Annual Report 2017

Buninyong & District Financial Services Limited

ABN 63 137 673 388

Buninyong & District **Community Bank**® Branch

Contents

Chairman's report

For year ending 30 June 2017

Overview

We have now successfully completed seven years of banking operations and serving our community. Your Directors are pleased to report that as a result of continued business growth, customer numbers and transactions, the Operating Profit has again shown a significant increase.

Investment of operating profits back into the community has consequently continued to grow and over the seven years, 68 organisations have benefitted from this program to the value of over $450,000 together with $130,000 for the Scotsburn Bushfire Appeal. A further $160,000 has been paid out in shareholders' dividends in addition to $360,000 invested in the Buninyong Community House.

Buninyong Community House

Our investment in the Buninyong Community House is providing considerable value to the community, however the Directors have become aware of serious structural faults in the Building but have resolved to continue to provide a Community House in the township. Investigations have produced various options for the site including: repair, demolition and rebuilding, with Ballarat Council approval to retain the street-scape, whilst also looking for alternative locations and structures. Decision in respect of the future of this project will be made after all options have been fully investigated and costed.

Directors

During this past year Directors Michael Scanlon and Peter Mees have both resigned and I would like to thank them for their respective voluntary contributions to the company, the branch and the community. The resignations have provided the opportunity to increase diversification of age, gender, skills and experience within the Board. The introduction of Lydia Mzondo who has taken on the responsibility of Company Secretary and the Associate Director Molly Beaton has enhanced the abilities of the Board. Directors; Steve Falconer, Amber Balazic, Ian Corcoran, Garry Trotter, Ron Delaland and Neil Blanchard have continued to show their dedication to the company and their respective support to me as the Chair. Thank you all for your efforts and commitment to Buninyong & District Financial Services Limited. Now that the company has matured and under the strong operational management of Randall Dreger and the excellent, professional and loyal staff team, the focus of the Board has moved to concentrate on governance and business development.

Business development

A highlight of this year was the signing of a Memorandum of Understanding between Buninyong & District Financial Services Limited and the Federation University School of Business creating a collaborative partnership to foster education, training, research, consulting and business development through the operations of a Steering Committee comprising members of both organisations.

The Board has also undertaken initial investigation into the opportunities within our district to expand our banking services and customer base. The challenge is to grow the business in a profitable environment with minimum risk to the company.

Bunninyong Gold continues to expand within our community and the support of Directors and shareholders for this project is important to its growth and benefit to the banking operations and development of business whilst providing another form of investment into the community.

Chairman's report (continued)

Shareholders

Our number of shareholders has remained constant and the Directors are keen to encourage all shareholders to have their banking with the company. The Directors have no access to customer information so that confidentiality is maintained. If you are a shareholder who is not banking with Buninyong & District **Community Bank**® Branch, please consider making a change. The more business we can conduct the more we can reinvest back into the growth and prosperity of our community.

Richard McDowell
Chairman

Manager's report

For year ending 30 June 2017

Last year I began my report with these two sentences: "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." This year the temptation was even greater than last year. We have had a massive impact on our community driven by passionate staff and abundant profit far exceeding our expectation. To say that I couldn't be prouder of my staff is both cliché and yet profoundly true. Thank you team.

I would also like to thank the Board of Directors for their vision, guidance and faith. Their unwavering diligence and zeal should not be left unheralded. Thank you to our customers who are both the reason and the enabler to everything that we do. And finally I'd like to thank our shareholders who provided the capital to get this endeavour launched over seven years ago.

As shareholders, you clearly have interest in how well we perform. The Chairman and the remainder of this Annual Report have already covered off on our past performance. Therefore I'd like to take this opportunity to discuss our future performance and how you can be a part of it.

It is my mandate to continue to increase our overall portfolio (which will directly result in increasing our revenue and profit). What I need your help with is simply introducing me to any community groups and business acquaintances that you are involved with. Our business growth is driven by referrals and word of mouth. And you, as shareholders, play a very important part in ensuring next year is even better than this one just gone past.

Let me reiterate that we have accounts specifically designed for small businesses and not-for-profit clubs that are very competitive in the marketplace. Furthermore, our **Community Bank**® branch has an incredibly unique value proposition that is unmatched in the banking industry. Every customer is valuable to me, so please seriously consider this opportunity that you have to directly influence the profit that is paid into community contributions and in dividends. So please give me the opportunity to provide a quote. There really is only an upside.

We have had over $1 million worth of impact in our community. I find this fact very empowering. If members of our community are not banking with our **Community Bank**® branch, then they are missing out on something very special indeed.

