Annual Report 2016

Collie & Districts Community Financial Services Limited

ABN 76 096 536 355

Collie & Districts **Community Bank**® Branch

Contents

Chairman's report

For year ending 30 June 2016

I am pleased to write to you as the new Chairman of the Collie & Districts Community Financial Services Limited Board and I look forward to the challenge of the next couple of years. I would also like to acknowledge the outgoing Chairman and the current Board for all their support over my first 12 month as Chairman, you have all been a great help and thank you.

As you all know by now this year we celebrate our 15th birthday and in the last financial year we have just passed $5 million that we have put back into our community in those 15 years.

You do not have a successful organisation without good staff. The staff have been a pleasure to work with and all have worked extremely hard towards the same goal. From the leadership of Narelle and with the return of Danelle, the senior management has constantly worked together towards keep the business growing throughout the year. We have had two new staff members join us this year being Felicity and Nicole. Felicity along with Kira have both stepped up into a Customer Relationship Officer (CRO) position to help with the running of the branch and both seem to be thriving with this extra responsibility.

Nicole has joined Darcy, Sue, Jodi, Kristy and Sharon on the front counter and all have done a wonderful job of being the first contact for the **Community Bank**® branch. Sharon also has the extra responsibility of being the administration officer to the Board. Thank you to all involved.

I would like to thank the founding Board and all shareholders, as it was your foresight that has got us to where we are now and hope for your help and support into the future. As a shareholder, I am hoping that you still feel the same dedication to the cause and even though the branch has been successful we still need your help going forward into this extremely hard environment we find ourselves in at the moment. As a shareholder, if you don't bank with us, please talk to the Manager about changing and if you do bank with us, please encourage others to do so, as it will all help us help the community. Thank you all for your continued support.

Regards,

J.I.Riley

Jeff Riley
Chairman

Manager’s report

For year ending 30 June 2016

The end of the 2015/16 financial year has shown the continued success of the **Community Bank**® model in Collie and districts. This year we have exceeded our growth target achieving $11.2 million or 6.5% growth with a total book of just over $182 million as at 30 June 2016. Our customer numbers have increased by 4% to 4.484, account numbers were up 4% to 6,557 and insurance sales were up 17% to 108 policies. We are in a challenging environment and whilst interest rates are low for borrowers they are low for investors too and this impacts on our margins which in turn means we have to work harder for every dollar that we earn.

As the Branch Manager of Collie & Districts **Community Bank**® Branch for most of the financial year we have seen new staff members Danelle Pelliciari join us along with Felicity Nelson from Augusta Branch, Sue Tomasini and Nicole Gesue. Adding to our team of Kira Bebbington, Kristy Harker, Jody Bignell, Sharon Delfante and Darcy Gibbs. Our structure is adapting to the changes around us to ensure that we are able to grow our business whilst providing great customer service to our existing customer base.

I would like to welcome Boyup Brook agency, who opened on 15 June 2016. They join our West Arthur Agency in broadening our business. The staff and board at the Community Resource Centre in Boyup Brook are keen to help spread our message so they too can share in the profits of **Community Bank**® model.

Thank you to our business partners Bendigo Bank. Rachael Cronin, Senior Manager of Strategy & Performance together with our Specialists from Business Banking, Rural Bank, Financial Planning and support staff from the Bendigo network for their assistance throughout the year. I would also like to acknowledge my colleagues the Branch Managers in the South Coast region.

We have continued our substantial investment back into Collie and surrounding districts. Some of our contributions for this financial year include; new Laparoscope for the Collie Hospital, Valley View, Collie Counselling Service and Smith Family. Keeping in mind that it is not always the dollar value of the contributions but the impact or outcomes for our community. For example, retaining counselling facilities in our town or sending students to Magic Moments Leadership Summit to inspire them to achieve whatever they dream of. Our staff volunteered at Ronald McDonald house in April this year, which saw us prepare and cook the evening meal for children and families facing very challenging times in their lives. This experience cannot be underestimated, as small as it might seem, putting a smile on the face a sick child or their family is very humbling.

A key part of our ongoing success is our shareholders. This year we held an event to thank our shareholders for their initial investment. In the form of a Sundowner at the Collie Art Gallery which is our biggest Community Contribution to date of $500,000. At this event we celebrated the milestone of achieving just over $5 million back in to Collie and surrounding districts. With your continued support we will grow and our community will be the greatest beneficiary. This why it is so important that we spread the **Community Bank**® message at every opportunity that may arise.

Bendigo Bank, is Australia’s fifth largest bank and we are in a unique position. Banking is an everyday function for every single person in the community. The difference with the **Community Bank**® model is that every time people bank with their local **Community Bank**® branch, the bottom line increases and as such, community contributions and dividends increase as well.

