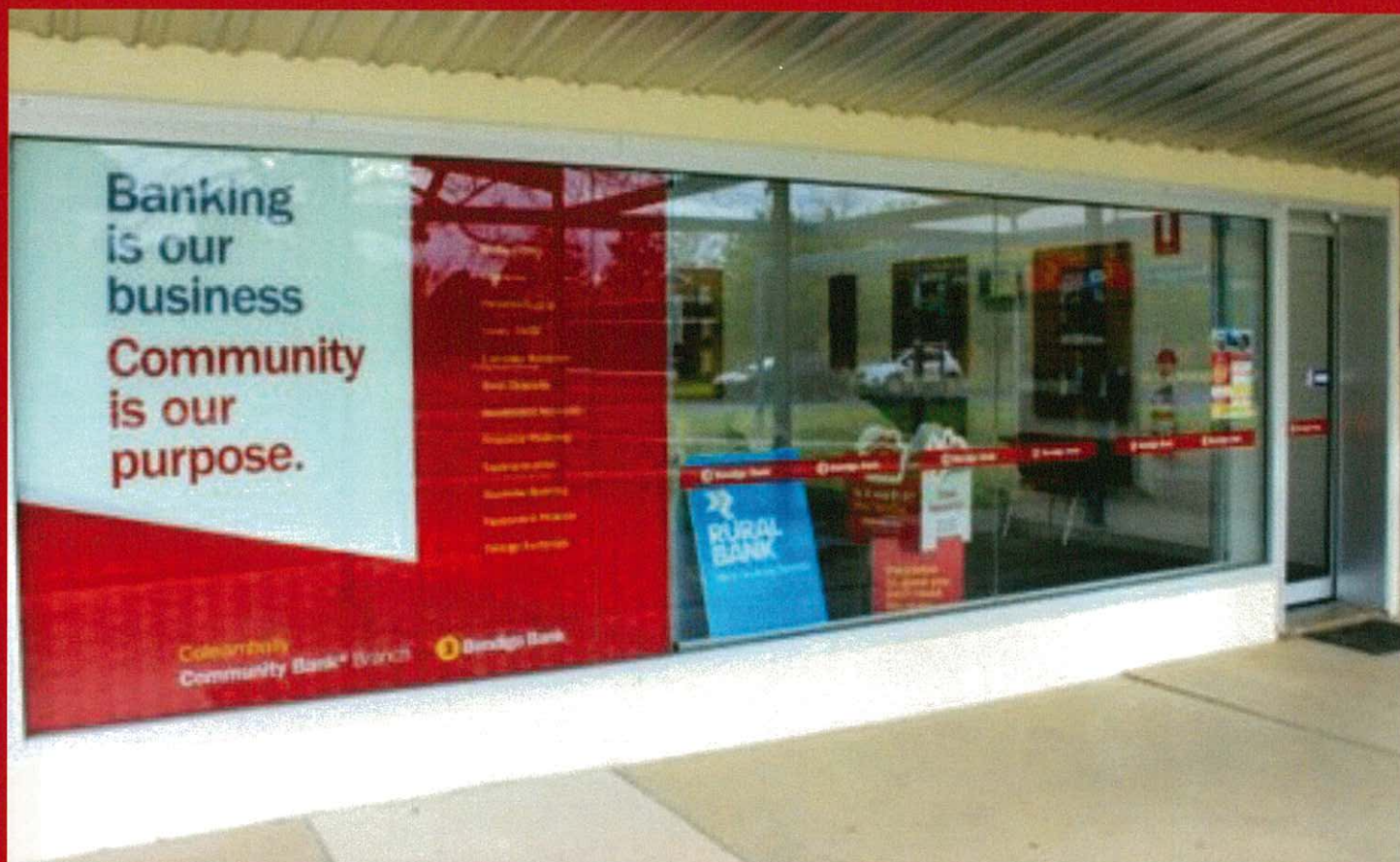


Coleambally Community Bank® Branch
Darlington Point Agency
Jerilderie Agency



Annual Report 2017

Coleambally Finance Group Limited
ABN 52 086 241 509

Western Riverina Community Financial Services Partnership
ABN 92 986 178 608

Coleambally Finance Group Limited
ABN 52 086 241 509

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the nineteenth ANNUAL GENERAL MEETING of COLEAMBALLY FINANCE GROUP LIMITED will be held at the Coleambally Community Club on Thursday, 23 November 2017 at 7:00 pm.

AGENDA

1. Minutes of Annual General Meeting dated 24 November 2016

2. Ordinary Business

Chairman's Report

The Chairman, Lynne Stuckings will present her report on the operations of the Company for the year ended 30 June 2017.

Adoption of Accounts

To receive and consider the financial statements and reports to the members comprising:

1. The Profit and Loss accounts for the year ended 30 June 2017 and Balance Sheet of the Company as at 30 June 2017.
2. The Directors' Declaration and Report by auditors for the financial year ended 30 June 2017.
3. The Directors' Report for the financial year ended 30 June 2017.

Election of Directors

To elect two (2) Directors:

Lynne Stuckings and Robert Kerr retire in accordance with the provisions of the constitution and being eligible, may offer to re-elect.

3. General Business

To transact any business that may be lawfully brought forward.

By Order of the Board

Lynne Stuckings

Chairman

12 October 2017

Notes:

1. Lynne Stuckings and Robert Kerr will retire under Section 45 of the Constitution of Coleambally Finance Group Ltd and being eligible, may offer to re-elect.
2. As per the company constitution any two members of the company shall be at liberty to nominate any other member to serve as an office-bearer or other Director.
3. Nomination and Consent to Act forms may be collected from the Coleambally Community Bank[®] Branch, 1 Brolga Place, Coleambally or the Secretary.
4. Nomination and Consent to Act forms must be lodged with the Secretary by 5:00 pm, 9 November 2017.
5. A list of candidates' names in alphabetical order with the nominators' and seconders' names shall be posted in the registered office for at least seven days immediately preceding the Annual General Meeting.

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his/her stead. That person need not be a member of the company but should be a natural person over the age of 18 years. Proxy forms will be available once nominations close from the Coleambally Community Bank[®] Branch, 1 Brolga Place, Coleambally or the Secretary and must be lodged at the registered office of the company not less than 48 hours before the timing of the meeting.

**Minutes of Annual General Meeting
Held at Coleambally Community Club 24th November 2016**

- MEETING OPENED:** Mr A Hayes opened the meeting at 7.12 pm
- Attendance:** As per the official attendance register
- Apologies:** Mr Tim Butt (BEN Regional Manager) Mrs Jan Boyle, Mrs Merna Payne and Mr David Brain.
- Minutes of Previous Meeting:** The Minutes of the Annual General Meeting of 2015 were accepted as true and correct.
- Moved: Mr Rob Kerr
Seconded: Mr Terry Inglis
Carried – All in favour
- Business Arising:** Nil
- Chairman's Report** Mr Hayes read his report saying he was happy with the result in tight financial times and the Bank is still able to maintain long term financial commitment to Cypress View Lodge. Mr Hayes also mentioned that Hillston branch is performing very well and thanked Directors, especially Sharon Sutherland who was retiring after 13 years, and staff for their efforts during the financial year.
- Moved: Roy Brain
Motion: That the Chairman's Report be accepted.
Seconded: Ian Sutherland
Carried – All in Favour
- Treasurer's Report** Mr Chris Noack presented the Treasurer's Report again explaining how the partnership with Hillston & District Financial Services Ltd works through Western Riverina Community Financial Services Pty Ltd.
- Moved: Kevan Boyle

Motion: 1. The Profit and Loss accounts for the year ended 30 June 2016 and Balance Sheet of the Company as at 30 June 2016;
2. The Director's declaration and report by auditors for the financial year ended 30 June 2016; and
3. The Directors' report for the Financial year ended 30 June 2016 be accepted
Seconded: Lynne Stuckings
Carried – All in Favour

Election of Directors Mr Kevan Boyle took the Chair for the election of Directors.

Mr Adrian Hayes and Mrs Sharon Sutherland will retire under S.45 of the constitution of CFG. Mr Hayes has offered himself for re-election. There being no other nominations for the vacant positions Mr Hayes was duly re-elected without the need for an election.

Mr Boyle thanked Mrs Sharon Sutherland for her 13 years service to the Company as a Director which included 3 as Secretary.

Mr Hayes retook the Chair.

