Annual Report 2016

Canungra & District Community Financial Group Limited

ABN 14 608 466 628

Canungra & District **Community Bank**® Branch

Contents

Chairperson's report

For year ending 30 June 2016

After a long campaign spanning just over three years from the first meeting of the Canungra & District **Community Bank**® Project Steering Committee, the last 12 months has been an eventful time for the Project.

In September 2015, we formed the Canungra & District Community Financial Group Limited and inducted our inaugural Directors in to their roles on the Board. With the official launch of the Prospectus in January 2016, the Board and supporters began the task of raising the share capital. We got off to a flying start with over $150,000 raised on the launch night, but things slowed a little and we were faced with the need to lodge a Supplementary Prospectus to get our project over the line. We came together as a community and met then exceeded the minimum requirements to open our very own **Community Bank**® branch.

Our company, Canungra & District Community Financial Group Limited will operate the franchise of the Canungra & District **Community Bank**® Branch and at the conclusion of the financial year we had allotted $832,650 of shares to our inaugural shareholders. Each of which has a connection to the Canungra & District community and shares the vision of seeing our district prosper under the **Community Bank**® model.

As the financial year drew to a close, work began on our branch site. I would like to extend our thanks to our landlord, Jaykai Pty Ltd for their patience as we raised the capital required and also for the foundation work they have undertaken to give our branch a prominent main street presence.

The Board of the Canungra & District Community Financial Group Limited comprises 10 community- orientated individuals who have worked tirelessly to make the Canungra & District **Community Bank**® Branch a reality and at times 'Thank You' doesn't seem enough. I also want to thank and express how grateful I am for the members of the Steering Committee that spent hours outside of Foodworks, the newsagency, at local community events, speaking to local community groups and spreading the word about the benefits that a **Community Bank**® branch would bring to our district.

My thanks and gratitude also goes to Keer Moriarty who opened the Bendigo Bank agency in a small corner of her office back in April 2014. This has been pivotal in increasing awareness throughout the town and enabling our business to grow and for our community to access Bendigo Bank banking services without having to travel.

And finally, to everyone that lives and works in the Canungra & District community, your support for the project from the beginning has been fantastic and on behalf of the Board, we extend a sincere thank you.

Without the dedication and commitment of everyone, we wouldn't be where we are today.

I urge you to continue to support the branch when it opens and encourage your family members and friends to do the same. Together over the coming years the community will benefit from the hard work and time that these volunteers have given to ensure that our communities grow and prosper.

Sincerely,

Janine Rockliff
Chairperson

Directors' report

For the financial year ended 30 June 2016

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

Directors

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

Ms Janine Rockliff
Chairperson
Janine holds a Bachelor of Business (Property Studies) and is a Certified Practising Valuer registered in Queensland, an Associate of the Australian Property Institute and has worked as a property valuer in both the public and private sectors over the past 14 years. Janine was the Chairperson of the Canungra & District **Community Bank**® Project Steering Committee and is an active member in the Chamber of Commerce and a member of the Sports & Recreation Association.
Special responsibilities:
HR/Staff Committee
Interest in shares: 1

Ms Leigh Bartlett
Deputy Chair
Leigh is currently employed as a Human Resources/ Payroll professional business consultant with extensive experience with Award Interpretation, Change Management, Performance Management, Stakeholder Engagement, Organisational Management and Governance.
Leigh is an active member of the community and is currently Group Leader Canungra Scout Group.
Special responsibilities:
HR/Staff Committee (Chair)
Interest in shares: 1

Dr Peter Clark
Secretary
Peter holds a Bachelor of Science (University of Queensland), Ph.D. (Indiana University) and M.B.A. (University of Queensland). Peter originally trained and worked as a research scientist at various universities in the USA and Australia. Peter has experience in researching and teaching business principles at University level, working as a business consultant, Director of a number of start-up companies. Peter has also been employed as the Executive Director of an ASX listed public company for 10 years responsible for business planning, IP management, capital raising, finance, government grant applications, prospectuses, negotiations, product development etc. More recently, Peter was the Manager Research Services at Central Queensland University. Peter is now retired and is the President of the Beechmont Tennis Club and an active member of the Beechmont Area Progress Association and the Beechmont Recreation Arts and Sports Association.
Special responsibilities:
Governance Audit & Finance Committee (Chair)
Interest in shares: 1

