits of banking locally, including the community dividend that it pays. The reason behind my choice to refinance likely mirrors your reason for making the choice to purchase shares. You want to use your money to better your community while also making a sound financial decision. That is the basis of the **Community Bank**® model.

As shareholders I hope that you are also banking with us. I’m certain that you want your bank to be a success. A simple way to contribute to our success is to bring your own personal banking across to us. If you’ve already done so, I encourage you to tap into your community, business and social networks to spread the **Community Bank**® story. Tell them about the wonderful projects and contributions the branch is making in their community. If they are not banking with a **Community Bank**® branch, then they are missing out on something very special. The fact is that with every new customer and account opened, we have more profit available to put back into community contributions and shareholder dividends.

Banking is an everyday function of every person in the community. I need it. You need it. Everyone needs it. So why not bank where you can be a part of something **bigger**? It just makes sense.

Randall Dreger
Branch Manager

Directors' report

For the financial year ended 30 June 2016

The Directors present their report of the company for the financial year ended 30 June 2016.

Directors

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

Name and position held	Qualifications	Experience and other Directorships
Stephen J. Falconer Chairman Board member since 2009		Retired global auto components business CEO. Responsibility for sales, marketing and business development (both within Australia and Internationally).
John K. Emery Director Board member since 2009 Retired 25 November 2015		Retired Motor Trader with 50 years of retail and wholesale experience, including 30 years as owner/operator of a franchised dealership in Ballarat.
Ronald L. Delaland Director Board member since 2009		Director Delaland Holdings Owner/Local Trader - Buninyong Newsagency Buninyong Golf Club - President and Committee roles
Garry D. Trotter Director Board member since 2009	BAppSc BSc Psych (Hons) Grad Dip Occ' Psych	Partner - SED Advisory: Leadership & Culture Divisional Manager - UK Manufacturing Organisation School Council President (Buninyong) School Council Member
Amber J. Balazic Director Board member since 2012	BBus (Acc) Ass. Dip Bus (Acc) Reg. BAS Agent	Accountant (~9yrs) Book Keeping Business (~11yrs) Buninyong Goodlife Festival - Treasurer
Ian J. Corcoran Director Board member since 2012	Dip Bus (Acc) GAICD	Retired McDonalds Licensee Director United Way Ballarat Former Director North Ballarat Sports Club Former member Rotary Club of Ballarat
Gerard F. Ballantyne Director Board member since 2012 Retired 27 August 2015	Ad Dip Bus	Director Ballarat Fine Art Gallery Director Ballarat Turf Club Director Ballarat Tourism Board

Directors (continued)

Name and position held	Qualifications	Experience and other Directorships
Neil J. Blanchard Director / Company Sec. Board member since 2013	BEng (Hons) Ad Dip Bus	Past Director of Buninyong & District Financial Services Business Relationship Manager for Ambulance Victoria Buninyong Fire Brigade - Past Captain and officer roles
Peter J. Mees Director Board member since July 2015	BA LL.B. (Hons), LL.M. (Melb), Accredited Specialist Business Law	Commercial lawyer – 25 years experience Owner Mees Partners Lawyers , Director NGT Travel Buninyong Primary School Council - former Vice President and Councillor
Michael L. Scanlon Director Board member since July 2015	Master of Commerce Dip. Bus Mgmt Licensed Estate Agent	Over 25 years experience in Business Management in Land Development, Real Estate and the Motor Industry. Currently General Manager of local Marketing Agency. Buninyong resident for 16 years
Richard G. McDowell Director Board member since April 2016	Dip Bus (Acc) FCA CTA MAICD	Semi-retired Chartered Accountant over 40 years practice Retired Director Victorian Water Industry over 20 years Director/Treasurer Buninyong Golf Club, Ballarat West Rotary and Ballarat Swap Meet Director 6 Small/Medium Businesses

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' meetings

Attendances by each Director during the year were as follows:

	Board meetings		Audit committee meetings	
Director	**A**	**B**	**A**	**B**
Steve Falconer	10	9	1	1
Ron Delaland	10	9	N/A	N/A
Garry Trotter	9	7	N/A	N/A
Amber Balazic	10	9	1	1
Ian Corcoran	10	10	N/A	N/A
Neil Blanchard	10	10	1	1
Michael Scanlon	9	6	N/A	N/A
Peter Mees	9	8	N/A	N/A
Richard McDowell	4	3	N/A	N/A

A - The number of meetings eligible to attend.
B - The number of meetings attended.
N/A - not a member of that committee.