In closing I would like to thank our staff, our customers, our Board of Directors and our shareholders for their ongoing support.

Narelle Michalak
Branch Manager

Treasurer’s report

For year ending 30 June 2016

Financial summary for 2015/16

It is with great pleasure that I provide a summary of the operations of the Collie & Districts **Community Bank**® Branch after starting the business 15 years ago this October, returning $5.055 million back into our community.

Once again the Collie & Districts **Community Bank**® Branch has recorded a healthy profit of $496,661. An amount of $425,000 was transferred to the Community Enterprise Foundation™ prior to the year-end leaving a declared profit of $71,661.

The Community Enterprise Foundation™ holds these funds to use on future community projects and all deposits made are tax free for the company. This allows more money to be used for worthwhile projects. At the 30 of June 2016 the Community Enterprise Foundation™ has a balance of $ 1.091 million.

In previous years we have created a Disaster Relief Fund to help the Collie community deal with any unforeseen disasters and the balance now stands at $115,000.

During the year the Collie & Districts **Community Bank**® Branch has been able to assist many projects from all parts of our community. Valley View received $200,000 to provide care for the elderly in our community, The Collie Hospital received $31,500 for a new Laparoscope, the Collie Early Childhood Education Centre received $20,000, The Smith Family received $29,452, the Collie Counselling Service received $50,000 and the University Scholarship programme received $20,000.

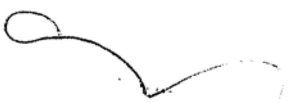
The Collie & Districts **Community Bank**® Branch is very proud of its association with The Magic Moments Programme sending three young adults to enjoy this special gathering of youth from all over Australia. We have found this to be a very worthwhile project with many returning to take up leadership roles the following year, hopefully becoming future leaders in our community.

Our association with Ronald McDonald house came to an end this year with our last instalment of $25,000 of the $125,000 we have donated to the new Ronald McDonald House.

We also contributed another $25,000 to St John of God Coronary Care with one payment left of our $125,000 commitment. This has been a great help to the people of our community no longer having to travel to Perth for treatment.

The Collie & Districts **Community Bank**® Branch Christmas Tree was again a great success with a record number of children receiving presents and enjoying the many fun activities available on the day.

The shareholders of the Collie & Districts Community Financial Services Limited would be proud of the commitment by the staff and the Board to ensure that we provide assistance to worthwhile projects within our community. None of this would be possible without the faith of shareholders, the people that bank with us and the hard work of the staff and Board.



Colleen DeAngelis
Treasurer

Directors' report

For the financial year ended 30 June 2016

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

Directors

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

Jeffery Ian Riley
Chairman
Occupation: Building Supervisor
Qualifications, experience and expertise: Jeff is a Building Supervisor for White Building Company and has been in the building industry for over 40 years. Lived in Collie for 50 years.
Special responsibilities: Finance, Community Development, Scholarship and Premises Committees.
Interest in shares: Nil

Sarah Jane Stanley
Director
Occupation: Home Duties/Volunteer
Qualifications, experience and expertise: Gallery Director, Councillor for the Shire of Collie, Shire Representative for Collie River Valley Marketing Inc., Townscape Advisory Committee and Policy Committee, Committee Member for Collie Gallery Group Inc., Collie Radio Control Club Inc., Collie Visitor Centre. Other relevant work experience includes internal communications and community relations for Worsley Alumina and Bechtel.
Special responsibilities: Chairperson Marketing Committee, Scholarship and Community Development Committees.
Interest in shares: Nil

Anne-Marie Kathryn Farrell
Director
Occupation: Manager/Business Owner
Qualifications, experience and expertise: Owner & Instructor at Alert Driving. Is a life member of Collie Netball Association and also Collie Ladies Dart Association. Has worked at BHP Billiton Worsley Alumina Pty Ltd for 23 years.
Special responsibilities: Finance and Community Development Committees.
Interest in shares: 2,000

Colleen Maree DeAngelis
Director
Occupation: Business Owner
Qualifications, experience and expertise: Business Owner of hairdressing Salon. Bookkeeper for two other small businesses. Life member and Treasurer for the Collie Netball Association and Treasurer for the Collie Basketball Association. Has lived in Collie for 29 years.
Special responsibilities: Marketing, Human Resources, Finance, Premises and Scholarship Committees.
Interest in shares: 100

Directors (continued)

Ian Houghton Miffling

Director

Occupation: Retired

Qualifications, experience and expertise: Former Chief Executive Officer of the Shire of Collie, Justice of the Peace, Collie Shire Councillor, Board Secretary of The Coal Miners Welfare Board of WA. Member of Worsley Alumina Community Liaison Committee. Secretary of the North Collie Hall Management Group.