Directors (continued)

Mr David Baker
Director
David holds a Bachelor of Engineering (Civil) degree, and a Bachelor of Business (Accounting) degree. David is currently self-employed as an accountant with over 30 years' experience in this field. David is a long term resident of Wonglepong where he and his partner are raising 4 children who all have attended Canungra State School. David is the former Treasurer & Registrar of Canungra Owls Soccer Club Inc.
Special responsibilities:
Governance Audit & Finance Committee
Interest in shares: 1

Mr Kenneth Hill
Director
Ken is a qualified carpenter, Level 2 coach/
instructor and coach driver. Ken is the current President of the Qld Hanggliding Association and Vice President of the Canungra Hanggliding Club. Ken and his family has lived in Canungra since 1990 and has good community involvement with a number of the sporting clubs within Canungra whilst raising his 2 teenage children.
Special responsibilities:
Marketing, Community Investments & Business
Development Committee
Interest in shares: 1

Ms Fiona Davidson
Director
Fiona currently owns a number of businesses based on the Gold Coast specialising in screen printing, trophy and embroidery services. Previously Fiona owned a number of successful start-up businesses and is experienced with marketing and promotion, branding, and advertising. A relatively new member of the Canungra community, Fiona has strong ties to a number of community groups and organisations within the area through her business.
Special responsibilities:
Marketing, Community Investments & Business
Development Committee (Chair)
Interest in shares: 1

Mr Andrew Covino
Director
Andrew is an established businessman operating multiple businesses in South East Qld and current owner of a local café since 2006. During this time, he sponsored and supported many events and local organisations. Andrew is a foundation member of the Canungra Chamber of Commerce as well as the Canungra & District **Community Bank**® Project Steering Committee. Andrew is also member of a local junior football club where he coaches an under 8's Football side.
Special responsibilities:
Marketing, Community Investments & Business
Development Committee
Interest in shares: 1

Directors' report (continued)

Directors (continued)

Mr Shane Stevenson
Director
Shane has a diverse background and has previously worked in multi-national company as Senior Manager for 14 years; retired Army Officer (14 years); former School Teacher (3 years) and is now a part owner of the Newsagency within Canungra (3.5 years). Shane has a broad range of skills including small business management; good verbal and written communication skills; negotiating skills; fluent in three languages; leadership skills. Over recent years, Shane has been involved in a number of community groups including: Chairperson Canungra Bowls Club; former President Canungra Chamber of Commerce; former Treasurer Canungra Area Golf Club; Treasurer of the Canungra Chamber of Commerce.
Special responsibilities:
Marketing, Community Investments & Business
Development Committee
Interest in shares: 1

Mr Terry Watkins
Director
Terry was formerly a Telstra/Telecom linesman, primary producer, and member of the armed forces. Terry currently owns and operates a service station within the catchment area of the Canungra district. Terry is involved in a number of community groups and is currently 1st Officer Tamborine Rural Fire Brigade.
Special responsibilities:
Governance Audit & Finance Committee
Interest in shares: 1

Mr (Leslie) John Fortescue
Director
John is an electronics technician and current owner of a local Bed and Breakfast. John and his wife have built the business from the ground up and are now actively involved in a number of local community groups and events throughout the year. John has been a resident in the area since 2000 and is currently a member of the Canungra Chamber of Commerce.
Special responsibilities:
Governance Audit & Finance Committee
Interest in shares: 1

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

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

Company Secretary

The Company Secretary is Peter Clark. Peter was appointed to the position of secretary on 28 September 2015.

Principal activities

The company incorporated on the 28 September 2015. The only trading activity during the period was expenditure incurred in preparing for an equity raising through the company's prospectus, which was completed in the 2017 financial year.

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

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

Operating results

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

Year ended 30 June 2016 $
(6,342)

Remuneration report

No Directors receives remuneration for services as a company Director or Committee Member.

There are no employees who are directly accountable and have responsibility for the strategic direction and operational management of the entity.

There are therefore no specified Executives whose remuneration requires disclosure.

Dividends

No dividends were declared or paid for the previous year and the Directors recommend that no dividend be paid for the current year.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

During the year the company was successful in its capital raising endeavours, such that the minimum amount of subscriptions, per the prospectus released to market, was exceeded and the company raised $813,650.