Everyone needs the services of a bank. Why not choose a banking partner that is making a huge difference in your local community? I can now give you a million reasons why. And with your help, soon I'll be able to give two million reasons.

Randall Dreger
Branch Manager

Community investments

For year ending 30 June 2017

Funding seven years of positive change in our communities.

Nurturing communities

The income derived from people's banking can be fed into that community's prosperity, returning profit to build community, making life better.

That is the fundamental principle of the **Community Bank**® model established 20 years ago, and with the support of Buninyong **Community Bank**® Branch 3,100 enthusiastic customers we are unwavering in our determination to be the positive change in our communities.

Now in our seventh year of serving our communities, our community investments continue to be driven by the philosophies and strategies formed back in 2008, and refreshed in the Vision and Motivation statement contained in our 2015 Annual Report.

We continue to believe that communities can be transformed by the human values of the people within and we stand for helping those communities through our compassion driven ethic of community investment.

There is today unfortunately a worldwide trend of general institutional distrust (only 45% of the global population and 40% in Australia, trust business and Government to "do what's right" (source: Edelman Trust Barometer 2017)). Our community building philosophy embraces financial empowerment and participation, helps communities to thrive in the turbulent 21st century, and invests in and for future generations. Thanks to the trust of our customers, Buninyong **Community Bank**® Branch is proof that it is possible for business to act in the best interests of society and stakeholders.

Our strategic focus area for community building investment remains "YES":

- **Youth –** assist, guide and support tomorrow's parents and community leaders,
- **Environment –** look after where we live, and
- **Society –** contribute to a positive transformation of society

Yes

As shown in our Income Statement, our **Community Bank**® branch continues to receive strong support from our communities. Customer numbers and income are growing strongly, and this means we can continue our program of investment in numerous community building projects.

We know our investments in prior years have made the desired impacts, stimulating investment and well being in our communities:

- Support of Mens' Sheds contributes to community wellbeing, and in turn enables the Sheds to deliver their own community projects.
- The youth park in Buninyong is widely and constantly used by young and old in the community.
- Participation of High School students in Magic Moments is contributing to the development of resourceful and resilient future leaders and parents.
- Equine Therapy is making a real positive difference in the lives of young people suffering a wide range of trauma.
- Disadvantaged students have benefited from our scholarships.
- The Link Up young parents program is significantly transforming the lives of young women and their children.
- RSL Avenue of Honour part funding resulted in a magnificent lasting memorial in our town.

Community investments (continued)

- Our 'Community Gold' non•cash transaction cards contribute to the sustainable development of business in and around Buninyong.
- The L2P driver training program which we support is providing very significant assistance and mentoring to many disadvantaged learner drivers in our area.
- Members of tennis, golf, cricket, football / netball, bowling and hockey clubs have benefited from our financial assistance.

This year we have invested in diverse community building projects $67,600 of before tax operating profits and $39,800 from our Community Enterprise Foundation™ funds from prior years for a 2016/17 financial year total of $107,400. This brings our cumulative Community Investment to over $450,000 by June 2017.

Highlights include:

- Kindergarten - shade sails over play areas.
- Primary school – encouragement of musical skills development, and building a creative play space.
- Secondary Colleges – Magic Moments youth leadership camps, Link Up Young Parents, Bank of Hours for Equine therapy.
- Federation University – TAFE & higher learning scholarships, Business School awards, Equine Therapy research funding.
- City of Ballarat – sponsorship of the annual Youth Awards and commitment to other youth related projects.
- Golden Plains Shire – sponsorship of 'Sons of the West' participation.
- Mens' Shed – support for expansion at Buninyong and Sebastopol.
- CFA – support for trucks and equipment purchases at Buninyong, Sebastopol and Morrisons.
- Community Association – community newsletter funding, Imagine Buninyong workshops, film festival, pool party.
- Sports Clubs – encouragement of junior participation programs, and support for Women's' Health Grampians CoRE program for the prevention of violence against women and children.
- Contributions to numerous community service organisations to assist them in their important work.

These are the qualitative expressions of the **Community Bank®** model mantra 'to feed into community prosperity, not off it'.

Bendigo Bank
Bigger than a bank.

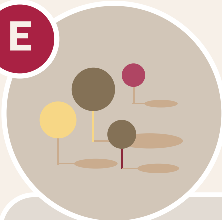
Buninyong & District
Community Bank®
Branch

Funding 7 Years of Positive Change in our Communities

Youth

Assist, guide and support tomorrow's parents and community leaders.