Company Secretary

Neil Blanchard has been a past Director of Buninyong & District Financial Services Limited, and was re-appointed to the Board in March 2013. Neil is currently a business relationship manager for Ambulance Victoria, along with various officer roles within the Buninyong fire brigade.

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.

The company owns a house at 407 Warrenheip Street Buninyong. The company intends to make the house available for use by the community as a Community House for youth and community groups to further their and the community's interests.

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 $14,108 (2015 profit: $39,364), which is a 64% decrease as compared with the previous year.

The net assets of the company have decreased to $532,072 (2015: $545,637).

Dividends

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

A fully franked final dividend of 4 cents per share was declared and paid during the year for the year ended 30 June 2015. No dividend has been declared or paid for the year ended 30 June 2016 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.

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.

Remuneration report

Remuneration policy

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

Remuneration benefits and payments

Director Amber Balazic received $5,760 (2015: $5,760) in relation to her role as Company Bookkeeper for the year ended 30 June 2016.

No other 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.

The Buninyong & District Financial Services Limited has NOT accepted the Bendigo and Adelaide Bank Limited's **Community Bank**® Directors Privileges package.

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 2015	Net change in holdings	Balance at 30 June 2016
Directors			
Stephen Falconer	15,201	-	15,201
John Emery	1,101	-	1,101
Ron Delaland	28,201	-	28,201
Amber Balazic	1,000	-	1,000
Garry Trotter	2,201	-	2,201
Ian Corcoran	5,000	-	5,000
Gerard Ballantyne	1,000	-	1,000
Neil Blanchard	2,701	-	2,701
Michael Scanlon	-	-	-
Peter Mees	-	-	-
Richard McDowell	-	-	-

Signed in accordance with a resolution of the Board of Directors on 19 October 2016.

Stephen J. Falconer
Chairman

Auditor's independence declaration

MOR Accountants
Formerly – Molloy, Orr and Ronan

Chartered Accountants

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Buninyong & District Financial Services Limited

AUDITORS INDEPENDENCE DECLARATION

To the directors of Buninyong & District Financial Services Limited

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

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

This declaration is in respect of Buninyong & District Financial Services Limited during the year.

G. L. Orr
Partner
MOR Accountants, Ballarat
Dated: 19/10/2016

Financial statements

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

	Notes	2016 $	2015 $
Revenue	2	863,770	734,985
Expenses			
Employee benefits expense	3	(417,410)	(352,502)
Depreciation and amortisation expense	3	(27,904)	(25,082)
Finance costs		(1,155)	(662)
Administration & general costs	3	(98,125)	(108,609)
Bad and doubtful debts expense		(221)	(129)
Information technology costs	3	(35,092)	(36,621)
Occupancy - banking	3	(56,641)	(53,551)
Occupancy - Community House	3	(19,158)	(23,465)
ATM Expense	3	(33,449)	(38,629)
Operating profit/(loss) before charitable donations & sponsorships		**174,615**	**95,735**
Charitable donations and sponsorships	3	(152,878)	(33,502)
Profit/(loss) before income tax expense		**21,737**	**62,233**
Income tax expense / (benefit)	4	7,629	22,869
Profit/(loss) for the year		**14,108**	**39,364**
Other comprehensive income		-	-
Total comprehensive income for the year		**14,108**	**39,364**
Profit/(loss) attributable to members of the company		14,108	39,364
Total comprehensive income attributable to members of the company		**14,108**	**39,364**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic for profit / (loss) for the year	15	2.04	5.69
- diluted for profit / (loss) for the year	15	2.04	5.69

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2016

	Notes	2016 $	2015 $
Assets			
Current assets			
Cash and cash equivalents	5	198,455	186,090
Trade and other receivables	6	93,761	71,442
Current tax refundable	4	2,064	-
Total current assets		**294,280**	**257,532**
Non-current assets			
Property, plant and equipment	7	407,039	388,062
Deferred tax asset	4	10,692	6,631
Intangible assets	8	58,127	-
Total non-current assets		**475,858**	**394,693**
Total assets		**770,138**	**652,225**
Liabilities			
Current liabilities			
Trade and other payables	9	128,141	46,446
Current tax payable	4	-	3,390
Borrowings	10	4,688	4,451
Provisions	11	25,476	21,449
Total current liabilities		**158,305**	**75,736**
Non-current liabilities			
Borrowings	10	15,089	19,778
Provisions	11	19,756	11,074
Other payables	9	44,916	-
Total current liabilities		**79,761**	**30,852**
Total liabilities		**238,066**	**106,588**
Net assets / (liabilities)		**532,072**	**545,637**
Equity			
Issued capital	12	679,441	679,441
Retained earnings / (accumulated losses)	13	(147,369)	(133,804)
Total equity		**532,072**	**545,637**

The accompanying notes form part of these financial statements.