Special responsibilities: Human Resources, Community Development and Marketing Committees.

Interest in shares: 1,001

Glyn Yates

Director

Occupation: Business Owner / Manager

Qualifications, experience and expertise: Current Deputy Shire President, Past President of the Collie Chamber of Commerce, Past Chairperson Collie River Valley Marketing Group, Member of the Collie Senior High School Council. Tertiary qualifications in Forestry. Chairman of Geographe Bay Community Enterprises Ltd. WA Representative on **Community Bank** Strategic Advisory Board. Business proprietor for 25 years. Interests in forestry, land management, farming and commercial property. Member of Australian Institute of Company Directors.

Special responsibilities: Finance, Human Resources and Community Development Committees.

Interest in shares: 5,000

Neil Richard Martin

Secretary

Occupation: Farmer

Qualifications, experience and expertise: Associate Diploma in Valuation, Certificate in Real Estate Management. Has been involved in Real Estate for 34 years. Business proprietor and Rotarian for over 18 years. Past Collie Rotary Club president. He is currently a councillor with the Shire of Collie and Chairman/Director of Riverview Residence Inc Board.

Special responsibilities: Chairman of Finance Committee and Member Human Resources Committee.

Interest in shares: 2,501

Kenneth William Smallwood

Treasurer

Occupation: Retired

Qualifications, experience and expertise: Ex-Chief Engineer UK Merchant Navy, emigrated to WA from Scotland in 1983. Worked in the Power Generation industry in WA, SE Asia and Singapore for over 24 years, in various positions in both operations and maintenance.

Special responsibilities: Marketing, Community Development and Human Resources Committees.

Interest in shares: 20,000

Directors (continued)

John Alfred Piavanini

Director

Occupation: Company Director / Business Owner

Qualifications, experience and expertise: Business proprietor selling new and used earthmover parts as well as rental and farming properties. Collie Shire Councillor for 15 years, past Member of the Board of Collie Chamber of Commerce and Industry and a former Board Member of the Bunbury Wellington Economic Alliance. Vice President of Collie Vintage Tractor Club. President of Collie Vintage Car Club.

Special responsibilities: Marketing and Community Development Committees.

Interest in shares: 2,501

Ian Johnstone Shannon

Director

Occupation: Self Employed

Qualifications, experience and expertise: Business proprietor of Collie Salvage and Hardware Store for the past 18 years. Spent 17 years as an open cut mine worker.

Special responsibilities: Marketing, Human Resources and Premises Committee.

Interest in shares: 2,500

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

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

Company Secretary

The company secretary is Anne-Marie Farrell. Anne was appointed to the position of secretary on 23 November 2015.

Anne is the owner & instructor at Alert Driving. Is a life member of Collie Netball Association has worked at BHP Billiton Worsley Alumina Pty Ltd for 23 years.

Principal Activities

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

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

Operating results

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

Year ended 30 June 2016 $	Year ended 30 June 2015 $
71,661	(16,442)

Dividends

	Year ended 30 June 2016	
	Cents	$
- Dividends paid in the year	22.5	96,808

Significant changes in the state of affairs

The company assisted with starting up Boyup Brook Bendigo and Adelaide Bank Agency which opened on 23 June 2016. In the opinion of the directors there were no other significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

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

Indemnification and insurance of directors and officers

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

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

Directors' meetings

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

	Board Meetings Attended		Committee Meetings Attended											
			Marketing		Finance		Human Resources		Scholarship		Community Development		Premises	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Jeffery Riley	15	15	-	-	1	1	4	4	1	1	2	2	3	3
Sarah Jane Stanley	15	14	11	8	-	-	-	-	1	1	2	2	-	-
Anne-Marie Kathryn Farrell	15	12	-	-	1	1	-	-	-	-	5	5	-	-
Colleen Maree DeAngelis	15	13	5	3	1	1	-	-	1	1	-	-	-	-
Ian Houghton Miffling	15	12	11	11	-	-	1	1	-	-	3	3	-	-
Glyn Yates	15	11	-	-	1	1	4	4	-	-	-	-	-	-
Neil Richard Martin	15	13	-	-	-	-	4	3	-	-	5	3	-	-

Directors' report (continued)

Directors' meetings (continued)

	Board Meetings Attended		Committee Meetings Attended											
			Marketing		Finance		Human Resources		Scholarship		Community Development		Premises	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Kenneth William Smallwood	15	15	6	6	-	-	4	2	-	-	3	3	-	-
John Alfred Piavanini	15	15	11	11	-	-	-	-	-	-	2	-	-	-
Ian Johnstone Shannon	15	11	11	8	-	-	-	-	-	-	-	-	3	3

A - Eligible to attend
B - Number attended

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

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

Non audit services

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

The board of directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

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

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 10.