	2011	2012	2013	2014	2015	2016	2017
Ballarat Little Athletics Club							●
Buninyong Pre-school Kindergarten				●		●	●
Buninyong Primary School		●		●	●	●	●
Children Of Phoenix		●		●			
City Of Ballarat Youth Activities					●	●	●
Damascus College		●		●			
Federation University				●	●	●	●
Linkup Young Parents Program						●	●
Magic Moments Foundation				●	●	●	●
Mind Over Motor Driver Ed				●			
Mt Clear College		●			●	●	●
Mt Helen Preschool		●		●			
Phoenix P-12 College						●	●
Youth Foundation Parkville					●	●	●



Environment

Look after where we live and to preserve it for the future

	2011	2012	2013	2014	2015	2016	2017
Berringa/Staffordshire Reef Community Project							●
Blue Mountains Bushfire Appeal				●			
Buninyong CFA	●	●			●	●	●
Colleraine Flood Appeal							●
Cultivate Agribusiness Central Highlands				●			
Cyclone Debbie Appeal							●
Dereel CFA				●			
Dereel Fire Appeal			●				
Friends Of Buninyong Botanic Gardens	●						●
Friends Of Royal Park Buninyong				●		●	●
Leigh Catchment Group Landcare			●				
Scotsburn Bushfire Appeal						●	
Sebastopol Fire Brigade							●

Society

Contribute to a positive transformation of society

	2011	2012	2013	2014	2015	2016	2017
Ballarat Sebastopol Cycling Club		●					
Ballarat Society of Artists		●					
Buninyong & District Community Association		●	●	●	●	●	●
Buninyong & District Tennis Association		●			●	●	
Buninyong & Mt Helen Lions Club		●	●	●		●	
Buninyong Bowling Club	●	●	●	●	●	●	
Buninyong Cricket Club					●	●	●
Buninyong Film Festival					●	●	●
Buninyong Football Netball Club		●	●	●	●	●	●
Buninyong Golf Club		●	●	●	●	●	
Buninyong Good Life Festival	●	●	●	●	●		
Buninyong Joint Library Trust		●	●				
Buninyong Mainly Music				●			
Buninyong Marmalade Association		●		●			
Buninyong Men's Shed			●		●		●
Buninyong Probus Club						●	●
Buninyong RSL		●		●	●	●	●
Buninyong Senior Citizens	●				●		

	2011	2012	2013	2014	2015	2016	2017
Buninyong Ute Show					●		
CWA Buninyong					●		
Elaine Cricket Club				●		●	●
Elaine Tennis Club		●					
Golden Plains Shire Sons Of The West							●
Lal Lal Moorabool Photographic Group		●	●		●		
Mt Clear Cricket Club	●	●		●			
Rokewood Corindhap Football Netball Club		●					
Rokewood Golf Club		●		●			
Rokewood Men's Health	●						
Rokewood Probus	●						
Rokewood Tractor Pull				●			
Rotary Club Ballarat West							●
Sebastopol Men's Shed					●	●	
United Way Ballarat				●			●
Variety Club Bash						●	●
Westvic Academy Of Sport				●	●	●	

www.buildingbuninyongcommunity.com.au

Bendigo Bank created Community Bank® at Rupanyip-Minyip in 1998, addressing the erosion in small communities occuring with the rationalisation of services by large corporates. Today, 313 locally owned Community Bank® nationwide have returned more than $180m to their communities. Feeding into prosperity, not off it. Bendigo Bank's service & value proposition delivers full service competitive banking and market leading customer satisfaction.

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 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
Richard G. McDowell Chairman 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
Stephen J. Falconer Director Board member since 2009		Retired global auto components business CEO. Responsibility for sales, marketing and business development (both within Australia and Internationally).
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) Senior Accounts Payable Officer at Federation University
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 Chair Collaborative Marketing Fund - Ballarat & Wstn Vic Former member Rotary Club of Ballarat
Neil J. Blanchard Director 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 Resigned - June 2017	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

Directors (continued)

Name and position held	Qualifications	Experience and other Directorships
Michael L. Scanlon Director Board member since July 2015 Resigned - February 2017	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
Lydia Mzondo Director / Company Sec. Board member since May 2017	Msc Infor. Systems PMI Project Manager	8 Years in IT and Project Management Past Director of Ballarat African Assoc.