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

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2014		679,441	(131,658)	547,783
Total comprehensive income for the year		-	39,364	39,364
Dividends paid or provided	22	-	(41,510)	(41,510)
Balance at 30 June 2015		**679,441**	**(133,804)**	**545,637**
Balance at 1 July 2015		679,441	(133,804)	545,637
Total comprehensive income for the year			14,108	14,108
Dividends paid or provided	22		(27,673)	(27,673)
Balance at 30 June 2016		**679,441**	**(147,369)**	**532,072**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2016

	Notes	2016 $	2015 $
Cash flows from operating activities			
Receipts from clients		924,455	801,081
Payments to suppliers and employees		(811,776)	(708,581)
Interest received		534	2,907
Interest paid		(1,155)	(663)
Income tax (paid) / refunded		(17,145)	(12,087)
Net cash flows from/(used in) operating activities	**14b**	**94,913**	**82,657**
Cash flows from investing activities			
Payments for intangible assets		(13,610)	-
Purchase of property, plant & equipment		(36,952)	(311,464)
Net cash flows from/(used in) investing activities		**(50,562)**	**(311,464)**
Cash flows from financing activities			
Proceeds from borrowings		-	26,837
Repayment of borrowings		(4,451)	(2,608)
Dividends paid		(27,535)	(41,510)
Net cash flows from/(used in) financing activities		**(31,986)**	**(17,281)**
Net increase/(decrease) in cash held		12,365	(246,088)
Cash and cash equivalents at start of year		186,090	432,178
Cash and cash equivalents at end of year	**14a**	**198,455**	**186,090**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2016

These financial statements and notes represent those of Buninyong & District Financial Services Limited.

Buninyong & District 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 28 of September 2016.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

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

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, 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 Buninyong.

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 is 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) Income tax

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

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.

Current and deferred income tax expense / (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets relating to temprorary 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 measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

(c) Fair value of assets and liabilities

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

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

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

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

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

(d) Property, plant and equipment

Land and buildings

Freehold land and buildings are carried at their fair value (refer note 1 (c)), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

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

Note 1. Summary of significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Land and buildings (continued)

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 carrying amount of land and buildings is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from 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.

Plant and equipment

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

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

Class of asset	**Rate**	**Method**
Buildings	2.5%	SL
Leasehold Improvements	6.7%	SL
Plant & equipment	10-33%	SL

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

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

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.

(e) 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 recognising 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 recognised as expenses in the periods in which they are incurred.

Note 1. Summary of significant accounting policies (continued)

(f) Impairment of assets

At each reporting period, the company assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by compairing 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 the relevant Standard.

(g) Goods and services tax

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

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

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

(h) Employee benefits

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 obligation 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.

Note 1. Summary of significant accounting policies (continued)

(i) Intangible assets and franchise fees

Franchise renewal costs 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 expense per the Statement of Profit or Loss and Other Comprehensive Income.

(j) 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 six months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

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.

(k) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Revenue comprises service commissions and other income received by the company.

Interest and fee revenue is recognised when earned.

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

(l) 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 ther eis 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.

(m) 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.

(n) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measures at amortised cost. Any diference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

(o) Contributed equity

Issued and paid up capital is 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.

Note 1. Summary of significant accounting policies (continued)

(p) 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.

(q) Comparative figures

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

(r) 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.

(s) 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.

Note 1. Summary of significant accounting policies (continued)

(s) 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)

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.

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-forProfit 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.

Note 1. Summary of significant accounting policies (continued)

(s) 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).

AASB 16:

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

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

(t) Critical accounting estimates and judgements

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

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

<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 involved 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)

(t) Critical accounting estimates and judgements (continued)

Income tax

The company is subject to income tax. Significant judgement is required in determining the deferred tax asset. Deferred tax assets are recognised only when it is considered sufficient future profits will be generated. The assumptions made regarding future profits is based on the company's assessment of future cash flows.