On 7 July 2016 the ordinary shares from the above capital raising were issued, together with shares from the conversion of the related party loans. In total 832,650 shares were allotted.

Following the capital raising and allotment of shares, under the franchise agreement the company notified Bendigo and Adelaide Bank Limited of the changes and as such, Bendigo and Adelaide Bank Limited will invoice the costs payable as per the franchise agreement.

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

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

Indemnification and insurance of Directors and Officers

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

Indemnification and Insurance of Directors and Officers (continued)

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

Directors' meetings

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

	Board meetings attended	
	Eligible	Attended
Ms Janine Rockliff	19	19
Ms Leigh Bartlett	19	16
Dr Peter Clark	19	15
Mr David Baker	19	19
Mr Kenneth Hill	19	16
Ms Fiona Davidson	19	17
Mr Andrew Covino	19	16
Mr Shane Stevenson	19	18
Mr Terry Watkins	19	19
Mr Leslie Fortescue	19	17

Non audit services

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

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

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

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

Directors' report (continued)

Auditors' independence declaration

A copy of the Auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 9.

Signed in accordance with a resolution of the Board of Directors at Canungra, Queensland on: 29 August 2016.

Janine Rockliff
Chairperson

Auditor's independence declaration

mgi
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AUDITOR'S INDEPENDENCE DECLARATION
UNDER S307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF CANUNGRA & DISTRICT COMMUNITY FINANCIAL GROUP LTD

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016 there have been no contraventions of:

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

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

M.G.I

MGI Audit (Q) Pty Ltd

Graeme Kent
Director

Brisbane

29 August 2016

Financial statements

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

	Notes	2016 $
Revenue		-
General administration expenses	4	(6,342)
Loss before income tax credit		(6,342)
Income tax		-
Loss after income tax		**(6,342)**
Other comprehensive income for the year		-
Total comprehensive income for the year		**(6,342)**
Earnings per share		
- basic earnings per share for the period	12	(634)
- diluted earnings per share for the period	12	(634)

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2016

	Notes	2016 $
Assets		
Current assets		
Cash and cash equivalents	5	813,795
Trade and other receivables	6	-
Other assets	7	24,648
Total current assets		**838,443**
Non-current assets		-
Total non-current assets		**-**
Total assets		**838,443**
Liabilities		
Current liabilities		
Trade and other creditors		12,125
Share applications received		813,650
Related party loans	8	19,000
Total current liabilities		**844,775**
Non current liabilities		-
Total non current liabilities		**-**
Total liabilities		**844,775**
Net assets		**(6,332)**
Equity		
Issued capital	9	10
Accumulated losses	10	(6,342)
Total equity		**(6,332)**

The accompanying notes form part of these financial statements.

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

	Issued capital $	Accumulated losses $	Total equity $
Balance at 28 September 2015	**-**	**-**	**-**
Total comprehensive income for the period	**-**	**(6,342)**	**(6,342)**
Transactions with owners in their capacity as owners:			
Shares issued during period	10	-	10
Balance at 30 June 2016	**10**	**(6,342)**	**(6,332)**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2016

	Notes	2016 $
Cash flows from operating activities		
Payments to suppliers and employees		(3,217)
Net cash used in operating activities	**11**	**(3,217)**
Cash flows from investing activities		**-**
Net cash used in investing activities		**-**
Cash flows from financing activities		
Proceeds from issues of shares		813,660
Payment for equity raising costs		(15,648)
Proceeds from related party borrowings		19,000
Net cash provided by financing activities		**817,012**
Net increase in cash held		**813,795**
Cash and cash equivalents at the beginning of the financial period		-
Cash and cash equivalents at the end of the financial period	**5(a)**	**813,795**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2016

Note 1. Summary of significant accounting policies

a) Basis of preparation

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

Compliance with IFRS

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

Critical accounting estimates

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

Historical cost convention

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

Adoption of new and amended accounting standards

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2015 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The company has decided not to early adopt these Standards

Significant accounting policies

The financial statements have been prepared on an accruals basis and are based on historic costs unless otherwise stated in the notes, and prepared in accordance with the significant accounting policies disclosed below.

b) Going concern

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**® branch at Canungra, Queensland. This agreement is subject to the successful raising of equity that occurred after the balance date - refer note 15.

