

Annual Report 2017

City West Community Financial Services Limited

Pymont Community Bank® Branch
ABN 34 134 051 219



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Chairman's Report

I am happy to report another profitable year, our third full year of profitability, although overall growth has been slower than we would have liked. Profit for the year was \$24,000 and our "Book" value (sum of loans and deposits) closed at \$111 million.

The new profit sharing system that was introduced by Bendigo and Adelaide Bank continues to affect our profitability in a very competitive marketplace. Despite this background, our Branch Manager, Garry Noel, and his award winning and hard working staff are to be congratulated on achieving a profit.

In terms of community engagement, your Community Bank has supported many and varied Community projects. Our support of the Harris Community Centre's Chinese New Year celebrations was again a great opportunity to connect with the local Community. Our Manager, Garry Noel, was the "God of Wealth" and was mobbed by all who attended. We have sponsored the CBD Football team for the third year running and the Sydney Flames WNBL Basketball team. Our year on year support of Pymont Community Dinners, Christmas in Pymont, Ultimo Public Schools and Carols in Union Square continued.

Your Board

The rotation of Directors and the welcoming of new ideas and personalities to the Company have been paramount to the growth of what have been some difficult and turbulent times.

Three of the current Directors will be standing down this year at the AGM and will not be seeking re-election. The retiring Directors are John Hoff, John O'Meally and myself.

Throughout the year we have been on the lookout for potential new Directors to allow for such an eventuality and have welcomed three new Advisors: Gavin Stuart, Apichana "Peachy" Hongsuwong and Susan Ngan. It is anticipated that these Advisors will fill the vacancies on the Board.

John Hoff was a member of the original steering committee in 2006 and then as Director when the company was formed in 2008. John has also been active in many positions. These include Human Resources, Property and Marketing Committee member. He has been an active participant in all our community endeavors as well as being a member of other community groups such as Pymont Cares and Christmas in Pymont.

John O'Meally has been a Board Member for several years now and his advice and presence has been invaluable. We will still be able to draw on his wide range of knowledge and experience as John has indicated that he will remain as an Advisor.

I was also a member of the original steering committee and Director on the original Board. I have served as Chairman of the Marketing Committee and have been Board Chairman for the past two years.

John Hoff has indicated that even though he no longer lives in the area he will be available to be an Advisor to assist and mentor new Board members.

This is an ideal time to again remind shareholders that all Board positions are Honorary and therefore unpaid. They all spend large amounts of time working to improve the performance of the Pymont Community Bank.

Into The Future.

We have now had a year of working with the new profit sharing system with Bendigo and Adelaide Bank. This has required us to look closely at how we do business and how we prioritize our efforts. We are lucky to have Amy Land as our Regional Community Manager. She has been a fantastic help to us in navigating through this challenging time.

We are continuing to liaise with a large local employer and working closely with another to explore growth into nearby precincts. We hope to be able to report on these initiatives as they come to fruition.

Last year we identified that the predominant demographic in our community is 25-40 year olds. The Marketing Committee is continuing to target this group via various social media forms. Bendigo and Adelaide Bank have also committed a significant amount of marketing money towards improving brand awareness in NSW. I am confident that a combination of the two initiatives will bear fruit in the coming year.

It is envisaged that Raymond Tai will be replacing me as Chairman at the AGM. He has been the Deputy Chairman this past year. I am extremely confident that Raymond will lead the Company and Pymont Community Bank to great heights in the future. It has been an honour and a privilege to serve as your Chairman over the past two years. I will also be available to be an Advisor to assist the Board members however I can.

I must thank all Board Members, Advisors and our Staff members for their outstanding support throughout my involvement with Pymont Community Bank.

A handwritten signature in black ink, appearing to read 'J Marsden', with a long horizontal flourish extending to the right.

John Marsden
Chairman.

Branch Manager's Report

We have had some excellent outcomes for the Pymont community in 2016 / 2017 with many thousands of dollars being given in community grants and sponsorships. We have only been able to achieve these results with the continuing support of members of the community choosing to do their banking with us.

As at 30th June we had over 1450 customers taking advantage of our highly competitive range of products and services. On behalf of support from these customers, your Pymont **Community Bank**® Branch now manages in excess of \$111 million. Our consumer lending alone grew in the last 12 months by \$13.132m

Throughout the year, your Branch has continued its practice of being heavily involved with major community activities; attending and participating at The Carols in Union Square and The Christmas in Pymont Event in John Street. In addition branch staff were also involved in many functions and events held by the Pymont Ultimo Chamber of Commerce including the highly acclaimed Pymont Food Wine & Art Festival, Sydney Uni AFL with their community football night and various events with the Ultimo Public School and the International Grammar School.


We have also sponsored the Sydney CBD FC soccer teams playing in the ESFA who are based at the Domain and our involvement with the Sydney Uni Flames women's basketball was fantastic as they were the winners of the WNBL this season, big congratulations to Karen Dalton and the team at the Flames.

Events such as the Pymont Community Dinner held at the Community Centre is always an event not to be missed when your Pymont **Community Bank**® Branch takes it turn to host the evening.

Being involved in the many fantastic community events is so enjoyable and we look forward to being involved in these and many more in the coming years.

