

Buninyong & District Financial Services Limited

ABN 63 137 673 388

2018 Annual Report



Buninyong & District **Community Bank®** Branch

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Chairman's report

For year ending 30 June 2018

The Board and all our staff are justifiably very proud of our hard-earned reputation for commitment to great customer service and our contribution to the prosperity of our community. The branch has now been recognised, not only as a finalist for Regional Victoria/Tasmania Branch of the Year, but also as a finalist for the Regional Victoria/Tasmania Community Choice Award.

Company performance: The 2017/18 financial year has been the strongest in our eight-year history, reporting a net profit before Tax and Community Investment of \$312,870 allowing us to contribute \$184,663 back into our community. This makes our cumulative Community Investment total of over \$1.2 million during our short history.

In an environment where the banking industry has come under significant scrutiny and a host of new regulations have been implemented, we are pleased to see these positive outcomes and continued, indeed growing, trust shown by our customers and shareholders in our constantly improving banking business.

Directors: In the past twelve months we have accepted the resignation of Neil Blanchard who served the Board as Director and Company Secretary. A sincere thank you Neil for your contribution. I would like to also acknowledge Amber Balazic, who is retiring as a Director and Treasurer, for her dedicated work over many years and am pleased she can continue as our bookkeeper this next year. We have recently appointed Andrea Mason, Samantha Elshaug and Joanne Innes as new Directors, who bring additional diversity of skills, experience, age and gender to the Board. We welcome them and look forward to their contributions to the ongoing effective operations of the Board.

Staff: We all know that the key ingredient for our stunning success is the quality of our Manager and staff. Randall has maintained a tremendous working environment for both staff and customers. It is pleasing to report we have a very stable, dedicated and effective team operating our Bank and the cultural review undertaken during the year, which included input from all staff and all Directors, highlighted the very positive culture, with close alignment between actual and desired outcomes for both the Staff and the Board members. The challenge is to maintain continued improvement.

Dividend: Your Directors are pleased to advise that we are declaring a fully franked dividend again this year and are increasing the rate of dividend to seven cents per share in recognition of the prosperity of the business. The Directors continue to focus on the reinvestment of profits back into the community, and believe you, the shareholders, should also share in the profits.

The future: The team of management, staff and Directors have grown the business to over 5,300 accounts with a total portfolio growth of 20.3% for the year to reach over \$166 million as at 30 June 2018. We have been informed that margins, and therefore revenue per funds in the portfolio, are reducing and will continue to reduce in the current banking and financial market. We are continuing to seek opportunities for business growth and our planned expansion of services into Federation University is an exciting development that we plan to have in place during the 2019 financial year.

The demolition and rebuilding of the Community House at 407 Warrenheip Street, is slowly progressing and should be completed during this next financial year to provide a fresh new and functional resource for the Buninyong community.

I am proud of the Bank's performance and am indebted to my fellow Directors, Randall and all the staff for their strong support and commitment over the year, making my task as Chairman both enjoyable and rewarding.



Richard G. McDowell
Chairman

Manager's report

For year ending 30 June 2018

2017/18 financial year was a year of milestones and records. These results were made possible by a combination of passionate staff, visionary Directors and enthusiastic customers. I take this opportunity to publicly declare my heartfelt thanks to all our stakeholders.

We take great pride in providing exemplary customer service and we have experienced eruptive growth as delighted customers refer their friends and families to bank with us too. This has been a major component of our growth strategy and I invite you to share your banking experiences with your networks.

What has our vision, dedication and passion achieved?

- Exceeded \$1 million income
- Over \$300,000 net profit before community investment
- Passed the milestone of 5,000 accounts under management
- Loan approvals up 22%
- Portfolio growth exceeded \$28 million
- Customer numbers increased by over 300
- Approximately \$200,000 in community investments
- Branch of the Year finalist
- Community Choice Award finalist.

Frankly, I'm humbled and amazed at our achievements. Because, behind these results are my six staff, who, day after day, just do what comes naturally. Which is putting the customer first and looking after the customer's needs to the utmost of their ability. Basically, we as a team, just do the right thing.

Therefore, I have two calls to action this year. First, let my staff know that their efforts are appreciated through an email, postcard or simply a smile. I have a profound respect and gratitude for my team, and I believe all our stakeholders should too. Second, please spread the word about the incredible **Community Bank®** model and the massive benefits that we are achieving for our community, simply by individuals and businesses making a choice of where to conduct their banking.