Signed in accordance with a resolution of the board of directors at Collie, Western Australia on 17 August 2016.

J.I.Riley

Jeffery Ian Riley,
Chairman

Auditor’s independence declaration

Partners in success

Chartered Accountants

Lead auditor’s independence declaration under section 307C of the *Corporations Act 2001* to the directors of Collie & Districts Community Financial Services Limited

As lead auditor for the audit of Collie & Districts Community Financial Services Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 17 August 2016

David Hutchings
Lead Auditor

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Financial statements

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

	Notes	2016 $	2015 $
Revenue from ordinary activities	4	1,641,938	1,625,248
Employee benefits expense		(624,536)	(595,702)
Charitable donations, sponsorship, advertising and promotion		(697,948)	(837,542)
Occupancy and associated costs		(30,875)	(26,018)
Systems costs		(24,117)	(24,942)
Depreciation and amortisation expense	5	(41,238)	(42,628)
Finance costs	5	(2,945)	(6,104)
General administration expenses		(116,502)	(113,626)
Profit/(loss) before income tax		**103,777**	**(21,314)**
Income tax (expense)/credit	6	(32,116)	4,872
Profit/(loss) after income tax		**71,661**	**(16,442)**
Total comprehensive income for the year		**71,661**	**(16,442)**
Earnings per share for loss attributable to the ordinary shareholders of the company:		**¢**	**¢**
Basic earnings per share	23	16.66	(3.82)

The accompanying notes form part of these financial statements.

Balance Sheet
as at 30 June 2016

	Notes	2016 $	2015 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	50,089	54,611
Trade and other receivables	8	165,632	142,924
Current tax asset	11	44,273	49,757
Total Current Assets		**259,994**	**247,292**
Non-Current Assets			
Property, plant and equipment	9	606,612	598,960
Intangible assets	10	58,687	12,726
Deferred tax asset	11	21,232	28,918
Total Non-Current Assets		**686,531**	**640,604**
Total Assets		**946,525**	**887,896**
LIABILITIES			
Current Liabilities			
Trade and other payables	12	96,599	33,701
Borrowings	13	7,377	8,240
Provisions	14	72,384	52,162
Total Current Liabilities		**176,360**	**94,103**
Non-Current Liabilities			
Borrowings	13	29,859	25,540
Provisions	14	6,342	9,142
Total Non-Current Liabilities		**36,201**	**34,682**
Total Liabilities		**212,561**	**128,785**
Net Assets		**733,964**	**759,111**
Equity			
Issued capital	15	430,259	430,259
Retained earnings	16	303,705	328,852
Total Equity		**733,964**	**759,111**

The accompanying notes form part of these financial statements.

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

	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2014	**430,259**	**442,352**	**872,611**
Total comprehensive income for the year	**-**	**(16,442)**	**(16,442)**
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(97,058)	(97,058)
Balance at 30 June 2015	**430,259**	**328,852**	**759,111**
Balance at 1 July 2015	**430,259**	**328,852**	**759,111**
Total comprehensive income for the year	**-**	**71,661**	**71,661**
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(96,808)	(96,808)
Balance at 30 June 2016	**430,259**	**303,705**	**733,964**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2016

	Notes	2016 $	2015 $
Cash flows from operating activities			
Receipts from customers		1,794,478	1,775,239
Payments to suppliers and employees		(1,644,181)	(1,752,859)
Interest received		3,636	11,823
Interest paid		(2,945)	(6,104)
Income taxes paid		(18,946)	(55,729)
Net cash provided by/(used in) operating activities	**17**	**132,042**	**(27,630)**
Cash flows from investing activities			
Payments for property, plant and equipment		(43,212)	(31,589)
Net cash used in investing activities		**(43,212)**	**(31,589)**
Cash flows from financing activities			
Repayment of borrowings		-	(5,663)
Proceeds from borrowings		3,456	-
Dividends paid		(96,808)	(97,058)
Net cash used in financing activities		**(93,352)**	**(102,721)**
Net decrease in cash held		**(4,522)**	**(161,940)**
Cash and cash equivalents at the beginning of the financial year		54,611	216,551
Cash and cash equivalents at the end of the financial year	**7(a)**	**50,089**	**54,611**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2016

Note 1. Summary of significant accounting policies

a) Basis of preparation

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

Compliance with IFRS

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

Critical accounting estimates

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

Historical cost convention

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

Comparative figures

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

Application of new and amended accounting standards

The following amendments to accounting standards issued by the Australian Accounting Standards Board (AASB) became mandatorily effective for accounting periods beginning on or after 1 July 2015, and are therefore relevant for the current financial year.

- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality.
- AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent.