I would like to take this opportunity to thank the staff, Mike, Paul & Reyhan who do a fantastic job in serving our customers and the community, The Board of Directors who are such a delight to work with under the leadership of the chairman John Marsden, also the Bendigo & Adelaide Bank NSW state office team in Pitt St for all their support while we continue to build and grow our business thus allowing us to achieve our goal of enhancing our local community.

I would also personally like to thank all the customers who transferred their banking to our Community Bank. To those of you have not, why not take up the challenge of investigating our full range of highly competitive banking services. Come and join us.



Garry Noel,
Manager,
Pymont **Community Bank**® Branch



Partners in success

Chartered Accountants

City West Community Financial Services Limited

ABN: 34134051219

Financial Statements

30 June 2017

City West Community Financial Services Limited

Directors' Report

Your directors submit the financial statements of the company for the financial year ended 30 June 2017.

Directors

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

John Charles Marsden

Chairman

Occupation: Retired Army Pilot and Commercial International Airline Pilot

Qualifications, experience and expertise: John is a retired Army Officer and Commercial International Airline Pilot. Currently Vice President of Kirribilli RSL (sub-branch), John is actively involved in the Pymont Ultimo community. Apart from his duties as Chairman, John has been leading the City West Community Financial Services Marketing committee since 2010.

Special responsibilities: Board Chairman; Marketing Committee Chairman

Interests in shares: 5,001

Patricia Teresa Strong

Director, Treasurer until 17 November 2016

Occupation: University Lecturer

Qualifications, experience and expertise: Patricia (Trish) has a PhD in accounting studying the emergence of Integrated Reporting a new corporate reporting phenomena and is an accounting academic at the University of New South Wales. Trish lectures in E-Business Strategies and Processes and Qualitative Research Methods at undergraduate and post-graduate levels. Trish has previously taught accounting in the UK, Hong Kong and other Australian universities and has been the recipient of the CPA teaching excellence award in 2013. Trish is a Certified Practicing Accountant (CPA) and a member of the Australian Institute of Company Directors (MAICD). Prior to entering academia Trish worked for over 20 years in industry holding roles including management accountant; branch accountant; cost analyst; change agent specializing in IS implementations. This industry experience was based around Trish's accounting, organizing and systems analysis skills utilized to implement process re-engineering and organizational change programs in a number international companies working in UK, Europe, Asia and Australia. Trish's qualifications include a Doctorate degree (PhD) from the University of New South Wales, a Masters of Business Administration degrees (MBA) from Curtin University (WA) and Bachelor of Social Science with honours (BSSc.) from Queen's University, Belfast. Trish is one of the first PhDs awarded in the emerging field of "Integrated Reporting" and she has been invited to present her research at local and international conferences and to write papers for academic journals and practitioner publications such as the Governance Institute of Australia. Trish has been an active member of local community groups throughout her career, in particular, in the Pymont area Jacksons Landing Community Association and St Bede's Church and is currently the chair of the Great Irish Famine Commemoration Committee (GIFCC). Special responsibilities: Treasurer, Finance, Governance & Risk Management Committee, Director Development and Governance Working Party.

Interests in shares: 5,001

John Leslie Hoff

Director

Occupation: Fruit Grower

Qualifications, experience and expertise: John has been an active member of Pymont Cares Inc., Friends of Pymont Point and Pymont Ultimo Glebe Men's Shed and other community groups. A retired airline pilot, he also holds an Associate Degree in Applied Science, Winemaking/Viticulture.

Special responsibilities: Human Resources & Property Committee

Interests in shares: 50,501

City West Community Financial Services Limited

Directors' Report

Directors (*continued*)

Ashley Leander Limbury

Director

Occupation: Conflict Resolution & Mediation Consultant

Qualifications, experience and expertise: Ashley is an experienced mediator and tribunal member primarily involved with workplace, discrimination and commercial matters. Ashley also has retail tenancy and franchising mediation expertise and experience in Human Resources and staff management. Ashley is a member of the Community Water Sports Centre and previously been a member of a local dragon boat team. He has held prior roles as chairman and member of a local Strata Committee. His qualifications include: M.B.A., 2002 (University of Technology Sydney). B.Ec. (Soc,Sci) (Hons.), double major in Economics and Psychology, 1994 (Sydney University).

Special responsibilities: Marketing Committee

Interest in shares: 1,501

John Lawrence O'Meally

Director

Occupation: Retired Judge, District Court of NSW

Qualifications, experience and expertise: John is an accredited mediator. John is a Law graduate from the University of Sydney and was admitted to NSW, Aust. and Papua New Guinea and Western Pacific Bars. He is a member of the Council of the Aust. Section of the International Commission of Jurists and President of the NSW Branch of the Australian Section of ICJ. He is an Australian Commissioner of the ICJ based in Geneva. He is also Chair of the Asbestos Diseases Research Foundation at Concord Hospital. In 2002 John became a Member of the Order of Australia.

Special responsibilities: Nil

Interest in shares: Nil

Raymond Li Jin Tai

Director

Occupation: Investment Manager

Qualifications, experience and expertise: Raymond has been involved in executive roles in not for profit community organisations for over two decades. He is a shareholder in the company and is passionate about making lasting and positive contributions to society. Raymond is a water sports enthusiast and an advocate for a water sports centre in Bank Street that can provide access to our bays and Sydney Harbour for paddlers and local residents. Professionally he has held roles as an investment manager, a financial consultant and a deal maker in the IT industry across Asia Pacific. Raymond's qualifications include: Bachelor of Economics, CPA, MAICD.