The branch is intended to operate 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 will manage the **Community Bank**® branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank**® branch are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

b) Going concern (continued)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

All deposits will be 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 will provide significant assistance in establishing and maintaining the **Community Bank**® branch franchise operations, subject to the completion of all clauses being met in the franchise agreement. It also plans to continue to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

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

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business.

As at the reporting date, current liabilities exceed current assets by $6,332 and total liabilities also exceeded total assets by $6,332. Notwithstanding this, the Directors have determined that the financial report should be prepared on a going concern basis for the following reasons:

- During the year, the company released a prospectus for the raising of equity up to a maximum value of $790,000. At reporting date, the capital raising was succesful in exceeding the minimum subscription amount, to raise $813,650. Subequent to the year end on 7 July 2016, 832 650 ordinary shares were allotted for both the cash raised from the prospectus and the related party loans which were converted to share capital.
- The company continues to receive the support of all its related party financers, who have financially supported the company during the equity raising.

Having regard to these factors, the Directors are of the opinion that the basis upon which the accounts are presented is appropriate in the circumstances. Accordingly, no adjustments have been made relating to the recoverability and classification of recorded assets amounts and classification of liabilities that might be necessary should the entity not continue as a going concern

c) Cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

d) Trade receivables and payables

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

e) Contributed equity

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

At the reporting date, transaction costs incurred during the period from the capital raising are recognised in prepayments, as the completion of the equity raising was not finalised until after the reporting date (7 July 2016).

f) Earnings per share

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

g) Goods and Services Tax

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

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

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

h) 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 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 directly to equity instead of profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Note 1. Summary of significant accounting policies (continued)

h) Income tax (continued)

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the Group in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

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.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

No income tax is payable by the company as it has incurred tax losses for the period brought to account for income tax purposes.

i) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the financial instrument. For financial assets, this is equivalent to the date that the entity commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss” in which case transaction costs are recognised as expenses in profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less repayments made and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Note 1. Summary of significant accounting policies (continued)

i) Financial instruments (continued)

Classification and subsequent measurement (continued)

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The company does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

i. Financial assets at fair value through profit or loss

   Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

ii. Loans and receivables

   Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

iii. Held-to-maturity investments

   Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

iv. Available-for-sale investments

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

   They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

   Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

v. Financial liabilities

   Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Note 1. Summary of significant accounting policies (continued)

i) Financial instruments (continued)

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a “loss event”) having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if the Directors establish that the carrying amount cannot be recovered by any means, at that point the anticipated loss is charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss event that has occurred is duly considered.

Financial guarantees

Where material, financial guarantees issued that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due are recognised as financial liabilities at fair value on initial recognition.

The fair value of financial guarantee contracts is assessed using the probability-weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting during the next reporting period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposure if the guaranteed party were to default.

Financial guarantees are subsequently measured at the higher of the best estimate of the obligation in accordance with AASB 137: Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

Note 1. Summary of significant accounting policies (continued)

i) Financial instruments (continued)

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Note 2. Significant events and transactions

The company was incorporated on 28 September 2015. During the period, the company prepared a prospectus for the raising of equity. The company incurred expenditure on transaction costs required to prepare the prospectus to attract potential investors. The equity raising offer opened on 4 January 2016 and after supplementary prospectus was successful in meeting the minimum subscription on 25 May 2016. The Shares were be issued subsequent to the year end on 7 July 2016.

As a result of the equity raising being finalised after the reporting date, transaction costs incurred in raising equity have been recognised in prepayments at 30 June 2016. These transaction costs will be recognised against the equity raised in the statement of changes in equity, once the equity raising is complete and new shares are issued. The transactions costs during the year were financed by related party loans.

Note 3. Critical accounting estimates and judgements

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

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. No critical accounting estimates or judgements were made during the period.

Note 4. General administration expenses

	2016 $
Auditing fees	4,500
BAS Agent fees	750
Hire of meeting room	300
Postage	355
Uniforms	437
	6,342

	2016 $

Note 5. Cash and cash equivalents

Cash at bank and on hand	813,795
	813,795
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:	
(a) Reconciliation of cash	
Cash at bank and on hand	813,795
	813,795

Note 6. Trade and other receivables

GST Receivable	-
	-

Note 7. Other assets

Prepayments - equity raising expenses	24,648
	24,648

Note 8. Director and related party transactions

Current:	
Related party loans payable	**19,000**
Non-current:	**-**

The related party loans are non-interest bearing with no fixed repayment terms. Subsequent to the year end, the related party loans were converted to share capital on 7 July 2016.