Thank you, and I hope to see you and your friends soon.



Randall Dreger
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2018

It's been 20 years since the doors to the first **Community Bank**[®] branch opened. And it has only been a few months since the latest, the 321st, **Community Bank**[®] branch opened its doors.

In the last 20 years, much has changed. A staggering 92 per cent of our customers do their banking online and we pay for goods and services on a range of mobile phones, our watches and even our fitness devices. Many are embracing this online world with a sense of excitement and confidence. Our model will be even more accessible to people right across Australia.

Despite the change many things have also remained constant through the last two decades. Commitment within communities remains as strong today as it has ever been; from our first **Community Bank**[®] branch to the most recent one, and the 319 in between.

This year, five of our **Community Bank**[®] branches are celebrating 20 years in business. Bendigo Bank has celebrated 160 years in business. We farewelled Managing Director Mike Hirst and welcomed into the MD role long-time Bendigo employee Marnie Baker.

Our **Be the change** online marketing campaign has been the most successful online marketing campaign ever run by our organisation. The premise behind **Be the change** is simple – it thanks individual customers for banking with their **Community Bank**[®] branch.

But it's not the Bank thanking the customers. It's not the staff, volunteer directors or shareholders thanking the customers. It's the kids from the local little athletics and netball clubs, it's the man whose life was saved by a **Community Bank**[®] funded defib unit, it's members of the local community choir and the animal rescue shelter. These people whose clubs and organisations have received a share of over \$200 million in **Community Bank**[®] contributions, all because of people banking with their local **Community Bank**[®] branch.

Be the change has further highlighted the power of the model. For others, customers are important. For our **Community Bank**[®] network, customer support ensures our point of difference. It's the reason we can share in the revenue generated by their banking business. Without this point of difference, we would be just another bank.

But we're not, we're Bendigo Bank and we're Australia's only 'community bank', recently named by Roy Morgan Research as Australia's third most trusted brand and most trusted bank. As one of 70,000-plus **Community Bank**[®] company shareholders across Australia, these are outcomes we hope you too are proud of.

I'd like to thank you for your decision to support your local **Community Bank**[®] company as a shareholder. Your support has been vitally important to enhancing the prospects and outcomes within your community.

Without you, there would be no **Community Bank**[®] branch network in Australia.

We value your initial contribution and your ongoing support of your **Community Bank**[®] branch and your community. Thank you for continuing to play a role in helping your community **Be the change**.



Robert Musgrove
Bendigo and Adelaide Bank

Community investments

For year ending 30 June 2018

Growing support for communities in a disrupted world

Nurturing communities

The income derived from people's banking can be fed into a community's prosperity, making life better. Thanks to the support of our communities and Bendigo Bank's great products, Buninyong & District **Community Bank**[®] Branch is profitable. Where we are different from every other bank is that we give that profit back to build stronger, more resilient communities. Now in our eighth year, our community investments continue to be driven by the philosophies formed in 2008, and refreshed in the Vision and Motivation statement in our 2015 Report.

Help in a 'disrupted' world

Today, as digital disruption impacts all our lives, there is a world-wide deficit in trust; whether in government, religion, sports teams, media, and of course in banks. The trust deficit is magnified by a rapid rate of change in the economy, environment and general society, and the decline in the public's trust in institutions is nowhere more acute than here in Australia.

The Hayne Royal Commission has exposed misconduct and complacency at the big banks, shown them to be blinded by short term profit motives and a focus on shareholders, not customers. The **Community Bank**[®] model is different; our mantra is to feed into the community's prosperity, not off it.

The 20 year old Australian Community Bank model is a world first example of "shared value" in practice. Shared value is not just social responsibility, philanthropy or even sustainability, but a new way to achieve economic success for all parties. It is not spin, but at the centre of what we do, not just on the margin.

Bendigo Bank is the third most trusted brand in Australia. Our philosophy resonates with customers. 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.

Helping to overcome the feeling of disenchantment prevalent in parts of today's society, our community building philosophy helps communities to thrive in the turbulent and disruptive 21st century, and invests in and for future generations. Buninyong & District **Community Bank**[®] Branch is proof that it is possible for business to act in the best interests of society and stakeholders.

Youth, Environment, Society (YES)

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.