None of the amendments to accounting standards issued by the Australian Accounting Standards Board (AASB) that became mandatorily effective for accounting periods beginning on or after 1 July 2015, materially affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

The following accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) become effective in future accounting periods.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Application of new and amended accounting standards (continued)

	Effective for annual reporting periods beginning on or after
AASB 9 Financial Instruments, and the relevant amending standards.	1 January 2018
AASB 15 Revenue from Contracts with Customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15.	1 January 2018
AASB 16 Leases	1 January 2019
AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations.	1 January 2016
AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation.	1 January 2016
AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants.	1 January 2016
AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements.	1 January 2016
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.	1 January 2018
AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle.	1 January 2016
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101.	1 January 2016
AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception.	1 January 2016
AASB 2016-1 Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses.	1 January 2017
AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107.	1 January 2017

The company has not elected to apply any accounting standards or interpretations before their mandatory operative date for the annual reporting period beginning 1 July 2015. Therefore the abovementioned accounting standards or interpretations have no impact on amounts recognised in the current period or any prior period.

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**® branch at Collie, Western Australia.

The branch operates as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank" and the logo and system of operations of Bendigo and Adelaide Bank Limited. The company manages the **Community Bank**® branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank**® branch are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

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

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

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

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank®** branch franchise operations. It also continues to provide ongoing management and operational support and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

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

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

b) Revenue

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

Revenue calculation

Over the period from September 2013 to February 2015, Bendigo and Adelaide Bank Limited conducted a review of the **Community Bank®** model, known as 'Project Horizon'. This was conducted in consultation with the **Community Bank®** network. The objective of the review was to develop a shared vision of the **Community Bank®** model that positions it for success now and for the future.

The outcome of that review is that the fundamental franchise model and community participation remain unchanged. Changes to be implemented over a three year period reflect a number of themes, including a culture of innovation, agility and flexibility, network collaboration, director and staff development and a sustainable financial model. This will include changes to the financial return for **Community Bank®** companies from 1 July 2016. A funds transfer pricing model will be used for the method of calculation of the cost of funds, deposit return and margin. All revenue paid on core banking products will be through margin share. Margin on core banking products will be shared on a 50/50 basis.

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Revenue calculation (continued)

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

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

Core banking products

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

Margin

Margin is arrived at through the following calculation:

Interest paid by customers on loans less interest paid to customers on deposits

plus any deposit returns i.e. interest return applied by Bendigo and Adelaide Bank Limited for a deposit,

minus any costs of funds i.e. interest applied by Bendigo and Adelaide Bank Limited to fund a loan.

Note: In very simplified terms, currently, deposit return means the interest Bendigo and Adelaide Bank Limited gets when it invests the money the customer deposits with it. The cost of funds means the interest Bendigo and Adelaide Bank Limited pays when it borrows the money to give a customer a loan. From 1 July 2016, both will mean the cost for Bendigo and Adelaide Bank Limited to borrow the money in the market.

Products and services on which margin is paid include variable rate deposits and variable rate home loans. From 1 July 2016, examples include Bendigo Bank branded at call deposits, term deposits and home loans.

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

Commission

Commission is a fee paid for products and services sold. It may be paid on the initial sale or on an ongoing basis. Commission is payable on the sale of an insurance product such as home contents. Examples of products and services on which ongoing commissions are paid include leasing and Sandhurst Trustees Limited products. This currently also includes Bendigo Bank branded fixed rate home loans and term deposits of more than 90 days, but these will become margin products from 1 July 2016.

Fee income

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

Ability to change financial return

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

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Ability to change financial return (continued)

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

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

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

Monitoring and changing financial return

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

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

As discussed above in relation to Project Horizon, among other things, there will be changes in the financial return for **Community Bank**® companies from 1 July 2016. This includes 50% share of margin on core banking products, all core banking products become margin products and a funds transfer pricing model will be used for the method of calculation of the cost of funds, deposit return and margin.

c) Income tax

Current tax

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

Deferred tax

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

c) Income tax (continued)

Deferred tax (continued)

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

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

Current and deferred tax for the period

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

d) Employee entitlements

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

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

e) Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet.

f) Trade receivables and payables

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

g) Property, plant and equipment

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

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

Note 1. Summary of significant accounting policies (continued)

g) Property, plant and equipment (continued)

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

• leasehold improvements	40 years
• plant and equipment	2.5 - 40 years
• furniture and fittings	4 - 40 years

h) Intangibles

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

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

i) Payment terms

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

j) Borrowings

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

k) Financial instruments

Recognition and initial measurement

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

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

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Classification and subsequent measurement

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

Note 1. Summary of significant accounting policies (continued)

k) Financial instruments (continued)