During the financial year the company appointed Director David Baker as its BAS agent. The company made payments totalling $750 to Mr Baker for BAS agent fees, of which $125 is included in Trade and

Other Creditors at the reporting date. The payments were made on normal commercial terms.

	2016 No

Note 9. Contributed equity

10 Ordinary shares fully paid	10
Less: equity raising expenses	-
	10

Note 9. Contributed equity (continued)

Equity raising expenses have been recognised in prepayments at the reporting date, as the completion of the equity raising was not finalised until after the year end.

Rights attached to shares

(a) Voting rights

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

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

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

(b) Dividends

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

(c) Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the Board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 160. As at the date of this report, the company had 178 shareholders.

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

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

Note 9. Contributed equity (continued)

Prohibited shareholding interest (continued)

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

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

	2016 $

Note 10. Accumulated losses

Balance at the beginning of the financial period	-
Net loss from ordinary activities after income tax	(6,342)
Balance at the end of the financial period	**(6,342)**

Note 11. Statement of cash flows

Reconciliation of loss from ordinary activities after tax to net cash used in operating activities

Loss from ordinary activities after income tax	(6,342)
Non cash items:	-
Changes in assets and liabilities:	
- increase in payables	3,125
Net cash flows used in operating activities	**(3,217)**

Note 12. Earnings per share

(a) Loss attributable to the ordinary equity holders of the company used in calculating earnings per share	(6,342)

	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	10

	2016 $

Note 13. Auditor's remuneration

Remuneration of the Auditor is as follows:

External audit of the financial statements	3,000
Review of the half-year financial statements	1,500
Total Auditor's remuneration	**4,500**

Note 14. Financial instruments

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

Financial instrument	Floating interest	Fixed interest rate maturing in			Non interest bearing	Weighted average %
		1 year or less	Over 1 to 5 years	Over 5 years		
Financial assets						
Cash and cash equivalents	-	-	-	-	813,795	N/A
Receivables	-	-	-	-	24,648	N/A
Financial liabilities						
Payables	-	-	-	-	12,125	N/A

Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the balance sheet.

The company does not have any unrecognised financial instruments at the year end.

Credit risk

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

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

Interest rate risk

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

Notes to the financial statements (continued)

Note 15. Events occurring after the balance sheet date

During the year the company was successful in its capital raising endeavours, such that the minimum amount of subscriptions, per the prospectus released to market, was exceeded and the company raised $813,650.

On 7 July 2016 the ordinary shares from the above capital raising were issued, together with shares from the conversion of the related party loans. In total 832,650 shares were allotted.

Following the capital raising and allotment of shares, under the franchise agreement the company notified Bendigo and Adelaide Bank Limited of the changes and as such, Bendigo and Adelaide Bank Limited will invoice the costs payable as per the franchise agreement.

Except for the above events, there have been no other events after the end of the financial year that would materially affect the financial statements.

Note 16. Contingent liabilities

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

Note 17. Segment reporting

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

Note 18. Registered office/principal place of business

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

Principal place of business

44 Christie Street
Canungra QLD 4275

Directors' declaration

In accordance with a resolution of the Directors of Canungra and District Community Financial Group Limited, we declare that:

1. the financial statements and notes set out on pages 10 to 25 are in accordance with the Corporations Act 2001 and;
   - (a) comply with the Australian Accounting Standards, which, as stated in accounts policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
   - (b) give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date; and
2. in the Director's 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.

JRockliff

Ms Janine Rockliff
Chairperson

Signed on the 29 August 2016

Independent audit report

accountants + auditors

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANUNGRA & DISTRICT COMMUNITY FINANCIAL GROUP LTD

Report on the Financial Report

We have audited the accompanying financial report of Canungra & District Community Financial Group Ltd, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

Auditor's Opinion

In our opinion:

a) the financial report of Canungra & District Community Financial Group Ltd is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

M.G.I

MGI Audit (Q) Pty Ltd

Graeme

Graeme Kent
Director

2 September 2016

Canungra & District **Community Bank**® Branch
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