Financial year 2018 sees a record level of community investment by Buninyong & District Financial Services Limited. More than \$184,000 from before tax operating profits and \$36,300 from our Community Enterprise Foundation[™] funds for a 2017/18 financial year total in excess of \$220,000, and around \$660,000 cumulatively.

Youth and Children remains the principle focus area of our community investment, and we continue to be stimulated and encouraged by the energy and enthusiasm shown by our young people. What better way to build a strong community than to do it through investing in our youth?

We know our previous investments have had positive impacts, stimulating investment and well-being in our communities, countering social fragmentation and helping to build social cohesion. Through our Community Investment Strategy, we can help create the stronger and more resilient communities we all yearn for in this disrupted world.



Youth

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

2011 2012 2013 2014 2015 2016 2017 2018

Ballarat Blue Light								
Ballarat High School								
Ballarat Legacy Club								
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 preserve it for the future

2011 2012 2013 2014 2015 2016 2017 2018

Berringa/Staffordshire Reef Community Project								
Blue Mountains Bushfire Appeal								
Buninyong Boomerang Bags								
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 2018

Ballarat & District Veterans Golf								
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								
Buninyong Soccer Club								
Buninyong Ute Show								
Cape Clear Recreation Reserve								
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 (Hockey)								

Bendigo Bank created Community Bank® at Rupanyip-Minyip in 1998, addressing the erosion in small communities occurring with the rationalisation of services by large corporates. Today, 313 locally owned Community Bank® nationwide have returned more than \$200m 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 2018

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 Resigned - 23 Jan 2018	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
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' report (continued)

Directors' meetings

Attendances by each Director during the year were as follows:

Director	Board meetings		Audit committee meetings	
	A	B	A	B
Richard McDowell	10	9	N/A	N/A
Steve Falconer	10	9	1	1
Ron Delaland	10	9	N/A	N/A
Garry Trotter	10	6	N/A	N/A
Amber Balazic	10	7	1	1
Ian Corcoran	10	9	N/A	N/A
Neil Blanchard	4	4	1	1
Lydia Mzondo	10	10	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 Australia to study at Federation University in 2007 and joined Telstra until 2017. Lydia is currently employed with IBM as a Service Delivery Manager.

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. During the year ended 30 June 2018, a decision was made to re-build and expand the Community House, with works expected to commence in the 2019 year.

There has been no other 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 \$87,181 (2017 profit: \$22,472), which is a 288% increase as compared with the previous year.

The net assets of the company have increased to \$572,540 (2017: \$519,951).

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 2017. A fully franked dividend of 7 cents per share has been declared for the year ended 30 June 2018 and will be paid during the year ending 30 June 2019 from the dividend reserve.

Directors' report (continued)

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 11** 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.

Directors' report (continued)

Remuneration report (continued)

Remuneration benefits and payments

Director Amber Balazic received \$5,760 (2017: \$5,760) in relation to her role as Company Bookkeeper for the year ended 30 June 2018.

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 2017	Net change in holdings	Balance at 30 June 2018
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 (resigned)	2,701	-	2,701
Lydia Mzondo	-	-	-

Signed in accordance with a resolution of the Board of Directors on 8th of October 2018.



Richard McDowell
Chairman

Auditor's independence declaration

MOR Accountants

Formerly – Molloy, Orr and Ronan



Chartered Accountants

Ballarat

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Ballarat Vic 3350
Telephone: (03) 5333 3202
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Melbourne

By Appointment
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40 City Road, Southgate Vic 3006
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406 Dana Street, Ballarat Vic 3350
Email: info@mor.net.au
www.mor.net.au

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 2018, 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.

D. G. Abbott
Partner
MOR Accountants, Ballarat
Dated: 8/10/18

Liability limited by a scheme approved under Professional Standards Legislation

Partners & Directors D.J. Molloy CA | G.L. Orr CA | N.G. Ronan CA | P.R. Hansen CA | J.A. Edgar CA
P.A. White CA | D.G. Abbott CA | S.R. Cartledge CA | S.R. Corbett CA



Financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Revenue	2	1,079,784	975,245
Expenses			
Employee benefits expense	3	(462,369)	(399,109)
Depreciation and amortisation expense	3	(31,600)	(32,177)
Finance Costs		(668)	(918)
Administration & General Costs	3	(126,210)	(102,185)
Bad and doubtful debts expense		(200)	(482)
Information Technology Costs	3	(36,336)	(35,969)
Occupancy - Banking	3	(60,506)	(61,407)
Occupancy - Community House	3	(17,878)	(3,194)
ATM Expense	3	(31,147)	(31,598)
Impairment Expense	7	-	(150,258)
Operating profit/(loss) before charitable donations & sponsorships		312,870	157,949
Charitable donations and sponsorships	3	(184,663)	(67,600)
Profit/(loss) before income tax expense		128,207	90,349
Income Tax expense / (benefit)	4	41,026	67,877
Profit/(loss) for the year		87,181	22,472
Other comprehensive income		-	-
Total comprehensive income for the year		87,181	22,472
Profit/(loss) attributable to members of the company		87,181	22,472
Total comprehensive income attributable to members of the company		87,181	22,472
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	16	12.60	3.25
- diluted for profit / (loss) for the year	16	12.60	3.25

The accompanying notes form part of these financial statements.

Financial statements (continued)

Balance Sheet as at 30 June 2018

	Notes	2018 \$	2017 \$
Assets			
Current Assets			
Cash and cash equivalents	5	426,432	340,387
Trade and other receivables	6	107,668	94,233
Current Tax Refundable	4	-	-
Total Current Assets		<u>534,100</u>	<u>434,620</u>
Non-Current Assets			
Property, plant and equipment	7	222,232	238,216
Deferred tax asset	4	18,173	13,248
Intangible assets	8	30,904	44,515
Total Non-Current Assets		<u>271,309</u>	<u>295,979</u>
Total Assets		<u>805,409</u>	<u>730,600</u>
Liabilities			
Current Liabilities			
Trade and other payables	9	65,778	59,921
Current Tax Payable	4	80,166	54,778
Borrowings	10	10,151	4,938
Provisions	11	50,938	24,611
Total Current Liabilities		<u>207,033</u>	<u>144,248</u>
Non-Current Liabilities			
Borrowings	10	-	10,151
Provisions	11	10,864	26,305
Other Payables	9	14,972	29,945
Total Non-Current Liabilities		<u>25,836</u>	<u>66,401</u>
Total Liabilities		<u>232,869</u>	<u>210,649</u>
Net Assets / (Liabilities)		<u>572,540</u>	<u>519,951</u>
Equity			
Issued capital	12	679,441	679,441
Reserves	14	52,589	-
Retained earnings / (accumulated losses)	13	(159,490)	(159,490)
Total Equity		<u>572,540</u>	<u>519,951</u>

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Changes in Equity for the year ended 30 June 2018

		Issued Capital \$	Dividend Reserve \$	Accumulated Losses \$	Total Equity \$
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
Balance at 1 July 2017		679,441		(159,490)	519,951
Total comprehensive income for the year		-	87,181	-	87,181
Dividends paid or provided	22	-	(34,592)	-	(34,592)
Balance at 30 June 2018		679,441	52,589	(159,490)	572,540

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Cash Flows From Operating Activities			
Receipts from clients		1,167,310	1,054,212
Payments to suppliers and employees		(1,014,609)	(847,027)
Interest received		6,246	2,117
Interest paid		(668)	(918)
Income tax (paid) / refunded		(20,564)	(13,590)
Net cash flows from/(used in) operating activities	15b	<u>137,715</u>	<u>194,795</u>
Cash Flows From Investing Activities			
Payments for intangible assets		(13,611)	(13,611)
Purchase of property, plant & equipment		(2,006)	-
Net cash flows from/(used in) investing activities		<u>(15,617)</u>	<u>(13,611)</u>
Cash Flows From Financing Activities			
Proceeds from Borrowings		-	-
Repayment of Borrowings		(4,938)	(4,689)
Dividends Paid		(31,115)	(34,563)
Net cash flows from/(used in) financing activities		<u>(36,053)</u>	<u>(39,251)</u>
Net increase/(decrease) in cash held		86,045	141,932
Cash and cash equivalents at start of year		340,387	198,455
Cash and cash equivalents at end of year	15a	<u>426,432</u>	<u>340,387</u>

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2018

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 the 8th of October 2018.

1. Summary of significant accounting policies

(a) Basis of preparation

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

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

Economic dependency

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

Notes to the financial statements (continued)

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

Deferred income tax assets and liabilities are 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.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(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.

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:

<i>Class of Asset</i>	<i>Rate</i>	<i>Method</i>
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.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(e) Leases (continued)

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 comparing the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with 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.