Classification and subsequent measurement

(iii) Available-for-sale financial assets

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

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in the Statement of Profit or Loss and Other Comprehensive Income. Available-for-sale financial assets are included in non-current assets except where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

(iv) Financial liabilities

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

Impairment

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

l) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the company are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

m) Provisions

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

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

n) Contributed equity

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

Note 1. Summary of significant accounting policies (continued)

o) Earnings per share

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

p) Goods and Services Tax

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

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

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

Note 2. Financial risk management

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

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

(i) Market risk

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

(ii) Price risk

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

(iii) Credit risk

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

(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

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

Note 2. Financial risk management (continued)

(vi) Capital management

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

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

The distribution limit is the greater of:

(a) 20% of the profit or funds of the franchisee otherwise available for distribution to shareholders in that 12 month period; and

(b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the franchisee over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2016 can be seen in the Statement of Profit or Loss and Other Comprehensive Income.

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

Note 3. Critical accounting estimates and judgements

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

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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

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

Taxation

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

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

Note 3. Critical accounting estimates and judgements (continued)

Taxation (continued)

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

Estimation of useful lives of assets

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

Impairment of assets

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

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

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

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

	2016 $	2015 $

Note 4. Revenue from ordinary activities

	2016 $	2015 $
Operating activities:		
- services commissions	1,614,847	1,584,298
Total revenue from operating activities	**1,614,847**	**1,584,298**
Non-operating activities:		
- interest received	3,636	11,823
- rental revenue	23,455	29,127
Total revenue from non-operating activities	**27,091**	**40,950**
Total revenues from ordinary activities	**1,641,938**	**1,625,248**

Note 5. Expenses

	2016 $	2015 $
Depreciation of non-current assets:		
- plant and equipment	4,452	10,317
- leasehold improvements	10,583	722
- land and buildings	8,986	15,188
- motor vehicle	7,217	6,627
Amortisation of non-current assets:		
- franchise agreement	10,000	9,774
	41,238	**42,628**
Finance costs:		
- interest paid	**2,945**	**6,104**
Bad debts	**400**	**759**
Loss on disposal of non-current assets	**4,322**	**-**

Note 6. Income tax expense/(credit)

	2016 $	2015 $
The components of tax expense/(credit) comprise:		
- Current tax	24,430	-
- Future income tax benefit attributable to losses	(3,499)	(10,961)
- Movement in deferred tax	9,778	4,567
- Adjustment to deferred tax to reflect change to tax rate in future periods	772	1,522
- Under provision of tax in the prior period	635	-
	32,116	**(4,872)**

	2016 $	2015 $
Note 6. Income tax expense/(credit) (continued)		
The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense/(credit) as follows		
Operating profit/(loss)	103,777	(21,314)
Prima facie tax on profit/(loss) from ordinary activities at 28.5% (2015:30%)	29,576	(6,394)
Add tax effect of:		
- non-deductible expenses	1,232	-
- timing difference expenses	3,400	(4,567)
	34,208	**(10,961)**
Movement in deferred tax	(3,499)	4,567
Adjustment to deferred tax to reflect change of tax rate in future periods	635	1,522
Under provision of income tax in the prior year	772	-
	32,116	**(4,872)**

Note 7. Cash and cash equivalents

	2016 $	2015 $
Cash at bank and on hand	50,089	54,611
	50,089	**54,611**
Note 7.(a) Reconciliation to cash flow statement		
The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:		
Cash at bank and on hand	50,089	54,611
	50,089	**54,611**

Note 8. Trade and other receivables

	2016 $	2015 $
Trade receivables	144,405	137,843
Prepayments	21,227	5,081
	165,632	**142,924**

Note 9. Property, plant and equipment

	2016 $	2015 $
Land at cost	200,000	200,000
Buildings		
At cost	359,421	359,421
Less accumulated depreciation	(41,327)	(32,341)
	318,094	**327,080**

	2016 $	2015 $
Note 9. Property, plant and equipment (continued)		
Leasehold improvements		
At cost	263,051	237,037
Less accumulated depreciation	(209,861)	(199,279)
	53,190	**37,758**
Plant and equipment		
At cost	31,592	30,283
Less accumulated depreciation	(28,354)	(23,901)
	3,238	**6,382**
Motor vehicles		
At cost	38,617	35,348
Less accumulated depreciation	(6,527)	(7,608)
	32,090	**27,740**
Total written down amount	**606,612**	**598,960**
Movements in carrying amounts:		
Land		
Carrying amount at beginning	200,000	200,000
Carrying amount at end	**200,000**	**200,000**
Buildings		
Carrying amount at beginning	327,080	342,268
Less: depreciation expense	(8,986)	(15,188)
Carrying amount at end	**318,094**	**327,080**
Leasehold improvements		
Carrying amount at beginning	37,758	14,408
Additions	26,014	29,895
Less: depreciation expense	(10,583)	(6,545)
Carrying amount at end	**53,189**	**37,758**
Plant and equipment		
Carrying amount at beginning	6,382	9,182
Additions	1,309	1,694
Less: depreciation expense	(4,452)	(4,494)
Carrying amount at end	**3,239**	**6,382**