Directors' meetings

Attendances by each Director during the year were as follows:

	Board meetings		Audit Committee meetings	
Director	**A**	**B**	**A**	**B**
Richard McDowell	10	8	N/A	N/A
Steve Falconer	10	8	1	1
Ron Delaland	10	9	N/A	N/A
Garry Trotter	10	8	N/A	N/A
Amber Balazic	10	9	1	1
Ian Corcoran	10	8	N/A	N/A
Neil Blanchard	10	10	1	1
Michael Scanlon	5	2	N/A	N/A
Peter Mees	10	5	N/A	N/A
Lydia Mzondo	6	5	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

Lydia was appointed to the Board in May of 2017. She was born in Zimbabwe and is now an Australian citizen with two children. Lydia moved to Australian to study at Federation University in 2007 and joined Telstra until 2017. Lydia is currently employed with Western Victoria Primary Health Network as a Project Officer.

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 intended 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. During the year ended 30 June 2017, the building was deemed unfit for use or repair and as a result the recognised value of this house was impaired back to its land value. A decision on the future of this building has not yet been made.

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

Directors' report (continued)

Review of operations

The profit/(loss) of the company for the financial year after provision for income tax was $22,472 (2016 profit: $14,108), which is a 59% increase as compared with the previous year.

The net assets of the company have decreased to $519,951 (2016: $532,069).

Dividends

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

A fully franked final dividend of 5 cents per share was declared and paid during the year for the year ended 30 June 2016. A fully franked dividend of 5 cents per share has been declared for the year ended 30 June 2017 and will be paid during the year ending 30 June 2018.

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 12 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Directors' report (continued)

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 (2016: $5,760) in relation to her role as Company Bookkeeper for the year ended 30 June 2017.

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.

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			
Richard McDowell	-	1,500	1,500
Stephen Falconer	15,201	-	15,201
Ron Delaland	28,201	-	28,201
Amber Balazic	1,000	-	1,000
Garry Trotter	2,201	-	2,201
Ian Corcoran	5,000	-	5,000
Neil Blanchard	2,701	-	2,701
Michael Scanlon	-	-	-
Peter Mees	-	-	-
Lydia Mzondo	-	-	-

Signed in accordance with a resolution of the Board of Directors on 6 October 2017.

Richard McDowell
Chairman

Auditor’s independence declaration

MOR Accountants
Formerly – Molloy, Orr and Ronan

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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 2017, 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.

David Abbott

D. G. Abbott
Partner
MOR Accountants, Ballarat
Dated: 6/10/17

Financial statements

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

	Notes	2017 $	2016 $
Revenue	2	975,245	863,770
Expenses			
Employee benefits expense	3	(399,109)	(417,410)
Depreciation and amortisation expense	3	(32,177)	(27,904)
Finance Costs		(918)	(1,155)
Administration & General Costs	3	(102,185)	(98,125)
Bad and doubtful debts expense		(482)	(221)
Information Technology Costs	3	(35,969)	(35,092)
Occupancy - Banking	3	(61,407)	(56,641)
Occupancy - Community House	3	(3,194)	(19,158)
ATM Expense	3	(31,598)	(33,449)
Impairment Expense	7	(150,258)	-
Operating profit/(loss) before charitable donations & sponsorships		**157,949**	**174,615**
Charitable donations and sponsorships	3	(67,600)	(152,878)
Profit/(loss) before income tax expense		**90,349**	**21,737**
Income Tax expense / (benefit)	4	67,877	7,629
Profit/(loss) for the year		**22,472**	**14,108**
Other comprehensive income		-	-
Total comprehensive income for the year		**22,472**	**14,108**
Profit/(loss) attributable to members of the company		22,472	14,108
Total comprehensive income attributable to members of the company		**22,472**	**14,108**
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	3.25	2.04
- diluted for profit / (loss) for the year	15	3.25	2.04

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2017

	Notes	2017 $	2016 $
Assets			
Current assets			
Cash and cash equivalents	5	340,387	198,455
Trade and other receivables	6	94,233	93,760
Current tax refundable	4	-	2,064
Total current assets		**434,620**	**294,279**
Non-current assets			
Property, plant and equipment	7	238,216	407,039
Deferred tax asset	4	13,248	10,692
Intangible assets	8	44,515	58,127
Total non-current assets		**295,979**	**475,858**
Total assets		**730,600**	**770,137**
Liabilities			
Current liabilities			
Trade and other payables	9	59,921	128,141
Current tax payable	4	54,778	-
Borrowings	10	4,938	4,688
Provisions	11	24,611	25,476
Total current liabilities		**144,248**	**158,305**
Non-current liabilities			
Borrowings	10	10,151	15,089
Provisions	11	26,305	19,756
Other payables	9	29,945	44,916
Total current liabilities		**66,401**	**79,761**
Total liabilities		**210,649**	**238,066**
Net assets / (liabilities)		**519,951**	**532,071**
Equity			
Issued capital	12	679,441	679,441
Retained earnings / (accumulated losses)	13	(159,490)	(147,370)
Total equity		**519,951**	**532,071**

The accompanying notes form part of these financial statements.