Notes to the financial statements (continued)

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 there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the assets carrying amount and the present value of estimated cash flows, discounted at the effective interest rate. The amount of the provision is recognised on profit or loss.

(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 measured at amortised cost. Any difference 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.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(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

Basic earnings per share

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

Notes to the financial statements (continued)

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.

Notes to the financial statements (continued)

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). (continued)

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

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

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

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

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

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

AASB 16:

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

Notes to the financial statements (continued)

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.

2. Revenue and other income

	2018 \$	2017 \$
Revenue		
- services commissions	1,053,633	971,010
	<u>1,053,633</u>	<u>971,010</u>
Other revenue		
- interest received	7,706	2,942
- other revenue	18,445	1,293
	<u>26,151</u>	<u>4,235</u>
Total Revenue	<u>1,079,784</u>	<u>975,245</u>

Notes to the financial statements (continued)

3. Expenses

Profit before income tax includes the following specific expenses:

Employee benefits expense

	2018 \$	2017 \$
- wages and salaries	398,446	346,143
- superannuation costs	37,579	32,251
- other costs	26,344	20,716
	<u>462,369</u>	<u>399,109</u>

Depreciation & amortisation

Depreciation of non-current assets:

- building improvements	-	924
- leasehold improvements	1,517	1,517
- plant and equipment	16,472	16,125

Amortisation of non-current assets:

- franchise fees	13,611	13,611
	<u>31,600</u>	<u>32,177</u>

Administration & General Costs:

- Accounting Fees	7,500	10,629
- Audit Fees	4,686	4,298
- Advertising & Marketing	18,390	13,502
- Bookkeeping Fees	5,760	5,760
- Cash Delivery	4,740	5,003
- Freight/Cartage/Delivery	5,186	8,908
- Insurance	18,820	16,332
- Printing / Stationery	8,923	9,680
- Telephone	3,649	4,536
- Other	48,556	23,537
	<u>126,210</u>	<u>102,185</u>

Information Technology Costs:

- IT Equipment Lease	15,094	15,118
- IT Running Costs	7,903	10,380
- IT Support Costs	13,339	10,471
	<u>36,336</u>	<u>35,969</u>

Occupancy Costs - Banking:

- Cleaning	5,657	6,351
- Electricity / Gas	5,692	5,819
- R&M - Buildings	1,842	708
- R&M - Furniture & Fittings	-	208
- Rent	36,911	36,191
- Rates	8,343	8,352
- Security Monitoring	2,062	3,778
	<u>60,506</u>	<u>61,407</u>

Occupancy Costs - Community House

- Electricity / Gas	337	542
- R&M - Buildings	16,084	1,345
- Rates	1,456	1,307
	<u>17,878</u>	<u>3,194</u>

Notes to the financial statements (continued)

3. Expenses (continued)

ATM:

	2018 \$	2017 \$
- Cash Delivery	6,451	6,375
- Leasing	7,035	7,946
- Consumables	39	-
- Maintenance	2,962	3,006
- Switching Fees	1,213	1,254
- Discrepancies	243	196
- Offsite Rent	13,204	12,820
	<u>31,147</u>	<u>31,598</u>

Charitable Donations & Sponsorships:

- Community Enterprise Foundation	47,727	-
- Federation University	15,500	15,807
- Buninyong Primary & Local District School	23,657	13,420
- Magic Moments Foundation	2,280	1,478
- Buninyong Film Festival	2,000	500
- Buninyong & District Tennis Association	3,000	3,000
- Various Sporting Clubs	26,873	7,214
- Other sponsorships & donations	63,626	26,181
	<u>184,663</u>	<u>67,600</u>

Auditors' remuneration

Remuneration of the auditor for:

- Audit or review of the financial report	4,686	4,298
- Taxation services	-	-
- Share registry services	-	-
	<u>4,686</u>	<u>4,298</u>

4. Tax Expense

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

- Current tax expense/(income)	45,952	70,432
- Deferred tax expense/(income) relating to the original and reversal of temporary differences	(4,926)	(2,930)
- Adjustment for change in Company tax rate	-	375
	<u>41,026</u>	<u>67,877</u>

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% (2017: 27.5%)	35,257	24,846
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Add tax effect of:

- Adjustments in respect of change in Company tax rate	-	375
- Non-deductible expenses	5,769	42,656
Current income tax expense	<u>41,026</u>	<u>67,877</u>