Impairment

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

	2016 $	**2015 $**

Note 2. Revenue and other income

Revenue		
- services commissions	853,633	732,371
	853,633	**732,371**
Other revenue		
- interest received	686	2,614
- other revenue	9,451	-
	10,137	**2,614**
Total Revenue	**863,770**	**734,985**

Note 3. Expenses

Profit before income tax includes the following specific expenses:

Employee benefits expense		
- wages and salaries	357,876	301,322
- superannuation costs	33,664	28,029
- other costs	25,871	23,151
	417,410	**352,502**

	2016 $	2015 $
Note 3. Expenses (continued)		
Depreciation & amortisation		
Depreciation of non-current assets:		
- building improvements	333	-
- leasehold improvements	1,517	1,517
- plant and equipment	16,125	9,642
Amortisation of non-current assets:		
- franchise fees	9,929	13,923
	27,904	**25,082**
Administration & general costs:		
- Accounting fees	9,400	8,502
- Audit fees	4,046	4,202
- Advertising & marketing	9,532	21,578
- Bookkeeping fees	5,760	5,760
- Cash delivery	4,914	5,751
- Freight/cartage/delivery	8,587	9,186
- Insurance	16,957	17,640
- Printing / stationery	7,873	9,716
- Telephone	6,623	6,311
- Other	24,433	19,963
	98,125	**108,609**
Information technology costs:		
- IT Equipment lease	13,811	14,213
- IT Running costs	12,490	12,477
- IT Support costs	8,791	9,931
	35,092	**36,621**

	2016 $	2015 $
Note 3. Expenses (continued)		
Occupancy costs - banking:		
- Cleaning	6,845	5,748
- Electricity / gas	5,178	5,540
- R&M - Buildings	559	677
- R&M - Furniture & fittings	817	664
- Rent	35,688	34,827
- Rates	4,726	4,406
- Security monitoring	2,828	1,689
	56,641	**53,551**
Occupancy Costs - Community House		
- Electricity / gas	684	276
- R&M - Buildings	16,631	11,580
- R&M - Furniture & fittings	68	9,669
- Rates	1,775	1,940
	19,158	**23,465**
ATM:		
- Cash delivery	6,374	6,749
- Leasing	10,392	12,696
- Consumables	37	-
- Maintenance	2,808	3,321
- Switching fees	1,423	1,406
- Discrepancies	(28)	2,416
- Offsite rent	12,443	12,041
	33,449	**38,629**
Charitable donations & sponsorships:		
- Community Enterprise Foundation™	57,000	-
- Federation University	25,007	-
- Buninyong Primary & Local District School	19,550	-
- Magic Moments Foundation	8,137	7,782
- Buninyong Film Festival	6,100	-
- Buninyong & District Tennis Association	6,000	3,000
- Other sponsorships & donations	31,084	22,720
	152,878	**33,502**

	2016 $	2015 $

Note 3. Expenses (continued)

Auditors' remuneration

Remuneration of the Auditor for:		
- Audit or review of the financial report	4,046	4,202
- Taxation services	-	-
- Share registry services	-	-
	4,046	**4,202**

Note 4. Tax expense

a. The components of tax expense/(income) comprise

- Current tax expense/(income)	11,691	21,542
- Deferred tax expense/(income) relating to the	(4,394)	1,327
original and reversal of temporary differences.		
- Adjustment for change in company tax rate	332	
	7,629	**22,869**

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 28.5% (2015: 30%)	6,195	18,669
Add tax effect of:		
- Adjustments in respect of change in company tax rate	332	-
- Non-deductible expenses	1,103	4,200
Current income tax expense	**7,630**	**22,869**
Income tax attributable to the entity	**7,630**	**22,869**
The applicable weighted average effective tax rate is	35.10%	36.75%

c. Current tax liability

Current tax relates to the following:		
Current tax liabilities / (assets)		
Opening balance	3,390	(6,065)
Income tax paid	(17,145)	(12,087)
Current tax	11,691	21,542
	(2,064)	**3,390**

	2016 $	2015 $

Note 4. Tax expense (continued)

d. Deferred tax asset / (liability)

	2016 $	2015 $
Deferred tax relates to the following:		
Deferred tax assets balance comprises:		
Unpaid super	234	-
Accrued Audit fee	881	983
Employee provisions	12,891	9,757
	14,006	**10,740**
Deferred tax liabilities balance comprises:		
Accrued income	59	16
Property, plant & equipment	3,255	4,092
	3,314	**4,108**
Net deferred tax asset / (liability)	**10,692**	**6,631**