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

	Note	Issued capital $	Accumulated losses $	Total equity $
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	-	(27,674)	(27,674)
Balance at 30 June 2016		**679,441**	**(147,370)**	**532,071**
Balance at 1 July 2016		679,441	(147,370)	532,071
Total comprehensive income for the year		-	22,472	22,472
Dividends paid or provided	22	-	(34,592)	(34,592)
Balance at 30 June 2017		**679,441**	**(159,490)**	**519,951**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2017

	Notes	2017 $	2016 $
Cash flows from operating activities			
Receipts from clients		1,054,212	924,455
Payments to suppliers and employees		(847,027)	(811,776)
Interest received		2,117	534
Interest paid		(918)	(1,155)
Income tax (paid) / refunded		(13,590)	(17,145)
Net cash flows from/(used in) operating activities	**14b**	**194,795**	**94,913**
Cash flows from investing activities			
Payments for intangible assets		(13,611)	(13,610)
Purchase of property, plant & equipment		-	(36,952)
Net cash flows from/(used in) investing activities		**(13,611)**	**(50,562)**
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		(4,689)	(4,451)
Dividends paid		(34,563)	(27,535)
Net cash flows from/(used in) financing activities		**(39,251)**	**(31,986)**
Net increase/(decrease) in cash held		141,932	12,365
Cash and cash equivalents at start of year		198,455	186,090
Cash and cash equivalents at end of year	**14a**	**340,387**	**198,455**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2017

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 29 September 2017.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

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

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

<u>Economic dependency</u>

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 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) 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 & 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.

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.

Note 1. Summary of significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Land & Buildings (continued)

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 & 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.

(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.

Note 1. Summary of significant accounting policies (continued)

(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.

(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.

Note 1. Summary of significant accounting policies (continued)

(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.

(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

<u>Basic earnings per share</u>

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.

Note 1. Summary of significant accounting policies (continued)

(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.

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.

Note 1. Summary of significant accounting policies (continued)

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

(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.

(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 will impact the operating lease of the **Community Bank** Branch premises currently in place, the specific financial implications will be determined prior to the point of first adoption 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:

Note 1. Summary of significant accounting policies (continued)

(t) Critical accounting estimates and judgements (continued)

Estimation of useful lives of assets

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

Fair value assessment of non-current physical assets

The AASB 13 Fair Value standard requires fair value assessments that may 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.

Employee benefits provision

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

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.

	2017 $	**2016 $**
Note 2. Revenue and other income		
Revenue		
- services commissions	971,010	853,633
	971,010	**853,633**
Other revenue		
- interest received	2,942	686
- other revenue	1,293	9,451
	4,235	**10,137**
Total Revenue	**975,245**	**863,770**

	2017 $	2016 $

Note 3. Expenses

Profit before income tax includes the following specific expenses:

	2017 $	2016 $
Employee benefits expense		
- wages and salaries	346,143	357,876
- superannuation costs	32,251	33,664
- other costs	20,716	25,871
	399,109	**417,410**
Depreciation & amortisation		
Depreciation of non-current assets:		
- building improvements	924	333
- leasehold improvements	1,517	1,517
- plant and equipment	16,125	16,125
Amortisation of non-current assets:		
- franchise fees	13,611	9,929
	32,177	**27,904**
Administration & General Costs:		
- Accounting Fees	10,629	9,400
- Audit Fees	4,298	4,046
- Advertising & Marketing	13,502	9,532
- Bookkeeping Fees	5,760	5,760
- Cash Delivery	5,003	4,914
- Freight/Cartage/Delivery	8,908	8,587
- Insurance	16,332	16,957
- Printing / Stationery	9,680	7,873
- Telephone	4,536	6,623
- Other	23,537	24,433
	102,185	**98,125**
Information Technology Costs:		
- IT Equipment Lease	15,118	13,811
- IT Running Costs	10,380	12,490
- IT Support Costs	10,471	8,791
	35,969	**35,092**