General Business Mr Rob Kerr gave a vote of thanks to Sharon Sutherland for her service to the Coleambally Community. He also thanked the staff of both Coleambally and Hillston Branches for their efforts that have seen these results achieved.

Bendigo Bank Report Mark Hatley – Rural Bank Manager representing BABL summarised the branches achievements and said there is still a lot of opportunity for growth.

Meeting Close: There being no further business, the Chairman closed the meeting at 7.38pm

COLEAMBALLY FINANCE GROUP LIMITED

CHAIRMAN'S REPORT 2017

On behalf of the Board of Directors of Coleambally Finance Group Limited, it gives me pleasure to present the Chairman's Report for 2017.

Company Operating Profit for the 2016/17 financial year was \$85,701, before charitable donations and sponsorships of \$85,811. Net Assets have increased to \$210,418 from \$206,824 in 2016.

Continuing low interest rates affect our profit margins, yet are good news for our borrowers.

We continue to reinvest profits back to our community with many varied projects receiving funding. We have also returned a dividend of 5% to our contributors.

Our agencies at Darlington Point, Jerilderie and now also at Berrigan continue to show excellent growth. The installation of ATMs is an ongoing project and are providing much more convenience for both our customers and other bank customers in these towns.

Our partnership with Hillston **Community Bank**[®] Branch is showing growth as they have also expanded their network to a Hay branch, as well as still operating agencies in Lake Cargelligo and Condobolin.

Thanks must be extended to Coleambally **Community Bank**[®] Branch staff for their friendly and efficient service, which is pivotal to our growth and success. Thank you to the team led by Chris Noack and including Mary Crowley, Ralph Twaddell, Kate Jones, Sarah Hardy, Jessica Walsh and Chris White.

Thank you to the Board of Directors who contribute huge amounts of time voluntarily to the Coleambally Finance Group Limited and also to the Board of Western Riverina Community Financial Services Pty Ltd. Much appreciation is extended to Adrian Hayes, Terry Inglis, Rob Kerr, Kevan Boyle and Paul Muir for your support throughout the year.

Congratulations also to Kevan Boyle who received recognition for 15 years of service at the State Conference in Canberra this year.

Thank you also to our contributors and to our customers for your ongoing support and for carrying out your banking at your local **Community Bank**[®] branch, as the **Community Bank**[®] model would not be successful without you.

Lynne Stuckings
Chairman
30 September 2017

Manager's Report 2017

It is always a pleasure to report on a successful year for your Coleambally **Community Bank**[®] Branch which saw overall growth of \$12.5 million in business, exceeding our budget target to be sitting on \$148.3 million in banking business. Revenue growth exceeded \$1 million for the first time to reach \$1.046 million. Achievements like this are only made possible by the support of the community of Coleambally and surrounding centres. A sincere thank you goes to the community members who have thoughtfully given branch staff and myself the opportunity to offer our products and services.

Our **Community Bank**[®] branch offers a full range of financial products and services which offer more value than ever before. Through Rural Bank there is the first and only Farm Management Deposit offset account. At present for first time homebuyers there is a rate of 3.79% until 31 December. Please always remember the more banking business you have with your **Community Bank**[®] the greater value we can offer you.

As the first **Community Bank**[®] branch in this part of the Riverina and the second one in NSW, we as a branch and community have always been a leader in providing banking services. In this spirit we have continued to provide Darlington Point and Jerilderie financial services in our new shire through agencies which continue to grow in business levels. Recently one of the majors withdrew their services from Berrigan and left Berrigan without a Bank. We are working with the Berrigan **Community Bank**[®] Steering Committee to assist them establishing their own **Community Bank**[®] company. Opening an agency, like Jerilderie and Darlington Point, is the first step and this should be opened before the end of the year. For rural communities to be successful we need to work together to create our own destiny. Based on the level of support I have received from the Berrigan community it will be a success.

The agency at Hay has recently completed the successful transition to a branch, opening 7 September. I would congratulate Paul Lenon, Manager Hillston and his team for the hard work they have put in to achieve this outcome. We are looking forward to seeing the excellent results continue.

The branch renovations were completed in December last year and we are a proud part of our main street shopping centre. The new look demonstrates the confidence the Board has in the Coleambally community.

I would like to thank the staff, Mary Crowley, Ralph Twaddell, Kate Jones, Jessica Walsh, Sarah Hardy for their hard work and professionalism, without them these results would not be possible. Chris White started with us in May 2017 and is learning quickly. Please make him feel welcome, the next time you are in the branch. Their dedication makes me very proud and will ensure the success of the **Community Bank**[®] branch into the future. This gratitude extends to all agency staff.

I would like to convey my appreciation of the Board of Directors for their continued support for the Coleambally Finance Group Limited, the **Community Bank**[®] concept, myself and my staff.

Thank you to our contributors and customers for your ongoing support which benefits our communities greatly. Looking back at what we have achieved together and where we can go in the future with the **Community Bank**[®] model fills me with optimism because there is still so much we can achieve for our community.

Chris Noack
Manager

Coleambally Finance Group Limited
ABN 52 086 241 509
Directors' report

The Directors present their report of the company for the financial year ended 30 June 2017.

Directors

The following persons were Directors of Coleambally Finance Group Limited during or since the end of the financial year up to the date of this report:

Sharon Sutherland	
Position	Non-executive Director and Secretary
Professional qualifications	Nil
Experience and expertise	Appointed 28 April 2002. Resigned as Director 24 November 2016. Farmer.

Kevan Boyle	
Position	Non-executive Director
Professional qualifications	Nil
Experience and expertise	Appointed 11 February 1999. Post Master (retired).

Adrian Hayes	
Position	Non-executive Director
Professional qualifications	Nil
Experience and expertise	Appointed 24 November 2005. Agronomist and Director of Coleambally Irrigation Mutual Co-operative Limited.

Robert Kerr	
Position	Non-executive Director
Professional qualifications	Nil
Experience and expertise	Appointed 26 April 2012. Farmer.

Lynne Stuckings	
Position	Non-executive Director
Professional qualifications	Nil
Experience and expertise	Appointed 27 November 2014. Farmer, Proprietor Retail Business. Director of Cypress View Lodge Limited and former Director of Coleambally Irrigation Co-operative Limited. Chairperson Chamber of Commerce & Industry Coleambally.

Terry Inglis	
Position	Non-executive Director
Professional qualifications	Nil
Experience and expertise	Appointed 26 November 2015. Mobile Business Advisor. Director of Cypress View Lodge Limited.

Paul Muir	
Position	Non-executive Director
Professional qualifications	Nil
Experience and expertise	Appointed 13 June 2017. Heavy Machinery Operator.

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

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

Coleambally Finance Group Limited
ABN 52 086 241 509
Directors' report

Directors' meetings

Attendances by each Director during the year were as follows:

Director	Board meetings	
	A	B
Sharon Sutherland	2	1
Kevan Boyle	5	4
Adrian Hayes	5	5
Robert Kerr	5	5
Lynne Stuckings	5	5
Terry Inglis	5	4
Paul Muir	1	1

A - The number of meetings eligible to attend.

B - The number of meetings attended.

N/A - not a member of that committee.

Company Secretary

Sharon Sutherland resigned as Company Secretary 25 October 2016. Sharon has been Company Secretary of Coleambally Finance Group Limited since 2013 and her experience includes farm management for the last 30 years.

Chris Noack was appointed as non director Company Secretary 22nd February 2017.

Chris's experience includes Branch Manager of Coleambally Community Bank since 10 May 1999.

Principal activities

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

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

Review of operations

The loss of the company for the financial year after provision for income tax was \$5,984 (2016 profit: \$25,182), which is a -123.76% decrease as compared with the previous year.

Significant changes in the state of affairs

No significant changes in the company's state of affairs occurred during the financial year.

Events subsequent to the end of the reporting period

The operation of an agency at Berrigan has been accepted and will open as soon as possible. The branch at Hay opened on the 7th September 2017.

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor

The company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The company also has Officers Insurance for the benefit of Officers of the company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the company or in or arising out of the discharge of the Officer's duties.

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

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set at page 5 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Signed in accordance with a resolution of the Board of Directors at Coleambally on 25 September 2017.



Lynne Stuckings
Director

27 September 2017

The Directors
Coleambally Finance Group Limited
1 Brolga Place
Coleambally NSW 2707

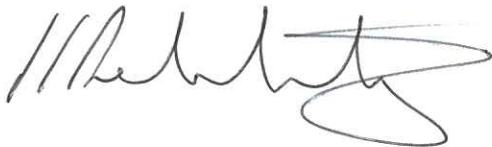
Dear Directors

To the Directors of Coleambally Finance Group Limited

Auditor's Independence Declaration under section 307C of the Corporations Act 2001

I declare that to the best of my knowledge and belief, during the year ended 30 June 2017 there has 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.