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

	2016 $	2015 $
Decrease / (increase) in deferred tax assets	(3,268)	(2,782)
(Decrease) / increase in deferred tax liabilities	(794)	4,108
Decrease / (increase) due to change in company tax rate	(332)	-
	(4,394)	**1,326**

Note 5. Cash and cash equivalents

	2016 $	2015 $
Cash at bank and on hand	88,369	136,132
Short-term bank deposits	-	49,958
Sandhurst Select Mortgage Fund	110,086	-
	198,455	**186,090**

The effective interest rate on the Sandhurst Select Mortgage Fund was 2.59%; this investment has an average maturity of 90 Days

Note 6. Trade and other receivables

Current

	2016 $	2015 $
Trade debtors	93,554	71,388
Interest receivable	207	54
	93,761	**71,442**

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.

			Past due but not impaired			
	Gross amount $	Past due and impaired $	< 30 days $	31-60 days $	> 60 days $	Not past due $
2016						
Trade receivables	93,554	-	-	-	-	93,554
Other receivables	207	-	-	-	-	207
Total	**93,761**	**-**	**-**	**-**	**-**	**93,761**
2015						
Trade receivables	71,388	-	-	-	-	71,388
Other receivables	54	-	-	-	-	54
Total	**71,442**	**-**	**-**	**-**	**-**	**71,442**

	2016 $	2015 $

Note 7. Property, plant and equipment

Land and buildings		
At cost	341,514	304,563
Less accumulated depreciation	(333)	-
Total written down amount	**341,181**	**304,563**
Leasehold improvements		
At cost	22,742	22,742
Less accumulated depreciation	(8,950)	(7,433)
Total written down amount	**13,792**	**15,309**

	2016 $	2015 $

Note 7. Property, plant and equipment (continued)

	2016 $	2015 $
Plant and equipment		
At cost	104,467	104,467
Less accumulated depreciation	(52,402)	(36,277)
Total written down amount	**52,065**	**68,190**
Total property, plant and equipment	**407,038**	**388,062**
Movements in carrying amounts		
Land and buildings		
Balance at the beginning of the reporting period	304,563	-
Additions	36,952	304,563
Disposals	-	-
Depreciation expense	(333)	-
Balance at the end of the reporting period	**341,182**	**304,563**
Leasehold improvenents		
Balance at the beginning of the reporting period	15,309	16,826
Additions	-	-
Disposals	-	-
Depreciation expense	(1,517)	(1,517)
Balance at the end of the reporting period	**13,792**	**15,309**
Plant and equipment		
Balance at the beginning of the reporting period	68,190	41,932
Additions	-	35,900
Disposals	-	-
Depreciation expense	(16,125)	(9,642)
Balance at the end of the reporting period	**52,065**	**68,190**
	407,039	**388,062**

Note 8. Intangible assets

	2016 $	2015 $
Franchise fee		
At cost	68,056	110,000
Less accumulated amortisation	(9,929)	(110,000)
	58,127	**-**

	2016 $	2015 $

Note 8. Intangible assets (continued)

Movements in carrying amounts

	2016 $	2015 $
Intangible assets		
Balance at the beginning of the reporting period	-	13,923
Additions	68,056	-
Disposals	-	-
Amortisation expense	(9,929)	(13,923)
Balance at the end of the reporting period	**58,127**	**-**

Note 9. Trade and other payables

	2016 $	2015 $
Current		
Unsecured liabilities:		
Trade creditors	86,801	12,656
Other creditors and accruals	41,340	33,790
	128,141	**46,446**
Non-current		
Unsecured liabilities:		
Other creditors and accruals	44,916	-
	44,916	**-**

Note 10. Borrowings

	2016 $	2015 $
Current		
Secured liabilities		
Bank loan	4,688	4,451
	4,688	**4,451**
Non-current		
Secured liabilities		
Bank loan	15,089	19,778
	15,089	**19,778**

The company has an equipment loan which is subject to normal terms and conditions. The current interest rate is 5.2%. This loan has been created to fund the purchase of a motor vehicle and is secured by the vehicle.