Income tax attributable to the entity

	<u>41,026</u>	<u>67,877</u>
The applicable weighted average effective tax rate is	32.00%	75.13%

Notes to the financial statements (continued)

4. Tax Expense (continued)

c. Current tax liability

Current tax relates to the following:

Current tax liabilities / (assets)

	2018	2017
	£	£
Opening balance	54,778	(2,064)
Income tax paid	(20,564)	(13,590)
Current tax	45,952	70,432
	<u>80,166</u>	<u>54,778</u>

d. Deferred tax asset / (liability)

Deferred tax relates to the following:

Deferred tax assets balance comprises:

	2018	2017
Unpaid Super	-	(15)
Accrued Audit Fee	942	856
Employee provisions	16,996	14,002
Property, plant & Equipment	920	-
	<u>18,858</u>	<u>14,843</u>

Deferred tax liabilities balance comprises:

	2018	2017
Accrued income	685	283
Property, plant & Equipment	-	1,312
	<u>685</u>	<u>1,595</u>

Net deferred tax asset / (liability)

	2018	2017
	<u>18,173</u>	<u>13,248</u>

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

	2018	2017
Decrease / (increase) in deferred tax assets	(4,015)	(836)
(Decrease) / increase in deferred tax liabilities	(910)	(1,719)
Decrease / (increase) due to change in Company tax rate	-	(375)
	<u>(4,925)</u>	<u>(2,930)</u>

5. Cash and cash equivalents

	2018	2017
Cash at bank and on hand	27,982	128,184
Sandhurst Select Mortgage Fund	398,450	212,204
	<u>426,432</u>	<u>340,387</u>

The effective interest rate on the Sandhurst Select Mortgage Fund was 2.5%; this investment has an average maturity of 90 Days

6. Trade and other receivables

Current

	2018	2017
Trade debtors	105,179	93,203
Interest receivable	2,489	1,030
	<u>107,668</u>	<u>94,233</u>

Notes to the financial statements (continued)

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			> 60 days	Not Past Due
			< 30 days	31-60 days	> 60 days		
2018							
Trade receivables	105,179	-	2,200	-	-	-	102,979
Other receivables	2,489	-	-	-	-	-	2,489
Total	107,668	-	2,200	-	-	-	105,468
2017							
Trade receivables	93,203	-	-	-	-	-	93,203
Other receivables	1,030	-	-	-	-	-	1,030
Total	94,233	-	-	-	-	-	94,233

7. Property, plant and equipment

Land and Buildings

	2018 \$	2017 \$
At cost	341,514	341,514
Less accumulated depreciation	(1,256)	(1,256)
Less Impairment	(150,258)	(150,258)
Total written down amount	190,000	190,000

Leasehold improvements

	2018 \$	2017 \$
At cost	22,742	22,742
Less accumulated depreciation	(11,984)	(10,467)
Total written down amount	10,758	12,275

Plant and equipment

	2018 \$	2017 \$
At cost	106,473	104,467
Less accumulated depreciation	(84,999)	(68,526)
Total written down amount	21,474	35,941

Total property, plant and equipment

	2018 \$	2017 \$
	222,232	238,216

Notes to the financial statements (continued)

7. Property, plant and equipment (continued)

Movements in carrying amounts

Land and Buildings

	2018 \$	2017 \$
Balance at the beginning of the reporting period	190,000	341,182
Additions	-	-
Disposals	-	-
Depreciation expense	-	(924)
Impairment expense	-	(150,258)
Balance at the end of the reporting period	190,000	190,000

Leasehold improvements

Balance at the beginning of the reporting period	12,275	13,792
Additions	-	-
Disposals	-	-
Depreciation expense	(1,517)	(1,517)
Balance at the end of the reporting period	10,758	12,275

Plant and equipment

Balance at the beginning of the reporting period	35,941	52,065
Additions	2,006	-
Disposals	-	-
Depreciation expense	(16,473)	(16,124)
Balance at the end of the reporting period	21,474	35,941
	222,232	238,216

8. Intangible assets

Franchise Fee

At cost	68,056	68,056
Less accumulated amortisation	(37,152)	(23,541)
	30,904	44,515

Movements in carrying amounts

Intangible assets

Balance at the beginning of the reporting period	44,515	58,127
Additions	-	-
Disposals	-	-
Amortisation expense	(13,611)	(13,611)
Balance at the end of the reporting period	30,904	44,515