	2016 $	2015 $

Note 9. Property, plant and equipment (continued)

Motor vehicles		
Carrying amount at beginning	27,740	34,367
Additions	38,617	-
Disposals	(27,049)	-
Less: depreciation expense	(7,218)	(6,627)
Carrying amount at end	**32,090**	**27,740**
Total written down amount	**606,612**	**598,960**

Note 10. Intangible assets

Franchise fee		
At cost	61,192	50,000
Less: accumulated amortisation	(47,274)	(37,274)
	13,918	**12,726**
Renewal processing fee		
At cost	44,769	-
Less: accumulated amortisation	-	-
	44,769	**-**
Total written down amount	**58,687**	**12,726**

Note 11. Tax

Current:		
Income tax payable	**44,273**	**49,757**
Non-Current:		
Deferred tax assets		
- accruals	944	1,034
- employee provisions	21,650	17,472
- tax losses carried forward	-	10,412
	22,594	**28,918**

Notes to the financial statements (continued)

	Note	2016 $	2015 $
Note 11. Tax (continued)			
Deferred tax liability			
- other		1,362	-
		1,362	**-**
Net deferred tax asset		**21,232**	**28,918**
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income		**7,686**	**(4,872)**

Note 12. Trade and other payables

	Note	2016 $	2015 $
Current:			
Trade creditors		75,728	51,781
Other creditors and accruals		20,871	(18,080)
		96,599	**33,701**

Note 13. Borrowings

	Note	2016 $	2015 $
Current:			
Bank loans		880	1,839
Chattel mortgage	18	6,497	6,401
		7,377	**8,240**
Non-Current:			
Chattel mortgage	18	29,859	25,540
		29,859	**25,540**

Bank loans are repayable monthly. All outstanding bank loans have been paid in advance and no immediate monthly installments are required. The chattel mortgage is repayable monthly with the final instalment due on 9 May 2017. Interest is recognised on the chattel mortgage at an average rate of 5.85%. The loans are secured by a fixed and floating charge over the company's assets.

Note 14. Provisions

	2016 $	2015 $
Current:		
Provision for annual leave	43,781	33,232
Provision for long service leave	28,603	18,930
	72,384	**52,162**

	2016 $	2015 $
Note 14. Provisions (continued)		
Non-Current:		
Provision for long service leave	6,342	9,142

Note 15. Contributed equity

430,259 ordinary shares fully paid (2015: 430,259)	**430,259**	**430,259**

Rights attached to shares

(a) Voting rights

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

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

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

(b) Dividends

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

(c) Transfer

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

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the Corporations Act 2001.

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").

Note 15. Contributed equity (continued)

Prohibited shareholding interest (continued)

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

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

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

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

	2016 $	2015 $

Note 16. Retained earnings

	2016 $	2015 $
Balance at the beginning of the financial year	328,852	442,352
Net profit/(loss) from ordinary activities after income tax	71,661	(16,442)
Dividends paid or provided for	(96,808)	(97,058)
Balance at the end of the financial year	**303,705**	**328,852**

Note 17. Statement of cash flows

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

	2016 $	2015 $
Profit/(loss) from ordinary activities after income tax	71,661	(16,442)
Non cash items:		
- depreciation	31,238	32,854
- amortisation	10,000	9,774
- loss on disposal of asset	4,322	-

	2016 $	2015 $

Note 17. Statement of cash flows (continued)

Changes in assets and liabilities:

- (increase)/decrease in receivables	(22,708)	129
- (increase)/decrease in other assets	13,170	(54,628)
- increase in payables	6,937	25,423
- increase/(decrease) in provisions	17,422	(18,768)
- increase/(decrease) in current tax liabilities	-	(5,972)
Net cash flows provided by/(used in) operating activities	**132,042**	**(27,630)**

Note 18. Leases

Finance lease commitments

Payable - minimum lease payments:		
- not later than 12 months	8,084	8,102
- between 12 months and 5 years	31,795	26,752
Minimum lease payments	**39,879**	**34,854**
Less future finance charges	(3,523)	(2,913)
Present value of minimum lease payments	**36,356**	**31,941**

The finance lease of $44,306, which commenced in May 2014, is a 5-year lease.
Interest is recognised at an average rate of 5.85% (2015: 5.85%).