P. P. Delahunty
Partner
Richmond Sinnott & Delahunty

Coleambally Finance Group Limited
ABN 52 086 241 509
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2017

	Note	2017 \$	2016 \$
Revenue	2	1,046,447	941,678
Expenses			
Employee benefits expense	3	(557,759)	(496,796)
Depreciation and amortisation	3	(40,660)	(34,946)
Finance costs	3	(23,811)	(24,616)
Bad and doubtful debts expense	3	(417)	(678)
Administration and general costs		(190,429)	(150,588)
Occupancy expenses		(11,997)	(9,071)
IT expenses		(23,495)	(23,785)
Other expenses		(112,178)	(91,632)
		<u>(960,746)</u>	<u>(832,112)</u>
Operating profit before charitable donations and sponsorships		85,701	109,566
Charitable donations and sponsorships		<u>(85,811)</u>	<u>(66,993)</u>
Profit/(Loss) before income tax		(110)	42,573
Income tax expense	4	<u>(2,095)</u>	<u>(17,391)</u>
Profit/(Loss) for the year		(2,205)	25,182
Other comprehensive income		<u>5,799</u>	<u>(9,413)</u>
Total comprehensive income for the year		<u>3,594</u>	<u>15,769</u>
Profit/(Loss) attributable to members of the company		3,594	15,769
Total comprehensive income attributable to members of the company		<u>3,594</u>	<u>15,769</u>

These financial statements should be read in conjunction with the accompanying notes.

Coleambally Finance Group Limited
 ABN 52 086 241 509
 Statement of Financial Position
 as at 30 June 2017

	Note	2017 \$	2016 \$
Assets			
Current assets			
Cash and cash equivalents	5	15,457	15,119
Trade and other receivables	6	97,946	90,381
Financial assets	7	49,206	36,160
Current tax asset	4	12,710	-
Other assets	8	7,098	7,490
Total current assets		182,417	149,150
Non-current assets			
Cash and cash equivalents	5	327,537	327,537
Property, plant and equipment	9	478,872	355,404
Intangible assets	10	22,904	36,647
WRCFS Interest	11	78,762	115,086
Deferred tax assets	4	28,109	24,445
Total non-current assets		936,184	859,119
Total assets		1,118,601	1,008,269
Liabilities			
Current liabilities			
Trade and other payables	12	86,008	87,687
Current tax liability	4	-	11,549
Borrowings	14	205,302	185,555
Provisions	15	96,663	80,112
Total current liabilities		387,973	364,903
Non-current liabilities			
Borrowings	14	178,608	94,813
Provisions	15	5,550	5,667
Restricted funds	16	336,052	336,062
Total non-current liabilities		520,210	436,542
Total liabilities		908,183	801,445
Net assets		210,418	206,824
Equity			
Retained earnings	17	210,268	212,473
Reserves	18	150	(5,649)
Total equity		210,418	206,824

These financial statements should be read in conjunction with the accompanying notes.

Coleambally Finance Group Limited
ABN 52 086 241 509
Statement of Changes in Equity
for the year ended 30 June 2017

	Retained earnings \$	Reserves \$	Total equity \$
Balance at 1 July 2015	187,291	3,764	191,055
Profit for the year	25,182	-	25,182
Other comprehensive income for the year	-	(9,413)	(9,413)
Total comprehensive income for the year	25,182	(9,413)	15,769
Transactions with owners, in their capacity as owners			
Balance at 30 June 2016	<u>212,473</u>	<u>(5,649)</u>	<u>206,824</u>
Balance at 1 July 2016	212,473	(5,649)	206,824
Loss for the year	(2,205)	-	(2,205)
Other comprehensive income for the year	-	5,799	5,799
Total comprehensive income for the year	(2,205)	5,799	3,594
Transactions with owners, in their capacity as owners			
Balance at 30 June 2017	<u>210,268</u>	<u>150</u>	<u>210,418</u>

These financial statements should be read in conjunction with the accompanying notes.

Coleambally Finance Group Limited
 ABN 52 086 241 509
 Statement of Cash Flows
 for the year ended 30 June 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Receipts from customers		1,137,691	1,021,032
Payments to suppliers and employees		(1,066,332)	(939,828)
Dividends received		3,925	3,423
Interest paid		(23,811)	(24,616)
Interest received		334	134
Income tax paid		(30,018)	3,049
Net cash provided by operating activities	19b	<u><u>21,789</u></u>	<u><u>63,194</u></u>
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		5,819	4,909
Purchase of property, plant and equipment		(159,889)	(28,608)
Purchase of investments		(7,247)	(2,401)
Net cash flows used in investing activities		<u><u>(161,317)</u></u>	<u><u>(26,100)</u></u>
Cash flows from financing activities			
Proceeds from borrowings		113,830	24,443
Repayment of borrowings		(8,880)	(79,181)
Net movement in WRCFS Investment		36,324	18,921
Net cash provided by financing activities		<u><u>141,274</u></u>	<u><u>(35,817)</u></u>
Net increase in cash held		1,746	1,277
Cash and cash equivalents at beginning of financial year		(145,493)	(146,770)
Cash and cash equivalents at end of financial year	19a	<u><u>(143,747)</u></u>	<u><u>(145,493)</u></u>

These financial statements should be read in conjunction with the accompanying notes.

Coleambally Finance Group Limited
ABN 52 086 241 509
Notes to the Financial Statements
for the year ended 30 June 2017

These financial statements and notes represent those of Coleambally Finance Group Limited.

Coleambally Finance Group Limited ('the company') is a company limited by guarantee, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 25th September 2017.

1. Summary of significant accounting policies

(a) Basis of preparation

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

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

Economic dependency

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

The branches operate as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank", the logo, and systems of operation of Bendigo and Adelaide Bank Limited. The company manages the **Community Bank**[®] branches on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank**[®] branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Economic dependency (continued)

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank®** branches 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®** branches;
- Training for the Branch Managers and other employees in banking, management systems and interface protocol;
- Methods and procedures for the sale of products and provision of services;
- Security and cash logistic controls;
- Calculation of company revenue and payment of many operating and administrative expenses;
- The formulation and implementation of advertising and promotional programs; and
- Sale techniques and proper customer relations.

(b) Impairment of assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

(c) Goods and services tax (GST)

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

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

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

(d) New and amended accounting policies adopted by the company

There are no new and amended accounting policies that have been adopted by the company this financial year.

(e) Comparative figures

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

1. Summary of significant accounting policies (continued)

(f) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

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

Fair value assessment of non-current physical assets

The AASB 13 Fair Value standard requires fair value assessments that may involve both complex and significant judgement and experts. The value of land and buildings may be materially misstated and potential classification and disclosure risks may occur.

Employee benefits provision

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

Income tax

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

Impairment

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

(g) New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company.

The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in the future reporting periods is set below:

1. Summary of significant accounting policies (continued)

(g) New accounting standards for application in future periods

(i) AASB 9 *Financial Instruments* and associated Amending Standards (applicable for annual reporting periods beginning on or after 1 January 2018)

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

- a) Financial assets that are debt instruments will be classified based on:
 - (i) the objective of the entity's business model for managing the financial assets; and
 - (ii) the characteristics of the contractual cash flows.
- b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- c) Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.
- d) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- e) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
 - the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI)
 - the remaining change is presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- classification and measurement of financial liabilities; and
- derecognition requirements for financial assets and liabilities

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.

Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements.

1. Summary of significant accounting policies (continued)

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

(ii) AASB 15: *Revenue from Contracts with Customers* (applicable for annual reporting periods commencing on or

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in

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

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

In May 2015, the AASB issued ED 260 Income of Not-for-Profit Entities, proposing to replace the income recognition requirements of AASB 1004 Contributions and provide guidance to assist not-for-profit entities to apply the

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

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

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

AASB 16:

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

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

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2. Revenue

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

The entity applies the revenue recognition criteria set out below to each separately identifiable sales transaction in order to reflect the substance of the transaction.

Rendering of services

The entity generates service commissions on a range of products issued by the Bendigo and Adelaide Bank Limited. The revenue includes upfront and trailing commissions, sales fees and margin fees.

Interest, dividend and other income

Interest income is recognised on an accrual basis using the effective interest rate method.