Special responsibilities: Deputy Chairman since 17 November 2016 and Marketing Committee

Interest in shares: 15,000

Gordon Bradley Elkington

Director

Occupation: Barrister; Company Director

Qualifications, experience and expertise: Gordon holds postgraduate qualifications in science and law, and is a barrister of the Supreme Court of NSW. He is a director of Winpar Holdings Limited, Pritchard Equity Limited and Hamilton Securities Limited. His employers have included the University of Warwick and the University of Sydney. He is a member of the NSW Legal Qualifications Committee.

Special responsibilities: Share register, Low volume market

Interest in shares: 1,100

City West Community Financial Services Limited

Directors' Report

Directors (*continued*)

Vinh Van Lam

Director

Occupation: Company Director

Qualifications, experience and expertise: Vinh is a business coach for Creative Industries and business advisor. He runs The ArtSHINE Launch Pad and Accelerator programs for Creative start Up at ArtSHINE Industries in Chippendale. With experience in retailing, wholesaling, retail banking, coaching, mentoring and consulting. Vinh has direct experience in Retail Financial Services, along with a solid understanding of retail banking operations and compliance requirements, an understanding of the residential lending, and a keen eye for the fundamental drivers of a successful retail bank branch. Qualifications:

Associate Certificate- International Tourism, Diploma in Retail Management; Bachelor of Marketing, Certificate IV T & A.

Special responsibilities: Marketing Committee

Interest in shares: Nil

Dr Philip George Ronaldson

Treasurer since 17 November 2016, Director (*Appointed 17 November 2016*)

Occupation: Retired

Qualifications, experience and expertise: Phil has been a lecturer in Surveying, Infrastructure Engineering, Spatial Information Systems and Remote Sensing in the School of Engineering at the University of Western Sydney (now WSU) (1997 - 2010).

Prior to that, he was a staff Surveyor with the Victorian Lands Department as it was originally known, working across Victoria and in the Geodetic Computing Division in Melbourne (1975 - 1991). From 1985 to 1992 Phil was involved in Apex metropolitan Melbourne, as Secretary and President of Box Hill and as District Governor Zone 13. Between those two principal places of employment, Phil was an independent consultant in Geographic Information Systems, both in Melbourne and Bendigo. In Bendigo Phil helped establish the Central Victorian Branch of what was then the Australasian Urban and Regional Information Systems Associated (AURISA). After coming to Sydney Phil continued his role with AURISA on the NSW Executive as Secretary. That organisation is now the Surveying and Spatial Sciences Institute (SSSI). Since joining the Board of City West Financial Services Limited, Phil has had the role of Treasurer.

Special responsibilities: Treasurer

Interest in shares: 500

Carolyn Ann Limmer

Director (*Appointed 17 November 2016*)

Occupation: Non Executive Director

Qualifications, experience and expertise: Carolyn is a former Senior Executive of the Commonwealth Bank of Australia (CBA) where she held a range of roles over a long career including in Retail Banking, Public Relations, full range of Human Resources and had involvement in major change programs and mergers and acquisitions. She holds a Bachelor of Business Degree from the Sydney University of Technology, is a graduate of the AICD Company Director Course, a Fellow of AICD, Governance Institute and AIM as well as a Chartered member of AHRI. She is a Non Executive Director in the Not for Profit sector and sits on Boards/Board Committees. She is also involved in a range of community activities including being a member of the Jacksons Landing Community Association Strata Committee.

Special responsibilities: Company Secretary

Interest in shares: 1,000

Margaret Broadbent

Director (*Resigned 17 November 2016*)

Occupation: Retired Registered Nurse

Qualifications, experience and expertise: Margaret is a retired Registered Nurse with extensive experience in Orthopaedic Nursing, Aged Care and Community health. Margaret has served on the executive committees of a number of professional associations including the NSW Wound Care association, a number of hospital committees as well as being involved in many Community groups.

Special responsibilities: Marketing Committee - Publicity

Interests in shares: 6,001

City West Community Financial Services Limited

Directors' Report

Directors (*continued*)

Charles Perry

Director (*Resigned 17 November 2016*)

Occupation: Retired Business Management Consultant

Qualifications, experience and expertise: Charles is actively involved in many Community Groups including being a founding member of Friends of Pymont Point and Pymont Cares Inc. and his Strata committee. Charles' qualifications include Bachelor of Arts and Master of Business Administration. Charles has extensive experience in business improvement practices including Business Process Re-engineering, Business Planning and Training and Development.

Special responsibilities: Deputy Chairman until 17 November 2016

Interest in shares: 12,501

Sylvia Liu

Director (*Resigned 17 November 2016*)

Occupation: Company Director

Qualifications, experience and expertise: Sylvia has worked in financial, technology, real estate and medical industries in Australia, Hong Kong, Taiwan and the United States. Employers have included Citibank, IBM, a real estate workout specialist firm and a psychotherapist practice and school. Sylvia has held managerial positions in Administration and Finance Management, Customer Service, Recruitment and Training. Sylvia founded the Fusion Culture Group and started the Fusion Tai Chi at Harris Community Centre and English Friendship Club at Ultimo Community Centre with the aim to bring people and cultures together through interactive and fun learning.