	2017 $	2016 $
Note 3. Expenses (continued)		
Occupancy Costs - Banking:		
- Cleaning	6,351	6,845
- Electricity / Gas	5,819	5,178
- R&M - Buildings	708	559
- R&M - Furniture & Fittings	208	817
- Rent	36,191	35,688
- Rates	8,352	4,726
- Security Monitoring	3,778	2,828
	61,407	**56,641**
Occupancy Costs - Community House		
- Electricity / Gas	542	684
- R&M - Buildings	1,345	16,631
- R&M - Furniture & Fittings	-	68
- Rates	1,307	1,775
	3,194	**19,158**
ATM:		
- Cash Delivery	6,375	6,374
- Leasing	7,946	10,392
- Consumables	-	37
- Maintenance	3,006	2,808
- Switching Fees	1,254	1,423
- Discrepancies	196	(28)
- Offsite Rent	12,820	12,443
	31,598	**33,449**
Charitable Donations & Sponsorships:		
- Community Enterprise Foundation	-	57,000
- Federation University	15,807	25,007
- Buninyong Primary & Local District School	13,420	19,550
- Magic Moments Foundation	1,478	8,137
- Buninyong Film Festival	500	6,100
- Buninyong & District Tennis Association	3,000	6,000
- Various Sporting Clubs	7,214	-
- Other sponsorships & donations	26,181	31,084
	67,600	**152,878**

	2017 $	2016 $
Note 3. Expenses (continued)		
Auditors' remuneration		
Remuneration of the Auditor for:		
- Audit or review of the financial report	4,298	4,046
- Taxation services	-	-
- Share registry services	-	-
	4,298	**4,046**

Note 4. Tax expense

	2017 $	2016 $
a. The components of tax expense/(income) comprise		
- Current tax expense/(income)	70,432	11,691
- Deferred tax expense/(income) relating to the	(2,930)	(4,394)
original and reversal of temporary differences.		
- Adjustment for change in company tax rate	375	332
	67,877	**7,629**
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%)	24,846	6,195
Add tax effect of:		
- Adjustments in respect of change in company tax rate	375	332
- Non-deductible expenses	42,656	1,103
Current income tax expense	67,877	7,630
Income tax attributable to the entity	**67,877**	**7,630**
The applicable weighted average effective tax rate is	75.13%	35.10%
c. Current tax liability		
Current tax relates to the following:		
Current tax liabilities / (assets)		
Opening balance	(2,064)	3,390
Income tax paid	(13,590)	(17,145)
Current tax	70,432	11,691
	54,778	**(2,064)**

	2017 $	2016 $

Note 4. Tax expense (continued)

d. Deferred tax asset / (liability)

	2017 $	2016 $
Deferred tax relates to the following:		
Deferred tax assets balance comprises:		
Unpaid Super	(15)	234
Accrued Audit Fee	856	881
Employee provisions	14,002	12,891
	14,843	**14,006**
Deferred tax liabilities balance comprises:		
Accrued income	283	59
Property, plant & Equipment	1,312	3,255
	1,595	**3,314**
Net deferred tax asset / (liability)	**13,248**	**10,692**

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

	2017 $	2016 $
Decrease / (increase) in deferred tax assets	(836)	(3,268)
(Decrease) / increase in deferred tax liabilities	(1,719)	(794)
Decrease / (increase) due to change in company tax rate	(375)	(332)
	(2,930)	**(4,394)**

Note 5. Cash and cash equivalents

	2017 $	2016 $
Cash at bank and on hand	128,184	88,369
Short-term bank deposits	-	-
Sandhurst Select Mortgage Fund	212,204	110,086
	340,387	**198,455**

The effective interest rate on the Sandhurst Select Mortgage Fund was 2.25%; this investment has an average maturity of 90 Days

Note 6. Trade and other receivables

Current

	2017 $	2016 $
Trade debtors	93,203	93,553
Interest receivable	1,030	207
	94,233	**93,760**

Notes to the financial statements (continued)

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 $	Past due and impaired $	Past due but not impaired			Not past due $
			< 30 days $	31-60 days $	> 60 days $	
2017						
Trade receivables	93,203	-	-	-	-	93,203
Other receivables	1,030	-	-	-	-	1,030
Total	**94,233**	**-**	**-**	**-**	**-**	**94,233**
2016						
Trade receivables	93,553	-	-	-	-	93,553
Other receivables	207	-	-	-	-	207
Total	**93,760**	**-**	**-**	**-**	**-**	**93,760**

	2017 $	2016 $
Note 7. Property, plant and equipment		
Land and Buildings		
At cost	341,514	341,514
Less accumulated depreciation	(1,256)	(333)
Less Impairment	(150,258)	
Total written down amount	**190,000**	**341,181**
Leasehold improvements		
At cost	22,742	22,742
Less accumulated depreciation	(10,467)	(8,950)
Total written down amount	**12,275**	**13,792**