Dividend and other revenue is recognised when the right to the income has been established.

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

	2017 \$	2016 \$
Revenue		
- service commissions	<u>1,041,858</u>	<u>937,290</u>
	<u>1,041,858</u>	<u>937,290</u>
Other revenue		
- interest received	334	133
- other revenue	<u>4,255</u>	<u>4,255</u>
	<u>4,589</u>	<u>4,388</u>
Total revenue	<u>1,046,447</u>	<u>941,678</u>

3. Expenses

Operating expenses

Operating expenses are recognised in profit or loss on an accruals basis, which is typically upon utilisation of the service or at the date upon which the entity becomes liable.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

Depreciation

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

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3. Expenses (continued)

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

<i>Class of asset</i>	<i>Rate</i>	<i>Method</i>
Buildings	2.5%	PC
Property improvements	2.5%	PC & DV
Plant and equipment	2.5% - 40%	PC & DV
Motor vehicles	25% - 30%	DV

Gains/losses upon disposal of non-current assets

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

	2017 \$	2016 \$
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	475,463	430,053
- superannuation costs	65,861	58,502
- other costs	<u>16,435</u>	<u>8,241</u>
	<u>557,759</u>	<u>496,796</u>
Depreciation and amortisation		
<i>Depreciation</i>		
- plant and equipment	6,702	5,266
- property improvements	2,640	1,779
- buildings	4,068	4,068
- motor vehicles	<u>13,507</u>	<u>10,090</u>
	26,917	21,203
Amortisation		
- intangible assets	<u>13,743</u>	<u>13,743</u>
	<u>13,743</u>	<u>13,743</u>
Total depreciation and amortisation	<u>40,660</u>	<u>34,946</u>
Finance costs		
- Interest paid	23,811	24,616
Bad and doubtful debts expenses	417	678
Loss on disposal of property, plant and equipment	3,685	1,798
Auditors' remuneration		
<i>Remuneration of the Auditor, Richmond, Sinnott & Delahunty, for:</i>		
- Audit or review of the financial report	<u>8,010</u>	<u>7,920</u>
	<u>8,010</u>	<u>7,920</u>

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4. Income tax

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

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

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

Deferred income tax assets and liabilities are 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.

	2017	2016
	\$	\$
a. The components of tax expense comprise:		
Current tax expense	5,757	18,576
Deferred tax income relating	(3,662)	(1,185)
	<u>2,095</u>	<u>17,391</u>
b. Prima facie tax payable		
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 27.5% (2016: 28.5%)	(30)	12,133
Add tax effect of:		
- Non-deductible expenses	2,125	5,258
Income tax attributable to the entity	<u>2,095</u>	<u>17,391</u>
The applicable weighted average effective tax rate is	1904.55%	40.85%
c. Current tax liability/asset		
Current tax relates to the following:		
<i>Current tax liabilities / (assets)</i>		
Opening balance	11,549	(10,075)
Income tax paid	(30,016)	3,048
Current tax	<u>5,757</u>	<u>18,576</u>
	<u>(12,710)</u>	<u>11,549</u>

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4. Income tax (continued)

	2017	2016
	\$	\$
d. Deferred tax asset		
Deferred tax relates to the following:		
Deferred tax assets balance comprises:		
Employee provisions	<u>28,109</u>	<u>24,445</u>
Net deferred tax asset / (liability)	<u><u>28,109</u></u>	<u><u>24,445</u></u>
e. Deferred income tax revenue included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	<u>(3,664)</u>	<u>(1,185)</u>
	<u><u>(3,664)</u></u>	<u><u>(1,185)</u></u>

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5. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

	2017 \$	2016 \$
Current		
Cash at bank and on hand	15,457	15,119
	<u>15,457</u>	<u>15,119</u>
Non-current		
Short-term bank deposits	327,537	327,537
	<u>327,537</u>	<u>327,537</u>

The company has received pledges (Note 16). A condition of the pledge is the funds must be held separately. As these funds will not be available for the company's use, they are disclosed as non-current.

The effective interest rate on short-term bank deposits was 2.05% (2016: 2.45%); these deposits have an average maturity of 90 days.

6. Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provision for doubtful debts. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. A provision for doubtful debts is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the assets carrying amount and the present value of estimated cash flows, discounted at the effective interest rate. The amount of the provision is recognised on profit or loss.

	2017 \$	2016 \$
Current		
Trade receivables	97,919	90,350
Other receivables	27	31
	<u>97,946</u>	<u>90,381</u>

Credit risk

The main source of credit risk relates to a concentration of trade receivables owing by Bendigo and Adelaide Bank Limited, which is the source of the majority of the company's income.

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

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6. Trade and other receivables (continued)

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be high credit quality.

	Gross amount	Not past due	Past due but not impaired			Past due and impaired
			< 30 days	31-60 days	> 60 days	
	\$	\$	\$	\$	\$	\$
2017						
Trade receivables	97,919	97,919	-	-	-	-
Other receivables	27	27	-	-	-	-
Total	97,946	97,946	-	-	-	-
2016						
Trade receivables	90,350	90,350	-	-	-	-
Other receivables	31	31	-	-	-	-
Total	90,381	90,381	-	-	-	-

7. Financial assets

Classification of financial assets

The company classifies its financial assets in the following categories:

- loans and receivables,
- held to maturity investments, and
- available for sale assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

Loans and receivables

This category is the most relevant to the company. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the period end, which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

7. Financial assets (continued)

Classification of financial assets (continued)

Held to maturity investments

The group classifies investments as held-to-maturity if:

- they are non-derivative financial assets
- they are quoted in an active market
- they have fixed or determinable payments and fixed maturities
- the group intends to, and is able to, hold them to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which would be classified as current assets.

Available for sale financial asset

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long-term. Financial assets that are not classified into any of the other categories (at FVPL, loans and receivables or held-to-maturity investments) are also included in the available-for-sale category.

The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

Measurement of financial assets

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised as follows:

- for 'financial assets at fair value through profit or loss' – in profit or loss within other income or other expenses
- for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security are recognised in profit or loss
- for other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments 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*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discount estimated future cash payments or receipts over the expected life (or where 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 the profit or loss.

7. Financial assets (continued)

Impairment of financial assets

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Assets classified as available for sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

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.

	2017	2016
	\$	\$
<i>Available for sale financial assets</i>		
Listed investments	49,206	36,160
	49,206	36,160

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8. Other assets

Other assets represent items that will provide the entity with future economic benefits controlled by the entity as a result of past transactions or other past events.

	2017	2016
	\$	\$
Prepayments	6,570	6,962
Security bond	528	528
	<u>7,098</u>	<u>7,490</u>
	<u>7,098</u>	<u>7,490</u>

9. Property, plant and equipment

Property

Freehold land and buildings are measured at cost and therefore are carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of land and buildings is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of land and buildings is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

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

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

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9. Property, plant and equipment (continued)

	2017	2016
	\$	\$
<i>Land</i>		
At cost	<u>54,000</u>	<u>54,000</u>
 <i>Buildings</i>		
At cost	162,699	162,699
Less accumulated depreciation	<u>(17,578)</u>	<u>(13,510)</u>
	145,121	149,189
 <i>Property improvements</i>		
At cost	183,239	76,995
Less accumulated depreciation	<u>(9,736)</u>	<u>(7,097)</u>
	173,503	69,898
 <i>Plant and equipment</i>		
At cost	166,260	142,062
Less accumulated depreciation	<u>(113,627)</u>	<u>(106,926)</u>
	52,633	35,136
 <i>Motor Vehicles</i>		
At cost	107,379	97,285
Less accumulated depreciation	<u>(53,764)</u>	<u>(50,104)</u>
	53,615	47,181
 Total property, plant and equipment	<u><u>478,872</u></u>	<u><u>355,404</u></u>
 Movements in carrying amounts		
 <i>Land</i>		
Balance at the beginning of the reporting period	<u>54,000</u>	<u>54,000</u>
Balance at the end of the reporting period	54,000	54,000
 <i>Buildings</i>		
Balance at the beginning of the reporting period	149,189	153,257
Depreciation expense	<u>(4,068)</u>	<u>(4,068)</u>
Balance at the end of the reporting period	145,121	149,189
 <i>Property improvements</i>		
Balance at the beginning of the reporting period	69,899	68,265
Additions	106,244	3,413
Depreciation expense	<u>(2,640)</u>	<u>(1,779)</u>
Balance at the end of the reporting period	173,503	69,899

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9. Property, plant and equipment (continued)

	2017	2016
	\$	\$
<i>Plant and equipment</i>		
Balance at the beginning of the reporting period	35,137	39,690
Additions	24,198	713
Disposals	-	-
Depreciation expense	(6,702)	(5,266)
Balance at the end of the reporting period	52,633	35,137
<i>Motor Vehicles</i>		
Balance at the beginning of the reporting period	47,179	39,494
Additions	29,447	24,482
Disposals	(9,504)	(6,707)
Depreciation expense	(13,507)	(10,090)
Balance at the end of the reporting period	53,615	47,179
<i>Total property, plant and equipment</i>		
Balance at the beginning of the reporting period	355,404	354,706
Additions	159,889	28,608
Disposals	(9,504)	(6,707)
Depreciation expense	(26,917)	(21,203)
Balance at the end of the reporting period	478,872	355,404

10. Intangible assets

Franchise fees have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation in the Statement of Profit or Loss and Other Comprehensive Income.