Sylvia's qualifications include: HR Development Program (Sydney TAFE); Real Estate Sales & Appraisal Program (New York University); Executive Training Program.

Special responsibilities: Marketing Committee, Community Engagement and Publicity Interests

Interest in shares: Nil

Ian Gregory Bulluss

Director & Secretary (*Resigned 1 July 2016*)

Occupation: Retired Manager, Contracts & Vendor Relationship Management

Qualifications, experience and expertise: Ian's long career within NSW Government saw his information technology and management expertise extensively engaged within education and human services. Ian resides in Pymont and has been an active member of the local community and the NSW Justice Association. Ian holds a Diploma in Teaching (Sydney College of Adv. Ed.), Bachelor of Arts (University of New England), Graduate Diploma in Computing (Sydney College of Adv. ED.), Certificate in Management (University of Western Sydney), Master of Computing (University of Western Sydney), and Master of Business Administration (Sturt University, Bathurst).

Special responsibilities: Secretary, Finance, Audit and Risk Committee

Interests in shares: 10,501

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

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

City West Community Financial Services Limited

Directors' Report

Company Secretary

The company secretary is Carolyn Ann Limmer. Carolyn was appointed as secretary on 24 August 2016 taking over from Ian Gregory Bulluss who resigned 1 July 2016.

Carolyn has a Bachelor of Business Degree. She is a Graduate of the Company Secretary Course at AICD, is a Fellow of AICD, Governance Institute and Australian Institute of Management and a Chartered Member of AHRI. She is a former Senior Executive of the Commonwealth Bank of Australia and currently holds a range of Non Executive roles on Boards/Board Committees and is also involved in various local community activities. She is a member of Jacksons Landing Strata Community Association.

Ian has held this position since 19 February 2010. Ian's long career within NSW Government saw his information and management expertise extensively engaged within education and human services. Ian is a registered Justice of the Peace (NSW) and an active member of the local community with involvement in Body Corporate Strata and the Jacksons Landing Community Association.

Principal Activities

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

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

Operating results

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

Year ended 30 June 2017	Year ended 30 June 2016
\$	\$
17,462	28,428

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.

Events since the end of the financial year

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

Likely developments

The company is in the preliminary stages of reviewing its current lease. The board has held initial discussions with the landlord. It is likely that these discussions will not be completed for some time. The board is yet to fully consider the impact this decision may have on the branch's capitalised leasehold assets.

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.

City West Community Financial Services Limited

Directors' Report

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.

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	
	<u>Eligible</u>	<u>Attended</u>
John Charles Marsden	11	11
Patricia Teresa Strong	11	5
John Leslie Hoff	11	4
Ashley Leander Limbury	11	10
John Lawrence O'Meally	11	8
Raymond Li Jin Tai	11	7
Gordon Bradley Elkington	11	11
Vinh Van Lam	11	10
Philip George Ronaldson (<i>Appointed 17 November 2016</i>)	5	5
Carolyn Ann Limmer (<i>Appointed 17 November 2016</i>)	6	6
Margaret Broadbent (<i>Resigned 17 November 2016</i>)	5	4
Charles Perry (<i>Resigned 17 November 2016</i>)	5	4
Sylvia Liu (<i>Resigned 17 November 2016</i>)	5	2
Ian Gregory Bulluss (<i>Resigned 1 July 2016</i>)	-	-

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

City West Community Financial Services Limited

Directors' Report

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 (Andrew Frewin Stewart) 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 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:

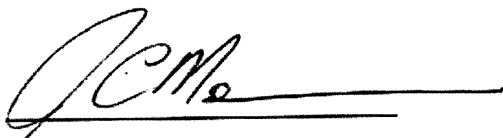
- all non-audit services have been reviewed to ensure they do not impact on the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing 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.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8.

Signed in accordance with a resolution of the board of directors at Pyrmont, New South Wales on ~~1 September 2017~~

27 SEP 17



John Charles Marsden, Chairman

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of City West Community Financial Services Limited

As lead auditor for the audit of City West Community Financial Services Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

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



Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 27 September 2017



David Hutchings
Lead Auditor

City West Community Financial Services Limited
Statement of Profit or Loss and Other
Comprehensive Income
for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
Revenue from ordinary activities	4	679,272	662,511
Employee benefits expense		(336,395)	(281,402)
Charitable donations, sponsorship, advertising and promotion		(29,488)	(31,346)
Occupancy and associated costs		(156,945)	(145,971)
Systems costs		(33,907)	(32,844)
Depreciation and amortisation expense	5	(21,013)	(27,181)
Finance costs	5	(10,290)	(14,816)
General administration expenses		(67,148)	(74,407)
Profit before income tax expense		24,086	54,544
Income tax expense	6	(6,624)	(26,116)
Profit after income tax expense		17,462	28,428
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		17,462	28,428
Earnings per share		¢	¢
Basic earnings per share	22	1.75	2.85