Notes to the financial statements (continued)

9. Trade and other payables	2018 \$	2017 \$
Current		
Unsecured liabilities:		
Trade creditors	17,540	13,287
Other creditors and accruals	48,238	46,635
	<u>65,778</u>	<u>59,921</u>
Non-Current		
Unsecured liabilities:		
Other creditors and accruals	14,972	29,945
	<u>14,972</u>	<u>29,945</u>

10. Borrowings

Current		
Secured liabilities		
Bank loan	10,151	4,938
	<u>10,151</u>	<u>4,938</u>
Non-current		
Secured liabilities		
Bank loan	-	10,151
	<u>-</u>	<u>10,151</u>

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.

11. Provisions

Employee benefits	61,802	50,916
	<u>61,802</u>	<u>50,916</u>
Movement in employee benefits		
Opening balance	50,916	45,232
Additional provisions recognised	38,188	30,343
Amounts utilised during the year	(27,302)	(24,660)
Closing balance	<u>61,802</u>	<u>50,916</u>
Current		
Annual Leave	28,001	24,611
Long Service Leave	22,937	-
	<u>50,938</u>	<u>24,611</u>
Non-Current		
Annual Leave	-	-
Long Service Leave	10,864	26,305
	<u>10,864</u>	<u>26,305</u>
Total Provisions	<u>61,802</u>	<u>50,916</u>

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)
	<u>679,441</u>	<u>679,441</u>

Notes to the financial statements (continued)

12. Share capital (continued)

Movements in share capital	2018	2017
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	<u>691,670</u>	<u>691,670</u>

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

Capital management

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 2018 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.

13. Retained earnings / (accumulated losses)	2018 \$	2017 \$
a. Retained earnings / (accumulated losses)		
Balance at the beginning of the reporting period	(159,490)	(147,370)
Dividends provided for or paid	-	(34,592)
Profit/(loss) after income tax	87,181	22,472
Amounts transferred to reserves	<u>(87,181)</u>	<u>-</u>
Balance at the end of the reporting period	<u>(159,490)</u>	<u>(159,490)</u>

14. Reserves

a. Dividend profits reserve

Balance at the beginning of the reporting period	-	-
Dividends provided for or paid	(34,592)	-
Amounts transferred to current year profits	<u>87,181</u>	<u>-</u>
Balance at the end of the reporting period	<u>52,589</u>	<u>-</u>

During the year, the Board of Directors resolved that the current year profits were not to be offset against accumulated losses, but were to be appropriated to a Dividend profit reserve. This reserve may be made available in subsequent years for further payments of dividends to shareholders.

Notes to the financial statements (continued)

15. 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

	2018 \$	2017 \$
As per the statement of financial position	426,432	340,387
As per the statement of cash flow	<u>426,432</u>	<u>340,387</u>

(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities

Profit / (loss) after income tax	87,181	22,472
Non cash items		
- Depreciation	17,989	18,566
- Amortisation	13,611	13,611
- Impairment	-	150,258
Changes in assets and liabilities		
- (Increase) decrease in receivables	(13,435)	(473)
- (Increase) decrease in deferred tax asset	(4,925)	(2,556)
- (Increase) decrease in income tax provision	25,388	56,842
- Increase (decrease) in payables	1,020	(69,608)
- Increase (decrease) in provisions	10,886	5,684
Net cash flows from/(used in) operating activities	<u>137,715</u>	<u>194,796</u>

16. Earnings per share

Basic earnings per share (cents)	12.60	3.25
Earnings used in calculating basic and diluted earnings per share	<u>87,181</u>	<u>22,472</u>
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>691,838</u>	<u>691,838</u>

17. 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 (2017: \$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.

Notes to the financial statements (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:

	2018	2017
RICHARD MCDOWELL	1,500	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
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.

18. Events after the reporting period

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

19. Contingent liabilities and contingent assets

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

20. 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 (2017: 100%).

21. Commitments

Operating lease commitments

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

	2018	2017
	\$	\$
Payable:		
- no later than 12 months	37,612	36,911
- between 12 months and five years	48,583	84,588
- 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.