	2017	2016
	\$	\$
<i>Franchise fee</i>		
At cost	210,413	210,413
Less accumulated amortisation	(187,509)	(173,766)
Total intangible assets	22,904	36,647
Movements in carrying amounts		
<i>Franchise fee</i>		
Balance at the beginning of the reporting period	36,647	50,390
Amortisation expense	(13,743)	(13,743)
Balance at the end of the reporting period	22,904	36,647
<i>Total intangible assets</i>		
Balance at the beginning of the reporting period	36,647	50,390
Amortisation expense	(13,743)	(13,743)
Balance at the end of the reporting period	22,904	36,647

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	2017	2016
	\$	\$
11. WRCFS Interest		
WRCFS Partnership Distribution	170,477	196,672
WRCFS Employee adjustment to period ending 31/12/12	338	338
60% WRCFS Net Assets 30 June 2017 \$153,421 (2016: \$136,539)	<u>(92,053)</u>	<u>(81,924)</u>
Interest WRCFS Joint Venture	<u>78,762</u>	<u>115,086</u>

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12. Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

	2017	2016
	\$	\$
Current		
<i>Unsecured liabilities:</i>		
Trade creditors	50,537	57,833
Other creditors and accruals	20,602	17,316
GST payable	14,869	12,538
	86,008	87,687
	86,008	87,687

The average credit period on trade and other payables is one month.

13. Financial liabilities

Financial liabilities include trade payables, other creditors, loans from third parties and loans from or other amounts due to related entities. Financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Financial liabilities are initially measured at fair value plus transaction costs, except where the instrument is classified as "fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. 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.

14. Borrowings

Loans

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

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Finance Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset - but not the legal ownership - are transferred to the company, are classified as finance leases.

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

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

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14. Borrowings (continued)

	2017	2016
	\$	\$
Current		
<i>Unsecured liabilities</i>		
Bank overdraft	159,204	160,612
<i>Secured liabilities</i>		
Bank loan	3,255	3,033
Equipment Finance	42,843	21,910
	205,302	185,555
Non-current		
<i>Secured liabilities</i>		
Bank loan	178,608	94,813
	178,608	94,813
Total borrowings	383,910	280,368

(a) Bank overdraft and bank loans

The company has an overdraft facility of \$196,050 which is subject to normal commercial terms and conditions.

The company has a \$87,006 term loan (2016: \$6) which is currently interest only at a rate of 3.79%pa (2016: 4.285%pa). This loan is secured by a general security deed.

The company has a \$94,857 term loan (2016: \$97,843) which is subject to normal terms and conditions. The current interest rate is 7.29% (2016: 7.29%pa). This loan is secured by a mortgage over the land and buildings.

The chattel mortgage is Coleambally Finance Group Limited's share of Western Riverina Community Financial Services liability, which is secured by a charge over the motor vehicle and a company guarantee.

(b) Lease liabilities

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

15. Provisions

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The liability for annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

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Notes to the Financial Statements
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15. Provisions (continued)

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurement for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

	2017	2016
	\$	\$
Current		
Employee benefits	<u>96,663</u>	<u>80,112</u>
Non-current		
Employee benefits	<u>5,550</u>	<u>5,667</u>
Total provisions	<u><u>102,213</u></u>	<u><u>85,779</u></u>

16. Restricted funds

Pledges	<u><u>336,052</u></u>	<u><u>336,062</u></u>
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Coleambally Finance Group Limited is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards any outstanding obligations of the company.

17. Retained earnings

	2017	2016
	\$	\$
Balance at the beginning of the reporting period	212,473	187,291
Profit/(loss) after income tax	<u>(2,205)</u>	<u>25,182</u>
Balance at the end of the reporting period	<u><u>210,268</u></u>	<u><u>212,473</u></u>

18. Reserves

The reserves represent undistributable gains recognised on the revaluation of non-current assets.

	2017	2016
	\$	\$
<i>Available for sale reserve</i>		
Balance at the beginning of the reporting period	(5,649)	3,764
Fair value movements during the period	<u>5,799</u>	<u>(9,413)</u>
Balance at the end of the reporting period	<u><u>150</u></u>	<u><u>(5,649)</u></u>

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19. Statement of cash flows

	2017	2016
	\$	\$
(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:		
Cash and cash equivalents (Note 5)	15,457	15,119
Less bank overdraft (Note 14)	<u>(159,204)</u>	<u>(160,612)</u>
As per the Statement of Cash Flow	<u>(143,747)</u>	<u>(145,493)</u>
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit / (loss) after income tax	(2,205)	25,182
Non-cash flows in profit		
- Depreciation	26,917	21,203
- Amortisation	13,743	13,743
- Bad debts	417	678
- Net (profit) / loss on disposal of property, plant & equipment	3,685	1,798
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(7,982)	(11,833)
- (increase) / decrease in prepayments and other assets	392	(1,747)
- (Increase) / decrease in deferred tax asset	(3,664)	(1,184)
- Increase / (decrease) in trade and other payables	(1,679)	(14,523)
- Increase / (decrease) in current tax liability/asset	(24,259)	21,624
- Increase / (decrease) in provisions	16,434	8,243
- Increase / (decrease) in restricted funds	<u>(10)</u>	<u>10</u>
Net cash flows from / (used in) operating activities	<u>21,789</u>	<u>63,194</u>

(c) Credit standby arrangement and loan facilities

The company has a bank overdraft and commercial bill facility amounting to \$196,050 (2016: \$196,050). This may be terminated at any time at the option of the bank. At 30 June 2017, \$159,203 of this facility was used (2016: \$160,612). Variable interest rates apply to these overdraft and bill facilities.

20. Key management personnel and related party disclosures

(a) Key management personnel

Any person(s) having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company is considered key management personnel.

The totals of remuneration paid to key management personnel of the company during the year are as follows:

	2017	2016
	\$	\$
Short-term employee benefits	99,898	101,481
Post-employment benefits	13,130	13,421
Other long-term benefits	<u>3,235</u>	<u>2,499</u>
Total key management personnel compensation	<u>116,263</u>	<u>117,401</u>

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 Notes to the Financial Statements
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20. Key management personnel and related party disclosures (continued)

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive Directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to Executive Directors and other key management personnel.

Post-employment benefits

These amounts are the current year's estimated cost of providing the company's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

Other long-term benefits

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

(b) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(c) Transactions with key management personnel and related parties

Other than detailed below, no key management personnel or related party has entered into any contracts with the company. No Director fees have been paid as the positions are held on a voluntary basis.

During the year, the company purchased goods and services under normal terms and conditions, from related parties as follows:

Name of related party	Description of goods / services provided	Value \$
Hillston Tyre Service	Motor vehicle repairs	75
Hillston Hardware	Fuel	1,855
PinnacleHPC	Share registry maintenance	2,278

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20. Key management personnel and related party disclosures (continued)

(c) Transactions with key management personnel and related parties (continued)

The Coleambally Finance Group Limited has accepted the Bendigo and Adelaide Bank Limited's **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 branch. There is no requirement to own Bendigo and Adelaide Bank Limited 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 Directors have estimated the total benefits received from the Directors Privilege Package to be \$NIL for the year ended 30 June 2017.

(d) Key management personnel shareholdings

The number of ordinary shares in Coleambally Finance Group Limited held by each key management personnel of the company during the financial year is as follows:

	2017	2016
Sharon Sutherland	1,250	1,250
Kevan Boyle	1,350	1,350
Adrian Hayes	5,000	5,000
Robert Kerr	500	500
Lynne Stuckings	-	-
Terry Inglis	-	-
Paul Muir	-	-
	<u>8,100</u>	<u>8,100</u>

There was no movement in key management personnel pledged funds held during the year.