The accompanying notes form part of these financial statements

City West Community Financial Services Limited

Balance Sheet

as at 30 June 2017

	Notes	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	100	100
Trade and other receivables	8	42,916	39,052
Total Current Assets		43,016	39,152
Non-Current Assets			
Property, plant and equipment	9	145,802	153,203
Intangible assets	10	40,045	53,657
Deferred tax asset	11	283,488	290,112
Total Non-Current Assets		469,335	496,972
Total Assets		512,351	536,124
LIABILITIES			
Current Liabilities			
Trade and other payables	12	36,240	51,477
Borrowings	13	238,436	254,990
Provisions	14	5,674	3,353
Total Current Liabilities		280,350	309,820
Non-Current Liabilities			
Trade and other payables	12	23,184	37,353
Provisions	14	9,622	7,218
Total Non-Current Liabilities		32,806	44,571
Total Liabilities		313,156	354,391
Net Assets		199,195	181,733
Equity			
Issued capital	15	961,485	961,485
Accumulated losses	16	(762,290)	(779,752)
Total Equity		199,195	181,733

The accompanying notes form part of these financial statements

City West Community Financial Services Limited
Statement of Changes in Equity
for the year ended 30 June 2017

	Issued Capital \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2015	961,485	(808,180)	153,305
Total comprehensive income for the year	-	28,428	28,428
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2016	961,485	(779,752)	181,733
Balance at 1 July 2016	961,485	(779,752)	181,733
Total comprehensive income for the year	-	17,462	17,462
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2017	961,485	(762,290)	199,195

The accompanying notes form part of these financial statements

City West Community Financial Services Limited

Statement of Cash Flows

for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
Cash flows from operating activities			
Receipts from customers		742,561	731,183
Payments to suppliers and employees		(702,837)	(612,432)
Interest paid		(10,290)	(13,876)
Net cash provided by operating activities	17	29,434	104,875
Cash flows from investing activities			
Payments for intangible assets		(12,880)	(15,456)
Net cash used in investing activities		(12,880)	(15,456)
Net increase in cash held		16,554	89,419
Cash and cash equivalents at the beginning of the financial year		(254,890)	(344,309)
Cash and cash equivalents at the end of the financial year	7(a)	(238,336)	(254,890)

The accompanying notes form part of these financial statements

City West Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2017

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.

Comparative figures

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

Application of new and amended accounting standards

There are a number of amendments to accounting standards issued by the Australian Accounting Standards Board (AASB) that became mandatorily effective for accounting periods beginning on or after 1 July 2016, and are therefore relevant for the current financial year.

None of these amendments to accounting standards issued by the Australian Accounting Standards Board (AASB) materially affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

There are also a number of accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that become effective in future accounting periods.

The company has elected not to apply any accounting standards or interpretations before their mandatory operative date for the annual reporting period beginning 1 July 2016. These future accounting standards and interpretations therefore have no impact on amounts recognised in the current period or any prior period.

Only AASB 16 Leases, effective for the annual reporting period beginning on or after 1 January 2019 is likely to impact the company. This revised standard will require the branch lease to be capitalised.

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 Pyrmont, New South Wales.

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.

City West Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (*continued*)

a) Basis of preparation (*continued*)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

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.

The company promotes and sells the products and services, but is not a party to the transaction.

The credit risk (i.e. the risk that a customer will not make repayments) is for the relevant Bendigo and Adelaide Bank Limited entity to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

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 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
- sales techniques and proper customer relations.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

b) Revenue

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the company and any specific criteria have been met. Interest and fee revenue is recognised when earned. The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue. All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue calculation

The franchise agreement provides that three forms of revenue may be earned by the company – margin, commission and fee income. Bendigo and Adelaide Bank Limited decides the form of revenue the company earns on different types of products and services.

The revenue earned by the company is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

City West Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (*continued*)

b) Revenue (*continued*)

Core banking products

Bendigo and Adelaide Bank Limited has identified some Bendigo Bank Group products and services as 'core banking products'. It may change the products and services which are identified as core banking products by giving the company at least 30 days' notice. Core banking products currently include Bendigo Bank branded home loans, term deposits and at call deposits.

Margin

Margin is arrived at through the following calculation:

- Interest paid by customers on loans less interest paid to customers on deposits
- *plus* any deposit returns i.e. interest return applied by Bendigo and Adelaide Bank Limited for a deposit,
- *minus* any costs of funds i.e. interest applied by Bendigo and Adelaide Bank Limited to fund a loan.

Margin is paid on all core banking products. A funds transfer pricing model is used for the method of calculation of the cost of funds, deposit return and margin.

The company is entitled to a share of the margin earned by Bendigo and Adelaide Bank Limited (i.e. income adjusted for Bendigo and Adelaide Bank Limited's interest expense and interest income return). However, if this reflects a loss, the company incurs a share of that loss.

Commission

Commission is a fee paid for products and services sold. It may be paid on the initial sale or on an ongoing basis. Commission is payable on the sale of an insurance product such as home contents. Examples of products and services on which ongoing commissions are paid include leasing and Sandhurst Trustees Limited products.

Fee income

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo Bank Group entities including fees for loan applications and account transactions.

Discretionary financial contributions

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo and Adelaide Bank Limited has also made discretionary financial payments to the company. These are referred to by Bendigo and Adelaide Bank Limited as a "Market Development Fund" (MDF).

The amount has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and donations.

It is for the board to decide how to use the MDF.

The payments from Bendigo and Adelaide Bank Limited are discretionary and Bendigo and Adelaide Bank Limited may change the amount or stop making them at any time.