Notes to the financial statements (continued)

22. 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

23. Dividends paid or provided for on ordinary shares

	2018 \$	2017 \$
Dividend paid:		
Final ordinary dividend of 5 cents per share (2017: 5 cents)	34,592	34,592
Dividend proposed and not yet recognised as a liability:		
Final ordinary dividend of 7 cents per share (2017: 5 cents)	48,429	34,592

24. Community Enterprise Foundation™

Consistent with prior practice, during the period the company allocated pre-tax funds to the Community Enterprise Foundation™ (CEF), the philanthropic arm of the Bendigo and Adelaide Bank Group. This allocation is included in **charitable donations and sponsorships** expenditure delineated in the **Statement of Profit or Loss and Other Comprehensive Income**.

The funds allocated are held by the CEF in trust and are available for future distribution as grants to eligible applicants.

	2018 \$	2017 \$
Opening Balance	35,354	9,869
Contributions	55,000	66,000
Interest	693	1,088
GST transfers, net	(2,765)	(3,741)
Management fees	(2,499)	(3,000)
Grants paid to eligible recipients	(36,342)	(34,862)
Balance available for future distributions	49,441	35,354

Notes to the financial statements (continued)

25. 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.

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	2018 \$	2017 \$
Financial assets			
Cash and cash equivalents	5	426,432	340,387
Trade and other receivables	6	107,668	94,233
Total financial assets		<u>534,100</u>	<u>434,620</u>
Financial liabilities			
Trade and other payables	9	65,778	59,921
Borrowings	10	10,151	15,089
Total financial liabilities		<u>75,929</u>	<u>75,010</u>

(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.

Trade debtors of the company totalling \$2,200 are past due (2017: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary.

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

Notes to the financial statements (continued)

25. Financial risk management (continued)

(b) Liquidity risk

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

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

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

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

Financial liability and financial asset maturity analysis:

		Weighted average interest rate %	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
30 June 2018	Note					
Financial assets						
Cash & cash equivalents	5	1.26%	426,432	426,432	-	-
Trade and other receivables	6	0.00%	107,668	107,668	-	-
Total anticipated inflows			<u>534,100</u>	<u>534,100</u>	<u>-</u>	<u>-</u>
Financial liabilities						
Trade and other payables	9	0.00%	80,750	65,778	14,972	-
Loans and borrowings	10	5.20%	10,151	10,151	-	-
Total expected outflows			<u>90,901</u>	<u>75,929</u>	<u>14,972</u>	<u>-</u>
Net (outflow)inflow on financial instruments			<u>443,199</u>	<u>458,171</u>	<u>(14,972)</u>	<u>-</u>
		Weighted average interest rate %	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
30 June 2017	Note					
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			<u>434,620</u>	<u>434,620</u>	<u>-</u>	<u>-</u>
Financial liabilities						
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			<u>104,955</u>	<u>64,859</u>	<u>40,095</u>	<u>-</u>
Net (outflow) / inflow on financial instruments			<u>329,666</u>	<u>369,761</u>	<u>(40,095)</u>	<u>-</u>

Notes to the financial statements (continued)

25. 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 2018		
+/- 1% in interest rates (interest income)	4,219	3,058
	<u>4,219</u>	<u>3,058</u>
Year ended 30 June 2017		
+/- 1% in interest rates (interest income)	3,404	2,383
	<u>3,404</u>	<u>2,383</u>

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.

(d) Price risk (continued)

Note	2018		2017	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair value \$
Financial assets				
Cash and cash equivalents (i)	426,432	426,432	340,387	340,387
Trade and other receivables (i)	107,668	107,668	94,233	94,233
Total financial assets	<u>534,100</u>	<u>534,100</u>	<u>434,620</u>	<u>434,620</u>
Financial liabilities				
Trade and other payables (i)	65,778	65,778	59,921	59,921
Loans and borrowings	10,151	10,151	15,089	15,089
Total financial liabilities	<u>75,929</u>	<u>75,929</u>	<u>75,010</u>	<u>75,010</u>

(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 12 and 37 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 2018 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 8th of October 2018

Independent audit report

MOR Accountants
Formerly – Molloy, Orr and Ronan



Chartered Accountants

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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 2018, 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 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 2018 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.

Liability limited by a scheme approved under Professional Standards Legislation

Partners & Directors D.J. Molloy CA | G.L. Orr CA | N.G. Ronan CA | P.R. Hansen CA | J.A. Edgar CA
P.A. White CA | D.G. Abbott CA | S.R. Cartledge CA | S.R. Corbett CA



CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

Independent audit report (continued)

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: 8/10/18

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