(e) Other key management transactions

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

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21. Events after the reporting period

The operation of an agency at Berrigan has been accepted and will open as soon as possible. The branch at Hay opened on the 7th September 2017.

22. Contingent liabilities and contingent assets

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

23. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in two areas being Coleambally and Hillston, NSW. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2016: 100%).

24. Commitments

Operating lease commitments

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

	2017	2016
	\$	\$
Payable:		
- no later than 12 months	18,809	9,978
- between 12 months and five years	46,314	22,450
- greater than five years	-	-
Minimum lease payments	65,123	32,428

The property lease at 174 High Street, Hillston is a non-cancellable lease with a five year term, with rent payable monthly in advance and with CPI increases each year. An option exists to renew the lease at the end of the term for an additional five year period.

The property lease at 186 Lachlan Street, Hay is a non-cancellable lease with a five year term, with rent payable monthly in advance and with CPI increases each year. An option exists to renew the lease at the end of the term, for an additional five years.

25. Company details

The registered office and principle place of business is 1 Broilga Place, Coleambally, NSW 2707.

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26. Fair value measurements

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

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

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

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

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

The company measures and recognises the following assets at fair value on a recurring basis after initial recognition:

- Listed investments

The company does not subsequently measure any liabilities at fair value on a non-recurring basis.

(a) Fair value hierarchy

AASB 13: *Fair value measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

Fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

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26. Fair value measurements (continued)

Valuation techniques

The company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the company are consistent with one or more of the following valuation approaches:

- *Market approach*: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach*: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach*: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the company's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

30 June 2017				
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Recurring fair value measurements				
<i>Financial assets</i>				
Listed investments	49,206	-	-	49,206
Total financial assets recognised at fair value on a recurring basis	49,206	-	-	49,206
30 June 2016				
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Recurring fair value measurements				
<i>Financial assets</i>				
Listed investments	36,160	-	-	36,160
Total financial assets recognised at fair value on a recurring basis	36,160	-	-	36,160

There were no transfers between Levels for assets measured at fair value on a recurring basis during the reporting period (2016: no transfers).

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27. Financial risk management

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Specific financial risk exposure and management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and other price risk. There have been no substantial changes in the types of risks the company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

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

	Note	2017 \$	2016 \$
Financial assets			
Cash and cash equivalents	5	15,457	15,119
Trade and other receivables	6	97,946	90,381
Financial assets	7	49,206	36,160
Total financial assets		<u><u>162,609</u></u>	<u><u>141,660</u></u>
Financial liabilities			
Trade and other payables	12	86,008	87,687
Borrowings	14	224,706	119,756
Bank overdraft	14	159,204	160,612
Total financial liabilities		<u><u>469,918</u></u>	<u><u>368,055</u></u>

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the table above.

The company has significant concentrations of credit risk with Bendigo and Adelaide Bank Limited. The company's exposure to credit risk is limited to Australia by geographic area.

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Notes to the Financial Statements
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27. Financial risk management (continued)

(a) Credit risk (continued)

None of the assets of the company are past due (2016: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

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

(b) Liquidity risk

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

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

In addition the company has established an overdraft facility of \$196,050 with Bendigo and Adelaide Bank Limited. The undrawn amount of this facility is \$36,847 (2016: \$35,438).

The table below reflects an undiscounted contractual maturity analysis for financial liabilities. The Bank overdraft facility is subject to annual review, may be drawn at any time, and may be terminated by the bank without notice. Therefore the balance of the overdraft facility outstanding at year end could become repayable within 12 months.

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

Financial liability and financial asset maturity analysis:

30 June 2017	Weighted average interest rate %	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
Financial assets					
Cash and cash equivalents	2.05%	15,457	15,457	-	-
Trade and other receivables		97,946	97,946	-	-
Financial assets		<u>49,206</u>	<u>49,206</u>	-	-
Total anticipated inflows		<u>162,609</u>	<u>162,609</u>	-	-
Financial liabilities					
Trade and other payables		86,008	86,008	-	-
Borrowings	6%	224,706	46,098	178,608	-
Bank overdraft *	5.50%	<u>159,204</u>	<u>159,204</u>	-	-
Total expected outflows		<u>469,918</u>	<u>291,310</u>	<u>178,608</u>	-
Net outflow on financial instruments		<u><u>(307,309)</u></u>	<u><u>(128,701)</u></u>	<u><u>(178,608)</u></u>	<u><u>-</u></u>

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Notes to the Financial Statements
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27. Financial risk management (continued)

(b) Liquidity risk (continued)

30 June 2016	Weighted average interest rate %	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
Financial assets					
Cash and cash equivalents	2.45%	15,119	15,119	-	-
Trade and other receivables		90,381	90,381	-	-
Financial assets		36,160	36,160	-	-
Total anticipated inflows		<u>141,660</u>	<u>141,660</u>	-	-
Financial liabilities					
Trade and other payables		87,687	87,687	-	-
Borrowings	3%	119,756	119,756	-	-
Bank overdraft *		160,612	160,612	-	-
Total expected outflows		<u>368,055</u>	<u>368,055</u>	-	-
Net inflow / (outflow) on financial instruments		<u><u>(226,395)</u></u>	<u><u>(226,395)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

* The Bank overdraft has no set repayment period and as such all has been included as current.

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

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

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

Year ended 30 June 2017	Profit \$	Equity \$
+/- 1% in interest rates (interest income)	647	647
+/- 1% in interest rates (interest expense)	<u>(3,839)</u>	<u>(3,839)</u>
	<u><u>(3,192)</u></u>	<u><u>(3,192)</u></u>

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27. Financial risk management (continued)

(c) Market risk (continued)

Year ended 30 June 2016

+/- 1% in interest rates (interest income)	513	513
+/- 1% in interest rates (interest expense)	(2,804)	(2,804)
	<u>(2,291)</u>	<u>(2,291)</u>

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Fair values

Fair value estimation

The fair values of financial assets and liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position.

Differences between fair values and the carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied to the market since their initial recognition by the company.

	2017		2016	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair Value \$
Financial assets				
Cash and cash equivalents (i)	15,457	15,457	15,119	15,119
Trade and other receivables (i)	97,946	97,946	90,381	90,381
Financial assets	49,206	49,206	36,160	36,160
Total financial assets	<u>162,609</u>	<u>162,609</u>	<u>141,660</u>	<u>141,660</u>
Financial liabilities				
Trade and other payables (i)	86,008	86,008	87,687	87,687
Borrowings	224,706	224,706	119,756	119,756
Bank overdraft	159,204	159,204	160,612	160,612
Total financial liabilities	<u>469,918</u>	<u>469,918</u>	<u>368,055</u>	<u>368,055</u>

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.

Coleambally Finance Group Limited
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Directors' Declaration

In accordance with a resolution of the Directors of Coleambally Finance Group Limited, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 39 are in accordance with the Corporations Act 2001 and:
 - (i) comply with Australian Accounting Standards which, as stated in accounting policy Note 1(a) to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - (ii) give a true and fair view of the company's financial position as at 30 June 2017 and of the performance for the year ended on that date;
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Lynne Stuckings
Director

Signed at Coleambally on 25th September 2017.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF COLEAMBALLY FINANCE GROUP LIMITED**

Opinion

We have audited the financial report of Coleambally Finance Group Limited, which comprises the statement of financial position as at 30 June 2017, 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, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion:

- (a) the financial report of Coleambally Finance Group 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 then ended; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements related to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information, 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Group 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 to 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. Misstatements 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness if the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt in the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.