City West Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (*continued*)

b) Revenue (*continued*)

Ability to change financial return

Under the franchise agreement, Bendigo and Adelaide Bank Limited may change the form and amount of financial return that the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo and Adelaide Bank Limited earns revenue.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the company receives on a particular product or service. The effect of the change on the revenue earned by the company is entirely dependent on the change.

If Bendigo and Adelaide Bank Limited makes a change to the margin or commission on core banking products and services, it must not reduce the margin and commission the company receives on core banking products and services Bendigo and Adelaide Bank Limited attributes to the company to less than 50% (on an aggregate basis) of Bendigo and Adelaide Bank Limited's margin at that time. For other products and services, there is no restriction on the change Bendigo and Adelaide Bank Limited may make.

Bendigo and Adelaide Bank Limited must give the company 30 days' notice before it changes the products and services on which margin, commission or fee income is paid, the method of calculation of margin and the amount of margin, commission or fee income.

Monitoring and changing financial return

Bendigo and Adelaide Bank Limited monitors the distribution of financial return between **Community Bank**[®] companies and Bendigo and Adelaide Bank Limited on an ongoing basis.

Overall, Bendigo and Adelaide Bank Limited has made it clear that the **Community Bank**[®] model is based on the principle of shared reward for shared effort. In particular, in relation to core banking products and services, the aim is to achieve an equal share of Bendigo and Adelaide Bank Limited's margin.

c) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the balance sheet liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

City West Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (*continued*)

c) Income tax (*continued*)

Deferred tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the company entity intends to settle its tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Statement of Profit or Loss and Other Comprehensive Income, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

d) Employee entitlements

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

The company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

e) 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 Balance Sheet.

f) 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.

g) Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- leasehold improvements	40	years
- plant and equipment	2.5 - 40	years

City West Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (*continued*)

h) Intangibles

The franchise fee paid to Bendigo and Adelaide Bank Limited has been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

The renewal processing fee paid to Bendigo and Adelaide Bank Limited when renewing the franchise agreement has also been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

i) Payment terms

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

j) Borrowings

All loans are initially measured at the principal amount. Interest is recognised as an expense as it accrues.

k) Financial instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires 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.

Classification and subsequent measurement

(i) 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 using the effective interest rate method.

(ii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

City West Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (*continued*)

l) 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 recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

m) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

n) 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.

o) 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.

p) 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.

City West Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2017

Note 2. Financial risk management

The company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the board of directors.

(i) Market risk

The company has no exposure to any transactions denominated in a currency other than Australian dollars.

(ii) Price risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The company is not exposed to commodity price risk.

(iii) Credit risk

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank Limited.

(iv) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo and Adelaide Bank Limited and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

(vi) Capital management

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board of directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Balance Sheet.

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

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 where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2017 can be seen in the Statement of Profit or Loss and Other Comprehensive Income.

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

City West Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2017

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.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Taxation

Judgement is required in assessing whether deferred tax assets and certain tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

These judgements and assumptions are subject to risk and uncertainty. There is therefore a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in corresponding credit or charge to the Statement of Profit or Loss and Other Comprehensive Income.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and the condition of the asset is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired branch/agency at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

The calculations require the use of assumptions.

City West Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Critical accounting estimates and judgements (continued)

Impairment of assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Note 4. Revenue from ordinary activities	2017	2016
	\$	\$
Operating activities:		
- gross margin	508,053	375,215
- services commissions	89,555	185,341
- fee income	56,664	51,955
- market development fund	25,000	50,000
Total revenue from operating activities	<u>679,272</u>	<u>662,511</u>
Total revenues from ordinary activities	<u>679,272</u>	<u>662,511</u>

Note 5. Expenses

Depreciation of non-current assets:		
- plant and equipment	918	2,573
- leasehold improvements	6,483	10,997
Amortisation of non-current assets:		
- franchise agreement	2,269	2,269
- franchise renewal fee	11,343	11,342
	<u>21,013</u>	<u>27,181</u>
Finance costs:		
- interest paid	<u>10,290</u>	<u>14,816</u>
Bad debts	<u>418</u>	<u>5,099</u>

City West Community Financial Services Limited
Notes to the Financial Statements
for the year ended 30 June 2017

Note 6. Income tax expense	2017	2016
	\$	\$
The components of tax expense comprise:		
- Movement in deferred tax	(409)	590
- Adjustment to deferred tax to reflect change to tax rate in future periods	-	10,550
- Recoupment of prior year tax losses	7,033	15,956
- Under/(over) provision of tax in the prior period	-	(980)
	<u>6,624</u>	<u>26,116</u>

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows

Operating profit	24,086	54,544
Prima facie tax on profit from ordinary activities at 27.5% (2016: 28.5%)	6,624	15,545
Add tax effect of:		
- non-deductible expenses	-	21
- timing difference expenses	409	390
	<u>7,033</u>	<u>15,956</u>
Movement in deferred tax	(409)	590
Adjustment to deferred tax to reflect change of tax rate in future periods	-	10,550
Under/(over) provision of income tax in the prior year	-	(980)
	<u>6,624</u>	<u>26,116</u>

Note 7. Cash and cash equivalents

Cash at bank and on hand	100	100
	<u>100</u>	<u>100</u>

Note 7.(a) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

Cash at bank and on hand		100	100
Bank overdraft	13	(238,436)	(254,990)
		<u>(238,336)</u>	<u>(254,890)</u>