	2017 $	2016 $

Note 7. Property, plant and equipment (continued)

	2017 $	2016 $
Plant and equipment		
At cost	104,467	104,467
Less accumulated depreciation	(68,526)	(52,402)
Total written down amount	**35,941**	**52,065**
Total property, plant and equipment	**238,216**	**407,038**
Movements in carrying amounts		
Land and Buildings		
Balance at the beginning of the reporting period	341,182	304,563
Additions	-	36,952
Disposals	-	-
Depreciation expense	(924)	(333)
Impairment expense	(150,258)	-
Balance at the end of the reporting period	**190,000**	**341,182**
Leasehold improvenents		
Balance at the beginning of the reporting period	13,792	15,309
Additions	-	-
Disposals	-	-
Depreciation expense	(1,517)	(1,517)
Balance at the end of the reporting period	**12,275**	**13,792**
Plant and equipment		
Balance at the beginning of the reporting period	52,065	68,190
Additions	-	-
Disposals	-	-
Depreciation expense	(16,124)	(16,125)
Balance at the end of the reporting period	**35,941**	**52,065**
	238,216	**407,039**

The Directors obtained an independent valuation of the Land & Buildings located at 407 Warrenheip St, Buninyong in June 2017. The land was valued at $190,000 and the buildings deemed not fit for use. The Directors subsequently resolved to impair the asset to the land value, which resulted in an immediate impairment expense of $150,258 being recognised in the profit and loss. As at the date of signing of the financial statements, a decision had not been made on the future use of this property.

	2017 $	2016 $

Note 8. Intangible assets

	2017 $	2016 $
Franchise Fee		
At cost	68,056	68,056
Less accumulated amortisation	(23,541)	(9,929)
	44,515	**58,127**
Movements in carrying amounts		
Intangible assets		
Balance at the beginning of the reporting period	58,127	-
Additions	-	68,056
Disposals	-	-
Amortisation expense	(13,611)	(9,929)
Balance at the end of the reporting period	**44,515**	**58,127**

Note 9. Trade and other payables

	2017 $	2016 $
Current		
Unsecured liabilities:		
Trade creditors	13,287	86,801
Other creditors and accruals	46,635	41,340
	59,921	**128,141**
Non-Current		
Unsecured liabilities:		
Other creditors and accruals	29,945	44,916
	29,945	**44,916**

Note 10. Borrowings

	2017 $	2016 $
Current		
Secured liabilities		
Bank loan	4,938	4,688
	4,938	**4,688**
Non-current		
Secured liabilities		
Bank loan	10,151	15,089
	10,151	**15,089**

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.

	2017 $	2016 $

Note 11. Provisions

	2017 $	2016 $
Employee benefits	**50,916**	**45,232**
Movement in employee benefits		
Opening balance	45,232	32,523
Additional provisions recognised	30,343	39,215
Amounts utilised during the year	(24,660)	(26,506)
Closing balance	**50,916**	**45,232**
Current		
Annual Leave	24,611	25,476
Long Service Leave	-	-
	24,611	**25,476**
Non-Current		
Annual Leave	-	-
Long Service Leave	26,305	19,756
	26,305	**19,756**
Total Provisions	**50,916**	**45,232**

Note 12. Share capital

	2017 $	2016 $
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 2017 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)

a. Retained earnings / (accumulated losses)		
Balance at the beginning of the reporting period	(147,370)	(133,804)
Dividends provided for or paid	(34,592)	(27,674)
Profit/(loss) after income tax	22,472	14,108
Balance at the end of the reporting period	**(159,490)**	**(147,370)**

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	340,387	198,455
As per the statement of cash flow	**340,387**	**198,455**
(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities		
Profit / (loss) after income tax	22,472	14,108
Non cash items		
- Depreciation	18,566	17,975
- Amortisation	13,611	9,929
- Impairment	150,258	

	2017 $	2016 $
Note 14. Statement of cash flows (continued)		
Changes in assets and liabilities		
- (Increase) decrease in receivables	(473)	(22,318)
- (Increase) decrease in deferred tax asset	(2,556)	(4,061)
- (Increase) decrease in income tax provision	56,842	(5,454)
- Increase (decrease) in payables	(69,608)	72,026
- Increase (decrease) in provisions	5,684	12,709
Net cash flows from/(used in) operating activities	**194,796**	**94,914**

Note 15. Earnings per share

Basic earnings per share (cents)	3.25	2.04
Earnings used in calculating basic and diluted earnings per share	22,472	14,108
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 (2016: $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:

	2017	2016
Richard Mcdowell	1,500	-
Stephen Falconer	15,201	15,201
Ron Delaland	28,201	28,201
Garry Trotter	2,201	2,201
Amber Balazic	1,000	1,000
Ian Corcoran	5,000	5,000
Neil Blanchard	2,701	2,701
Michael Scanlon	-	-
Peter Mees	-	-
Lydia Mzondo	-	-

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 (2016: 100%).