We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

RICHMOND SINNOTT & DELAHUNTY

Chartered Accountants


P. P. Delahunty
Partner

Dated at Bendigo, 27 September 2017

Western Riverina Community Financial Services Partnership
ABN 92 986 178 608

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**WESTERN RIVERINA COMMUNITY
FINANCIAL SERVICES PARTNERSHIP
ABN 92 986 178 608**

**Detailed Profit and Loss Statement
For the year ended 30 June 2017**

	2017 \$	2016 \$
Income		
Gross Margin Income	1,163,066.10	882,938.06
Commissions		
- Upfront	31,705.42	43,499.32
- Fee Income	119,095.95	115,330.78
- Market Development	60,000.03	100,000.11
- Trailing	330,457.99	411,858.27
	<u>541,259.39</u>	<u>670,688.48</u>
Bus Income	1,045.45	2,818.18
Reimbursement Employee Expenses	19,710.28	-
Dividends - Franked		
- Bendigo Bank Ltd	4,578.78	3,994.11
	<u>4,578.78</u>	<u>3,994.11</u>
Insurance recoveries	1,541.65	-
Interest Received		
- Bank	557.25	222.31
	<u>557.25</u>	<u>222.31</u>
Profit/Loss on Sale of Assets	(6,142.10)	(2,997.19)
Subsidies received	3,250.00	-
Rent received	7,090.98	7,090.98
Total income	<u>1,735,957.78</u>	<u>1,564,754.93</u>
Expenses		
Advertising & Promotions	45,298.96	41,379.72
Agency Expenses	116.32	706.64
Accommodation & Meals	17,981.58	12,593.12
ATM Maintenance & Costs	14,320.80	10,927.29
Audit Fees	13,350.00	13,200.00
Bad Debts Written Off	695.77	1,130.67
Bank Fees & Charges	5,769.77	5,208.01
Borrowing Expenses	608.63	629.78
Bus Expenses	5,323.68	11,191.71
Cash Management Expenses	11,912.03	6,858.30
Cleaning	10,160.72	8,613.73

The accompanying notes form part of these financial statements.

**WESTERN RIVERINA COMMUNITY
FINANCIAL SERVICES PARTNERSHIP
ABN 92 986 178 608**

**Detailed Profit and Loss Statement
For the year ended 30 June 2017**

	2017	2016
	\$	\$
Commissions Paid	145,206.41	96,207.21
Computer Software & Supplies	39,157.52	39,640.96
Conference/seminar costs	12,249.88	2,378.23
Consultants Fees	-	2,500.00
Depreciation (as per schedule)	44,860.00	35,339.00
Donations	10,000.00	100.00
Filing Fees	1,472.00	1,453.00
Financial Accounting Services	31,050.00	25,280.00
Freight & Cartage	30,369.88	36,490.74
Fringe Benefits Tax	16,152.94	12,451.73
Insurance	29,744.69	25,635.81
Interest	11,680.58	13,022.39
Leave Entitlements	27,392.72	13,734.64
Legal Fees	16,666.67	4,628.92
Light & Power	6,024.12	7,579.53
Motor Vehicle Expenses		
- Fuel & Oil	11,328.25	10,001.95
- Interest	2,279.95	2,183.05
- Registration	3,148.00	3,097.00
- Repairs	4,719.93	8,375.75
- Insurance	4,476.85	4,207.05
	25,952.98	27,864.80
Payroll Tax	7,168.22	5,081.04
Office Expenses	521.32	2,776.71
Postage, Printing & Stationery	20,834.98	19,283.25
Rates	1,830.41	1,764.97
Rent	19,994.99	15,118.20
Repairs & Maintenance	651.10	1,384.01
Salaries & Wages	792,437.81	716,755.57
Security Costs	19,996.26	11,253.08
Search Fees & Credit Checks	6,327.21	4,826.57
Share Registry Expense	2,278.50	-
Staff Amenities	1,054.80	1,090.80
Staff Uniforms	7,835.09	4,714.35
Staff Training	14,725.09	13,200.00
Subscriptions	1,496.82	519.55

The accompanying notes form part of these financial statements.

**WESTERN RIVERINA COMMUNITY
FINANCIAL SERVICES PARTNERSHIP
ABN 92 986 178 608**

**Detailed Profit and Loss Statement
For the year ended 30 June 2017**

	2017	2016
	\$	\$
Sundry Expenses	1,754.08	2,434.42
Superannuation	109,767.68	97,503.21
Telephone	13,453.98	15,288.41
Travel Expenses	79.21	2,388.93
Rates	766.40	743.90
Repairs and Maintenance	2,998.29	1,555.49
Total expenses	<u>1,599,490.89</u>	<u>1,374,428.39</u>
Net Profit from Ordinary Activities before income tax	<u><u>136,466.89</u></u>	<u><u>190,326.54</u></u>

The accompanying notes form part of these financial statements.

**WESTERN RIVERINA COMMUNITY
FINANCIAL SERVICES PARTNERSHIP
ABN 92 986 178 608**

**Partners' Profit Distribution Summary
For the year ended 30 June 2017**

	2017	2016
	\$	\$
Partners' Share of Profit		
- Coleambally Finance Group Limited (Share: 60%)	81,880.13	114,195.92
- Hillston & District Financial Services Limited (Share: 40%)	54,586.76	76,130.62
Total Profit	<u>136,466.89</u>	<u>190,326.54</u>

**WESTERN RIVERINA COMMUNITY
FINANCIAL SERVICES PARTNERSHIP
ABN 92 986 178 608**

Partners' Profit Distribution Summary

For the year ended 30 June 2017

	2017 \$	2016 \$
Coleambally Finance Group Limited (Share: 60%)		
Balance at Beginning of Year	196,671.97	162,316.81
Asset Revaluation Increment/(Decrement)	5,799.95	(9,407.54)
Tax Refund	-	10,075.50
Profit distribution for year	81,880.13	114,195.92
	<u>284,352.05</u>	<u>277,180.69</u>
Less:		
Income Tax Paid	(28,839.54)	(6,000.00)
Franchise Fee Paid	(15,600.86)	(15,600.86)
Community Donation	(52,631.58)	(42,105.26)
Contributor Interest	(16,802.60)	(16,802.60)
	<u>170,477.47</u>	<u>196,671.97</u>
Hillston & District Financial Services Limited (Share: 40%)		
Balance at Beginning of Year	(60,132.41)	(114,569.20)
Asset Revaluation Increment/(Decrement)	3,866.63	(6,271.71)
Tax Refund	684.71	639.20
Profit distribution for year	54,586.76	76,130.62
	<u>(994.31)</u>	<u>(44,071.09)</u>
Less:		
Franchise Fee Paid	(16,061.32)	(16,061.32)
	<u>(17,055.63)</u>	<u>(60,132.41)</u>
Total Proprietors' Funds	<u>153,421.84</u>	<u>136,539.56</u>

The accompanying notes form part of these financial statements.

**WESTERN RIVERINA COMMUNITY
FINANCIAL SERVICES PARTNERSHIP
ABN 92 986 178 608
Detailed Balance Sheet as at 30 June 2017**

	Note	2017 \$	2016 \$
Proprietors' Funds			
Coleambally Finance Group Limited (Share: 60%)		170,477.47	196,671.97
Hillston & District Financial Services Limited (Share: 40%)		(17,055.63)	(60,132.41)
Total Proprietors' Funds		153,421.84	136,539.56
Represented by:			
Current Assets			
Cash Assets			
Petty cash - Hillston		200.00	200.00
Term Deposit - Bendigo Bank #157616087		25,562.00	25,000.00
		<u>25,762.00</u>	<u>25,200.00</u>
Receivables			
Trade debtors		163,198.35	150,584.13
		<u>163,198.35</u>	<u>150,584.13</u>
Other Financial Assets			
Shares - Bendigo Bank Ltd		82,014.16	60,268.80
Rental Bond - Hillston		880.00	880.00
		<u>82,894.16</u>	<u>61,148.80</u>
Other			
Accrued Income		47.38	52.13
Prepayments		10,951.59	11,606.62
		<u>10,998.97</u>	<u>11,658.75</u>
Total Current Assets		282,853.48	248,591.68

The accompanying notes form part of these financial statements.

**WESTERN RIVERINA COMMUNITY
FINANCIAL SERVICES PARTNERSHIP
ABN 92 986 178 608
Detailed Balance Sheet as at 30 June 2017**

	Note	2017 \$	2016 \$
Non-Current Assets			
Property, Plant and Equipment			
Land 1 Brolga Place (Directors Val 2011)		40,000.00	40,000.00
Land 33 Brolga Place (Cost 2013)		50,000.00	50,000.00
Buildings Coleambally		271,165.00	271,165.00
Less: Accumulated Depreciation		(29,296.00)	(22,516.00)
Property Improvements - Hillston		57,647.77	57,647.77
Less: Accumulated Depreciation		(10,325.00)	(9,112.00)
Plant & Equip - at Cost		277,100.79	236,770.52
Less: Accumulated Depreciation		(189,378.92)	(178,209.92)
Property Improvements - 1 Brolga Place		246,140.18	70,677.29
Less: Accumulated Depreciation		(5,889.00)	(2,716.00)
Property Improvements - Hay		1,610.00	-
Less: Accumulated depreciation		(13.00)	-
Motor Vehicles - at Cost		177,816.98	160,778.16
Less: Accumulated Depreciation		(89,606.00)	(83,506.00)
		<u>796,972.80</u>	<u>590,978.82</u>
Other			
Borrowing Costs		1,148.02	1,359.85
		<u>1,148.02</u>	<u>1,359.85</u>
Total Non-Current Assets		<u>798,120.82</u>	<u>592,338.67</u>
Total Assets		<u>1,080,974.30</u>	<u>840,930.35</u>

The accompanying notes form part of these financial statements.