	2016 $	2015 $

Note 11. Provisions

Employee benefits	**45,232**	**32,523**
Movement in employee benefits		
Opening balance	32,523	19,574
Additional provisions recognised	39,215	30,248
Amounts utilised during the year	(26,506)	(17,299)
Closing balance	**45,232**	**32,523**
Current		
Annual Leave	25,476	21,449
Long Service Leave	-	-
	25,476	**21,449**
Non-current		
Annual leave	-	-
Long service leave	19,756	11,074
	19,756	**11,074**
Total provisions	**45,232**	**32,523**

Note 12. Share capital

691,670 Ordinary shares fully paid of $1 each	691,670	691,670
168 Ordinary shares raised at zero value	-	-
Less: Equity raising costs	(12,229)	(12,229)
	679,441	**679,441**
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	691,670	691,670
Shares issued during the year	-	-
At the end of the reporting period	**691,670**	**691,670**

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.

Note 12. Share capital (continued)

Capital management

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 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; 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 for the year ended 30 June 2016 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.

	2016 $	2015 $
Note 13. Retained earnings / (accumulated losses)		
Balance at the beginning of the reporting period	(133,804)	(131,658)
Dividends provided for or paid	(27,673)	(41,510)
Profit/(loss) after income tax	14,108	39,364
Balance at the end of the reporting period	**(147,369)**	**(133,804)**
Note 14. Statement of cash flows		
(a) Cash and cash equivalents balances as shown in the statement of financial position can be reconciled to that shown in the statement of cash flows as follows		
As per the statement of financial position	198,455	186,090
As per the statement of cash flow	**198,455**	**186,090**
(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities		
Profit / (loss) after income tax	14,108	39,364
Non cash items		
- Depreciation	17,975	11,159
- Amortisation	9,929	13,923

	2016 $	2015 $
Note 14. Statement of cash flows (continued)		
Changes in assets and liabilities		
- (Increase) decrease in receivables	(22,319)	(4,200)
- (Increase) decrease in deferred tax asset	(4,061)	1,326
- (Increase) decrease in income tax provision	(5,454)	9,456
- Increase (decrease) in payables	72,026	(1,320)
- Increase (decrease) in provisions	12,709	12,949
Net cash flows from/(used in) operating activities	**94,913**	**82,657**

Note 15. Earnings per share

Basic earnings per share (cents)	2.04	5.69
Earnings used in calculating basic and diluted earnings per share	14,108	39,364
Weighted average number of ordinary shares for basic and diluted earnings per share	691,838	691,838

Note 16. 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, except for Amber Balazic who received $5,760 (2015: $5,760) for bookkeeping services on normal terms and conditions. No Director fees have been paid as the positions are held on a voluntary basis.

Buninyong & District Financial Services Limited has not accepted the Bendigo and Adelaide Bank Limited's **Community Bank**® Directors Privileges package.

Note 16. Key management personnel and related party disclosures (continued)

(d) Key management personnel shareholdings

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

	2016	2015
Stephen Falconer	15,201	15,201
John Emery	1,101	1,101
Ron Delaland	28,201	28,201
Garry Trotter	2,201	2,201
Amber Balazic	1,000	1,000
Ian Corcoran	5,000	5,000
Gerard Ballantyne	1,000	1,000
Neil Blanchard	2,701	2,701
Michael Scanlon	-	-
Peter Mees	-	-
Richard Mcdowell	-	-

There was no movement in key management personnel shareholdings during the year. Each share held has a paid up value of $1 and is fully paid.

(e) Other key management transactions

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

Note 17. 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 18. Contingent liabilities and contingent assets

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

Note 19. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one geographic area being Buninyong, Victoria. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2015: 100%).

Note 20. Commitments

Operating lease commitments

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

	2016 $	2015 $
Payable:		
- no later than 12 months	36,152	35,688
- between 12 months and five years	119,000	142,752
- greater than five years	-	10,409

Minimum lease payments

The property lease is a non-cancellable lease with a five year term, with rent payable monthly in advance and with CPI increases each year.

Note 21. Company details

The registered office is: 18 Doveton Street North
Ballarat, Victoria 3350

The principal place of business is: 401B Warrenheip Street
Buninyong, Victoria 3357

Note 22. Dividends paid or provided for on ordinary shares

	2016 $	2015 $
Dividend paid:		
Final ordinary dividend of 4 cents per share (2015: 6 cents)	**27,673**	**41,510**
Dividend Proposed and not yet recognised as a liability:		
Final ordinary dividend of 5 cents per share (2015: 4 cents)	**34,591**	**27,673**

Note 23. Finacial risk management

Financial risk management policies

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

Specific financial risk exposure and management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency 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.