Note 20. Commitments

Operating lease commitments

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

	2017 $	2016 $
Payable:		
- no later than 12 months	36,152	36,152
- between 12 months and five years	82,848	119,000
- greater than five years	-	-

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 VIC 3350.

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

Note 22. Dividends paid or provided for on ordinary shares

	2017 $	2016 $
Dividend paid:		
Final ordinary dividend of 5 cents per share (2016: 4 cents)	**34,592**	**27,674**
Dividend proposed and not yet recognised as a liability:		
Final ordinary dividend of 5 cents per share (2016: 5 cents)	**34,592**	**34,592**

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. 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. Financial 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:

		2017 $	2016 $
Financial assets			
Cash and cash equivalents	5	340,387	198,455
Trade and other receivables	6	94,233	93,760
Total financial assets		**434,620**	**292,215**
Financial liabilities			
Trade and other payables	9	59,921	128,141
Borrowings	10	15,089	19,777
Total financial liabilities		**75,010**	**147,918**

(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.

(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.

Note 23. Financial risk management (continued)

(b) Liquidity risk (continued)

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 2017	Note	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets						
Cash & cash equivalents	5	1.44%	340,387	340,387	-	-
Trade and other receivables	6	0.00%	94,233	94,233	-	-
Total anticipated inflows			**434,620**	**434,620**	**-**	**-**
Financial liabilities due						
Trade and other payables	9	0.00%	89,866	59,921	29,945	-
Loans and borrowings	10	5.20%	15,089	4,938	10,151	-
Total expected outflows			**104,955**	**64,859**	**40,095**	**-**
Net (outflow)inflow on financial instruments			**329,666**	**369,761**	**(40,095)**	**-**

30 June 2013		Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets						
Cash & cash equivalents	5	1.48%	198,455	198,455	-	-
Trade and other receivables	6	0.00%	93,760	93,760	-	-
Total anticipated inflows			**292,215**	**292,215**	**-**	**-**
Financial liabilities due						
Trade and other payables	9	0.00%	173,057	128,141	44,916	-
Loans and borrowings	10	5.20%	19,777	4,688	15,089	-
Total expected outflows			**192,834**	**132,829**	**60,005**	**-**
Net (outflow)inflow on financial instruments			**99,381**	**159,386**	**(60,005)**	**-**

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 2017		
+/- 1% in interest rates (interest income)	3,404	2,383
	3,404	**2,383**
Year ended 30 June 2016		
+/- 1% in interest rates (interest income)	1,987	1,391
	1,987	**1,391**

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)	340,387	340,387	198,455	198,455
Trade and other receivables (i)	94,233	94,233	93,760	93,760
Total financial assets	**434,620**	**434,620**	**292,215**	**292,215**
Financial liabilities				
Trade and other payables (i)	59,921	59,921	128,141	128,141
Loans and borrowings	15,089	15,089	19,777	19,777
Total financial liabilities	**75,010**	**75,010**	**147,918**	**147,918**

(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 13 to 40 are in accordance with the Corporations Act 2001 and:

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

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

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

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

Richard McDowell
Chairman

Signed at Buninyong on 6 October 2017.

Independent audit report

MOR Accountants
Formerly – Molloy, Orr and Ronan

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INDEPENDENT AUDITOR'S REPORT

To the directors of Buninyong & District Financial Services Limited

Report on the Audit of the Financial Report

Opinion

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 2017, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes comprising to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the financial report of Buninyong & District Financial Services Limited is in accordance with the *Corporations Act 2001*, including

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

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

Basis for our 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 registered entity in accordance with 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

MOR Accountants
Formerly – Molloy, Orr and Ronan

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 responsible entities either intends to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the company's financial reporting process.

Auditor's Responsibility 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/Home.aspx. This description forms part of our auditor's report.

David Abbott

D G Abbott
Partner
MOR Accountants
406 Dana Street, Ballarat

Dated: 6/10/17

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