**WESTERN RIVERINA COMMUNITY
FINANCIAL SERVICES PARTNERSHIP
ABN 92 986 178 608
Detailed Balance Sheet as at 30 June 2017**

	Note	2017 \$	2016 \$
Current Liabilities			
Payables			
Unsecured:			
- Trade Creditors		43,471.53	38,267.90
- Sundry Creditors		14,756.22	6,118.12
		58,227.75	44,386.02
Financial Liabilities			
Unsecured:			
- Bendigo Overdraft#144087541		265,339.89	267,686.10
- Business Credit Card		2,368.12	2,146.89
		267,708.01	269,832.99
Current Tax Liabilities			
GST Payable Control Account		43,865.64	40,019.73
Input Tax Credit Control Account		(19,084.70)	(19,121.79)
PAYG Withholding Tax Payable		12,596.18	15,912.18
		37,377.12	36,810.12
Provisions			
Provision for Annual Leave		55,756.63	50,082.91
Provision for Long Service Leave		105,348.00	83,435.00
Provision for Superannuation		935.70	-
		162,040.33	133,517.91
Other			
Accrued Expenses		18,438.14	10,800.00
		18,438.14	10,800.00
Total Current Liabilities		543,791.35	495,347.04

The accompanying notes form part of these financial statements.

**WESTERN RIVERINA COMMUNITY
FINANCIAL SERVICES PARTNERSHIP
ABN 92 986 178 608
Detailed Balance Sheet as at 30 June 2017**

	Note	2017 \$	2016 \$
Non-Current Liabilities			
Financial Liabilities			
Unsecured:			
- Equipment Finance - 2016 Holden Colorado		32,239.24	40,085.80
- Equipment Finance - 2017 Hyundai		46,870.45	-
- Less: Unexp Int Charges - 2016 Colorado		(2,088.30)	(3,567.68)
- Less: Unexp Int Charges - 2017 Hyundai		(5,616.13)	-
Secured:			
- Loan - Bendigo Bank #696468610		145,010.00	10.00
- Loan - Bendigo Bank #697069326		158,095.85	163,071.63
		374,511.11	199,599.75
Provisions			
Provision for Long Service Leave		9,250.00	9,444.00
		9,250.00	9,444.00
Total Non-Current Liabilities		383,761.11	209,043.75
Total Liabilities		927,552.46	704,390.79
Net Assets		153,421.84	136,539.56

The accompanying notes form part of these financial statements.

**WESTERN RIVERINA COMMUNITY
FINANCIAL SERVICES PARTNERSHIP
ABN 92 986 178 608**

**Notes to the Financial Statements
For the year ended 30 June 2017**

Note 1: Summary of Significant Accounting Policies

This financial report is a special purpose financial report prepared in order to satisfy the requirements of the partners to prepare a financial report. The partners have determined that the partnership is not a reporting entity.

The financial statements have been prepared in accordance with the applicable Australian Accounting Standards.

The financial report is prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report:

(a) Property, Plant and Equipment

Property, plant and equipment are included at cost, independent of partners' valuation. All assets, excluding freehold land and buildings are depreciated over the useful lives of the assets to the entity.

(b) Provisions

Provisions are recognised when the partnership has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reasonably measured.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(d) Revenue and Other Income

Revenue is measured at the value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue recognised related to the provision of services is determined with reference to the stage of completion of the transaction at the reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

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

**WESTERN RIVERINA COMMUNITY
FINANCIAL SERVICES PARTNERSHIP
ABN 92 986 178 608**

**Notes to the Financial Statements
For the year ended 30 June 2017**

(e) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the partnership, 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 on a straight-line basis over the lease term.

(f) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

(g) Income Tax

The partnership is not directly subject to income tax as its taxable income is recognised in the income tax returns of the individual partners. Therefore, no provision for income taxes has been made in these financial statements.

(h) Trade and Other Receivables

Most sales are made and services provided on normal credit terms (less than 30 days) and any amounts receivable do not bear interest.

At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

(i) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the partnership that remain unpaid at the end of the reporting period. This balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Trade payables are provided on the basis of normal credit terms of 30 to 60 days and do not bear interest.

(j) Employee Benefits

The liability for employee benefit obligations relates to government mandated annual leave, superannuation and long-service leave payments. Employee benefits have been measured at the amounts expected to be paid when the liability is settled at the current pay rates plus any related on-costs.

Any superannuation contributions that are unpaid at the end of the reporting period are classified as accrued expenses.

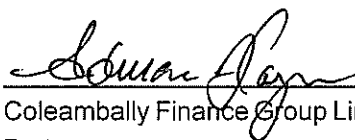
**WESTERN RIVERINA COMMUNITY
FINANCIAL SERVICES PARTNERSHIP
ABN 92 986 178 608
Partner Declaration**

The partners have determined that the partnership is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The partners declare that:

1. the financial statements and notes:-
 - (a) comply with accounting policies as detailed described in Note 1 to the financial statements;
and;
 - (b) present fairly the partnership's financial position as at 30 June 2017 and its performance for the period ended on that date;
2. In the partners' opinion, there are reasonable grounds to believe that the partnership will be able to pay its debts as and when they become due and payable.

The partners are responsible for the reliability, accuracy and completeness of the accounting records and the disclosure of all material and relevant information.



Coleambally Finance Group Limited (Share: 60%)
Partner



Hillston & District Financial Services Limited (Share: 40%)
Partner

Dated: 25/09/2017

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WESTERN RIVERINA COMMUNITY FINANCIAL
SERVICES PARTNERSHIP**

Opinion

We have audited the accompanying special purpose financial report of Western Riverina Community Financial Services Partnership, which comprises the detailed balance sheet as at 30 June 2017, the detailed profit and loss statement and the partners' profit distribution summary for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion:

- (a) the financial report of Western Riverina Community Financial Services Partnership is in accordance with the Partnership Agreement, including:
 - (i) giving a true and fair view of the Partnership's financial position as at 30 June 2017 and of its performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements related to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Partnership 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Partnership, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Responsibilities of the Directors for the Financial Report

The directors of the Partnership are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards 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 preparing the financial report, the directors are responsible for assessing the ability of the Partnership 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 Partnership or to 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. Misstatements 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Partnership's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt in the Partnership's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Partnership to cease to continue as a going concern.
- Evaluate the overall presentation structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Partnership to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Partnership audit. We remain solely responsible for our audit opinion.

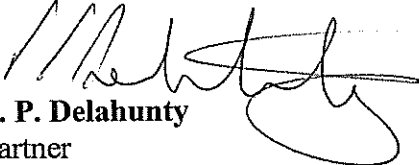
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

RICHMOND SINNOTT & DELAHUNTY

Chartered Accountants


P. P. Delahunty
Partner

Dated at Bendigo, 27 September 2017

27 September 2017

The Directors
Western Riverina Community Financial Services Partnership
1Brolga Place
Coleambally NSW 2707

Dear Directors

To the Directors of Western Riverina Community Financial Services Partnership

Auditor's Independence Declaration under section 307C of the Corporations Act 2001

I declare that to the best of my knowledge and belief, during the year ended 30 June 2017 there has 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.



P. P. Delahunty
Partner
Richmond Sinnott & Delahunty

Coleambally Community Bank® Branch
1 Brolga Place, Coleambally NSW 2707
Phone: (02) 6954 4192 Fax: (02) 6954 4375
www.bendigobank.com.au/coleambally

Darlington Point Agency
21 Carrington Street, Darlington Point NSW 2706
Phone: (02) 6960 5500 Fax: (02) 6968 4252

Jerilderie Agency
35 Jerilderie Street, Jerilderie NSW 2716
Phone: (03) 5886 1200 Fax: (03) 5886 1701

Franchisee: Western Riverina Community Financial Services Partnership
1 Brolga Place, Coleambally NSW 2707
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