Note 23. Finacial risk management (continued)

Specific financial risk exposure and management (continued)

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

	Note	2016 $	2015 $
Financial assets			
Cash and cash equivalents	5	198,455	186,090
Trade and other receivables	6	93,761	71,442
Total financial assets		**292,216**	**257,532**
Financial liabilities			
Trade and other payables	9	128,141	46,446
Borrowings	10	19,777	24,229
Total financial liabilities		**147,918**	**70,675**

(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 (2015: 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.

(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.

Note 23. Finacial risk management (continued)

(b) Liquidity risk (continued)

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

Cash flows realised from financial assets relfect management's expectation as to the timing of realisation. Acual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities relfects 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 2016	Note	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets - realisable						
Cash & cash equivalents	5	1.48%	198,455	198,455	-	-
Trade and other receivables	6	0.00%	93,761	93,761	-	-
Total anticipated inflows			**292,216**	**292,216**	**-**	**-**
Financial liabilities due						
Trade and other payables	11	0.00%	128,141	128,141	-	-
Loans and borrowings	12	5.20%	19,777	4,688	15,089	-
Total expected outflows			**147,918**	**132,829**	**15,089**	**-**
Net (outflow)inflow on financial instruments			**144,298**	**159,387**	**(15,089)**	**-**

30 June 2015	Note	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets - realisable						
Cash & cash equivalents	5	0.80%	186,090	186,090	-	-
Trade and other receivables	6	0.00%	71,442	71,442	-	-
Total anticipated inflows			**257,532**	**257,532**	**-**	**-**
Financial liabilities due						
Trade and other payables	11	0.00%	46,446	46,446	-	-
Loans and borrowings	12	5.20%	24,229	4,451	19,778	-
Total expected outflows			**70,675**	**50,897**	**19,778**	**-**

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.

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

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 2016		
+/- 1% in interest rates (interest income)	1,787	1,787
	1,787	**1,787**
Year ended 30 June 2015		
+/- 1% in interest rates (interest income)	1,619	1,619
	1,619	**1,619**

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)

	Note	2016 Carrying amount $	2016 Fair value $	2015 Carrying amount $	2015 Fair Value $
Financial assets					
Cash and cash equivalents (i)		198,455	198,455	186,090	186,090
Trade and other receivables (i)		93,761	93,761	71,442	71,442
Total financial assets		**292,216**	**292,216**	**257,532**	**257,532**
Financial liabilities					
Trade and other payables (i)		128,141	128,141	46,446	46,446
Loans and borrowings		19,777	19,777	24,229	24,229
Total financial liabilities		**147,918**	**147,918**	**70,675**	**70,675**

(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 Buninyong & District Financial Services Limited, the Directors of the company declare that:

1 the financial statements and notes of the company as set out on pages 11 to 39 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 2016 and of the performance for the year ended on that date;

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

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

Stephen J. Falconer
Chairman

Signed at Buninyong on 19 October 2016

Independent audit report

MOR Accountants

Formerly – Molloy, Orr and Ronan

Chartered Accountants

Ballarat
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INDEPENDENT AUDITOR'S REPORT

To the directors of Buninyong & District Financial Services Limited

Report on the Financial Report

We have audited the accompanying financial report of Buninyong & District Financial Services Limited (the company), which comprises the statement of financial position as at 30 June 2016, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

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

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 Australia Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

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

Independence

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

MOR Accountants
Formerly – Molloy, Orr and Ronan

Opinion

In our opinion,

(a) the financial report of Buninyong & District 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 2016 and of its performance for the period ended on that date; 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

G L Orr
Partner
MOR Accountants, Ballarat
Date: 19 October 2016

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Front cover images:

Top row left to right: 1. Community Bank Branch 'Snow'. 2. United Way 'Learner 2 P plates' program vehicle. 3. Buninyong Primary School 'Old Police Station' - Photography courtesy of The Courier, Ballarat.

Middle row left to right: 1. 'Young Mums' program - Photography courtesy of The Courier, Ballarat. 2. Community Bank Branch '6th Birthday' celebration. 3. Buninyong Primary School 'Music on the Mount' – Photography courtesy of Buninyong Primary School.

Bottom row: Branch Manager cheque presentation to Freemasons.