Note 8. Trade and other receivables

Trade receivables		41,564	34,138
Prepayments		1,352	4,914
		<u>42,916</u>	<u>39,052</u>

City West Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2017

Note 9. Property, plant and equipment	2017	2016
	\$	\$
Leasehold improvements		
At cost	214,375	214,375
Less accumulated depreciation	(77,793)	(71,310)
	<u>136,582</u>	<u>143,065</u>
Plant and equipment		
At cost	38,409	38,409
Less accumulated depreciation	(29,189)	(28,271)
	<u>9,220</u>	<u>10,138</u>
Total written down amount	<u>145,802</u>	<u>153,203</u>
Movements in carrying amounts:		
Leasehold improvements		
Carrying amount at beginning	143,065	154,062
Additions	-	-
Disposals	-	-
Less: depreciation expense	(6,483)	(10,997)
Carrying amount at end	<u>136,582</u>	<u>143,065</u>
Plant and equipment		
Carrying amount at beginning	10,138	12,711
Additions	-	-
Disposals	-	-
Less: depreciation expense	(918)	(2,573)
Carrying amount at end	<u>9,220</u>	<u>10,138</u>
Total written down amount	<u>145,802</u>	<u>153,203</u>
Note 10. Intangible assets		
Franchise fee		
At cost	21,343	21,343
Less: accumulated amortisation	(15,861)	(13,592)
	<u>5,482</u>	<u>7,751</u>
Establishment fee		
At cost	100,000	100,000
Less: accumulated amortisation	(100,000)	(100,000)
	<u>-</u>	<u>-</u>
Renewal processing fee		
At cost	56,713	56,713
Less: accumulated amortisation	(29,302)	(17,959)
	<u>27,411</u>	<u>38,754</u>

City West Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2017

Note 10. Intangible assets (continued)	2017	2016
	\$	\$
Redomicile fee		
At cost	7,152	7,152
	<u>7,152</u>	<u>7,152</u>
Total written down amount	<u>40,045</u>	<u>53,657</u>

Note 11. Tax

Deferred tax assets		
- accruals	946	973
- employee provisions	4,206	2,907
- tax losses carried forward	280,057	287,090
	<u>285,209</u>	<u>290,970</u>
Deferred tax liability		
- property, plant and equipment	1,721	858
	<u>1,721</u>	<u>858</u>
Net deferred tax asset	<u>283,488</u>	<u>290,112</u>
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	<u>6,624</u>	<u>26,116</u>

Note 12. Trade and other payables

Current:

Trade creditors	-	5,924
Other creditors and accruals	36,240	45,553
	<u>36,240</u>	<u>51,477</u>

Non-Current:

Other creditors and accruals	23,184	37,353
	<u>23,184</u>	<u>37,353</u>

Note 13. Borrowings

Bank overdrafts	238,436	254,990
	<u>238,436</u>	<u>254,990</u>

The company has an approved overdraft facility of \$575,000. Interest is charged at the commercial interest rate as per agreement with franchisor currently 3.795%. The overdraft is secured by a fixed and floating charge over the company's assets.

City West Community Financial Services Limited
Notes to the Financial Statements
for the year ended 30 June 2017

Note 14. Provisions	2017	2016
	\$	\$
Current:		
Provision for annual leave	<u>5,674</u>	<u>3,353</u>
Non-Current:		
Provision for long service leave	<u>9,622</u>	<u>7,218</u>

Note 15. Contributed equity		
996,511 ordinary shares fully paid (2016: 996,511)	996,511	996,511
Less: equity raising expenses	(35,026)	(35,026)
	<u>961,485</u>	<u>961,485</u>

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 (see below).

(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 2001*.

City West Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2017

Note 15. Contributed equity (continued)

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 218. As at the date of this report, the company had 242 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.

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.

Note 16. Accumulated losses	2017	2016
	\$	\$
Balance at the beginning of the financial year	(779,752)	(808,180)
Net profit from ordinary activities after income tax	17,462	28,428
Balance at the end of the financial year	<u>(762,290)</u>	<u>(779,752)</u>

City West Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2017

Note 17. Statement of cash flows	2017	2016
	\$	\$
Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities		
Profit from ordinary activities after income tax	17,462	28,428
Non cash items:		
- depreciation	7,401	13,570
- amortisation	13,612	13,611
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(3,864)	4,961
- (increase)/decrease in other assets	6,624	26,116
- increase/(decrease) in payables	(16,526)	18,078
- increase/(decrease) in provisions	4,725	111
Net cash flows provided by operating activities	<u>29,434</u>	<u>104,875</u>

Note 18. Leases

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable - minimum lease payments:

- not later than 12 months	142,809	138,649
- between 12 months and 5 years	214,213	346,623
- greater than 5 years	-	-
	<u>357,022</u>	<u>485,272</u>

The property lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance. The lease has no further extension provisions available. The lease is due for renewal in December 2019.