Note 19. Auditor's remuneration

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

- audit and review services	4,100	4,150
- other non audit services	3,430	5,658
	7,530	**9,808**

Note 20. Director and related party disclosures

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

Jeffery Riley
Sarah Jane Stanley
Anne-Marie Kathryn Farrell
Colleen Maree DeAngelis
Ian Houghton Miffling
Glyn Yates
Neil Richard Martin
Kenneth William Smallwood
John Alfred Piavanini
Ian Johnstone Shannon

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

	2016	2015
Directors' shareholdings		
Jeffery Riley	-	-
Sarah Jane Stanley	-	-
Anne-Marie Kathryn Farrell	2,000	2,000
Colleen Maree DeAngelis	100	100
Ian Houghton Miffling	1,001	1,001
Glyn Yates	5,000	5,000
Neil Richard Martin	2,501	2,501
Kenneth William Smallwood	20,000	20,000
John Alfred Piavanini	2,501	2,501
Ian Johnstone Shannon	2,500	2,500

There was no movement in directors' shareholdings during the year.

	2016 $	2015 $

Note 21. Dividends paid or provided

a. Dividends paid during the year		
Current year dividend		
100% (2015: 100%) franked dividend - 22.5 cents (2015: 22.5 cents) per share	**96,808**	**97,058**
The tax rate at which dividends have been franked is 30% (2015: 30%).		

	2016 $	2015 $
Note 21. Dividends paid or provided (continued)		
b. Franking account balance		
Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	359,498	382,041
- franking debits that will arise from refund of income tax as at the end of the financial year	(44,273)	(49,757)
Franking credits available for future financial reporting periods:	**315,225**	**332,284**
- franking debits that will arise from payment of dividends proposed or declared before the financial report was authorised for use but not recognised as a distribution to equity holders during the period	-	-
Net franking credits available	**315,225**	**332,284**

Note 22. Key Management Personnel Disclosures

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

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

	2016 $	2015 $
Note 23. Earnings per share		
(a) Profit/(loss) attributable to the ordinary equity holders of the company used in calculating earnings per share	71,661	(16,442)
	Number	**Number**
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	430,259	430,259

Note 24. Events occurring after the reporting date

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

Note 25. Contingent liabilities and contingent assets

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

Note 26. Segment reporting

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

Note 27. Registered office/Principal place of business

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

Registered Office

70 Forrest Street
Collie WA 6225

Principal Place of Business

70 Forrest Street
Collie WA 6225

Note 28. Financial instruments

Financial Instrument Composition and Maturity Analysis

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

	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
Financial instrument	**2016 $**	**2015 $**	**2016 $**	**2015 $**	**2016 $**	**2015 $**	**2016 $**	**2015 $**	**2016 $**	**2015 $**	**2016 %**	**2015 %**
Financial assets												
Cash and cash equivalents	50,089	54,611	-	-	-	-	-	-	-	-	2.60	2.52
Receivables	-	-	-	-	-	-	-	-	144,405	137,843	N/A	N/A
Financial liabilities												
Interest bearing liabilities	880	1,839	6,497	6,401	29,859	25,540	-	-	-	-	7.55	5.39
Payables	-	-	-	-	-	-	-	-	75,728	51,781	N/A	N/A

Net Fair Values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the balance sheet. The company does not have any unrecognised financial instruments at the year end.

Credit Risk

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

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

Interest Rate Risk

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

Note 28. Financial instruments (continued)

Sensitivity Analysis

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

As at 30 June 2016, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2016 $	2015 $
Change in profit/(loss)		
Increase in interest rate by 1%	129	208
Decrease in interest rate by 1%	(129)	(208)
Change in equity		
Increase in interest rate by 1%	129	208
Decrease in interest rate by 1%	(129)	(208)

Directors' declaration

In accordance with a resolution of the directors of Collie & Districts Community Financial Services Limited, we state that:

In the opinion of the directors:

(a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:

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

  (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Jeffery Ian Riley

Signed on the 17th of August 2016.

Independent audit report

Partners in success

Chartered Accountants

Independent auditor's report to the members of Collie & Districts Community Financial Services Limited

Report on the financial report

We have audited the accompanying financial report of Collie & Districts Community Financial Services Limited, which comprises the balance sheet as at 30 June 2016, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making fair accounting estimates that are reasonable in the circumstances. In note 1, the directors also state in accordance with Accounting Standard AASB 101 Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the company's financial position and of its performance.

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

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337.

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Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written auditor's independence declaration, a copy of which is included in the directors' report.

Auditor's opinion on the financial report

In our opinion:

1. The financial report of Collie & Districts Community Financial Services Limited is in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 30 June 2016 and of its financial performance and its cash flows for the year then ended and complying with Australian Accounting Standards and the Corporations Regulations 2001.
2. The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 17 August 2016

David Hutchings
Lead Auditor

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