Note 19. Auditor's remuneration

Amounts received or due and receivable by the auditor of the company for:

- audit and review services	4,200	4,100
- share registry services	1,885	1,800
- other non audit services	2,390	2,330
	<u>8,475</u>	<u>8,230</u>

City West Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2017

Note 20. Director and related party disclosures

The names of directors who have held office during the financial year are:

John Charles Marsden
 Patricia Teresa Strong
 John Leslie Hoff
 Ashley Leander Limbury
 John Lawrence O'Meally
 Raymond Li Jin Tai
 Gordon Bradley Elkington
 Vinh Van Lam
 Philip George Ronaldson (*Appointed 17 November 2016*)
 Carolyn Ann Limmer (*Appointed 17 November 2016*)
 Margaret Broadbent (*Resigned 17 November 2016*)
 Charles Perry (*Resigned 17 November 2016*)
 Sylvia Liu (*Resigned 17 November 2016*)
 Ian Gregory Bulluss (*Resigned 1 July 2016*)

No director or related entity has entered into a material contract with the company. No director's fees have been paid as the positions are held on a voluntary basis.

Directors Shareholdings	<u>2017</u>	<u>2016</u>
John Charles Marsden	5,001	5,001
Patricia Teresa Strong	5,001	5,001
John Leslie Hoff	50,501	50,501
Ashley Leander Limbury	1,501	1,501
John Lawrence O'Meally	-	-
Raymond Li Jin Tai	15,000	15,000
Gordon Bradley Elkington	1,100	1,100
Vinh Van Lam	500	-
Philip George Ronaldson (<i>Appointed 17 November 2016</i>)	-	-
Carolyn Ann Limmer (<i>Appointed 17 November 2016</i>)	1,000	-
Margaret Broadbent (<i>Resigned 17 November 2016</i>)	6,001	6,001
Charles Perry (<i>Resigned 17 November 2016</i>)	12,501	12,501
Sylvia Liu (<i>Resigned 17 November 2016</i>)	-	-
Ian Gregory Bulluss (<i>Resigned 1 July 2016</i>)	10,501	10,501

There was movement in directors shareholdings during the year.

Note 21. Key management personnel disclosures

No director of the company receives remuneration for services as a company director or committee member.

There are no executives within the company whose remuneration is required to be disclosed.

Community Bank® Directors' Privileges Package

The board has adopted the **Community Bank®** Directors' Privileges Package. The package is available to all directors, who can elect to avail themselves of the benefits based on their personal banking with the **Community Bank®** branch at Pymont. There is no requirement to own BEN shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The total benefits received by the directors from the Directors' Privilege Package are \$nil for the year ended 30 June 2017 (2016: \$nil).

City West Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2017

Note 22. Earnings per share	2017	2016
	\$	\$
(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	17,462	28,428
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	996,511	996,511

Note 23. Events occurring after the reporting date

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

Note 24. Contingent liabilities and contingent assets

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

Note 25. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank®** services in Pymont, New South Wales pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 26. 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:

Registered Office
148 Harris Street
Pymont NSW 2009

Principal Place of Business
148 Harris Street
Pymont NSW 2009

City West Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. 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					
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash and cash equivalents	-	-	-	-	-	-	-	-	100	100	0.00	0.00
Receivables	-	-	-	-	-	-	-	-	41,564	34,138	N/A	N/A
Financial liabilities												
Interest bearing liabilities	238,436	254,990	-	-	-	-	-	-	-	-	4.10	4.66
Payables	-	-	-	-	-	-	-	-	-	5,924	N/A	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.

Sensitivity Analysis

The company has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in interest rates.

As at 30 June 2017, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2017	2016
	\$	\$
Change in profit/(loss)		
Increase in interest rate by 1%	(2,384)	(2,550)
Decrease in interest rate by 1%	2,384	2,550
Change in equity		
Increase in interest rate by 1%	(2,384)	(2,550)
Decrease in interest rate by 1%	2,384	2,550

City West Community Financial Services Limited

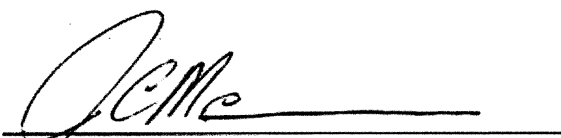
Directors' Declaration

In accordance with a resolution of the directors of City West Community Financial Services Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

This declaration is made in accordance with a resolution of the board of directors.



John Charles Marsden, Chairman

Signed on the 1st of September 2017.

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Independent auditor's report to the members of City West Community Financial Services Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial report of City West Community Financial Services Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards.

What we have audited

City West Community Financial Services Limited's (the company) financial report comprises the:

- ✓ Statement of profit or loss and other comprehensive income
- ✓ Balance sheet
- ✓ Statement of changes in equity
- ✓ Statement of cash flows
- ✓ Notes comprising a summary of significant accounting policies and other explanatory notes
- ✓ The directors' declaration of the entity.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other information

The company usually prepares an annual report that will include the financial statements, directors' report and declaration and our independence declaration and audit report (the financial report). The annual report may also include "other information" on the entity's operations and financial results and financial position as set out in the financial report, typically in a Chairman's report and Manager's report, and reports covering governance and shareholder matters.

The directors are responsible for the other information. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we will not express any form of assurance conclusion thereon.

Our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report so that it 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 is free from material misstatement, whether due to fraud or error.

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

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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this 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.



Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated: 27 September 2017



David Hutchings
Lead Auditor

Taxation

Business Services

Community Banking

Audit

Share Registry

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in success



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