Annual Report 2017

East Gosford & Districts Financial Services Limited

ABN 90 092 538 620

East Gosford & Districts **Community Bank**® Branch

East Gosford & Districts Financial Services Ltd

ABN 90 092 538 620

Chairman's Report

On behalf of the Board and management I am pleased to present the 17th Annual Report on the affairs of your company, now in its 18th year of operation.

Our trading result for the financial year, after provision for income tax was a profit of $113,981 (2016 profit $890). The improved result is due to the adoption of the new Bendigo Bank model "Funds Transfer Pricing" providing an increase in our share of margin.

Revenue increased from $1.773 million in 2016 to $2.069 million in 2017, while expenses increased from $1.764 million last year to $1.911 million in the current year.

Business levels as at 30 June 2017 are 16.5% higher than last year, growing by $41.235 million resulting in branch business as follows:

- East Gosford $154,261 million
- Lisarow $ 60,122 million
- Kincumber $ 76,254 million

I would like to take this opportunity to thank our Senior Manager Michael Bell, our Branch Managers, Julie Eastham at East Gosford, Martin Creesey at Kincumber, and Darren Dean, our newly appointed Manager at Lisarow, as well as all staff for their continued dedication and commitment to the **Community Bank®** concept and its promotion in the community.

On behalf of the Board, I thank all of our valued shareholders and customers for your support helping to build a successful **Community Bank®** branch network, which in turn benefits our community. It is through your support our company and the **Community Bank®** concept continues to grow.

My thanks go to the Directors for giving up their time on a voluntary basis to support the **Community Bank®** model. I acknowledge the significant contributions made by those Directors who retired recently, and I welcome the new Directors who have joined our Board.

Garry Morris
Chairman

East Gosford & Districts Financial Services Ltd

ABN 90 092 538 620

Senior Manager's Report

Our business had a very good year with our branches showing growth of $41.2 million, with pleasing results in lending, deposits and a significant contribution from our Business Banking team. We are hopeful of continued growth over the course of this financial year to see our business exceeding $300 million.

We welcomed new staff last financial year with Amie, Darren and Ryan joining our team. It is gratifying to have fresh ideas and new perspectives that can be brought to our business and shared with all.

We hope you enjoyed our newsletter during the year providing the background of our new staff members and our community involvement and we plan to update you on a more regular basis as our contributions back to the community via sponsorships, grants, etc. is nearing $600,000.

Our bank of goodwill stories increase and we now have in excess of 30 stories promoting the goodwill of our customers in the community and how they assist others in their own way. You can view these stories at www.bankofgoodwill.com.au.

Our focus as always is to continue to provide superior service to our customers, shareholders and our community. All staff are focused on growing the business and promoting our **Community Bank®** branches at the many events and functions we support and attend to continually promote our business. You can follow what we do and who we support in the community on our Facebook page at Central Coast Branches of Bendigo Bank. Please like and share for maximum exposure of our business so we can reach as many people as possible.

It is a big part of our business to receive referrals and recommendations from our shareholders and customers and we encourage you to have family and friends contact us to discuss their banking needs.

Our Business Banking partners at Bendigo Bank, Steve, Chey and Danni, supported our growth this year by assisting with $10 million of our growth in lending and deposit support, from shared customers.

A thank you to all our staff across our three branches for your hard work and generous contribution of your time outside of banking hours and continued positive attitude to ensure our business is successful. Thank you to all Directors who are volunteers who give of their time to ensure long term viability of our business. And thank you to our shareholders and customers for your continued support of our branches and for what the **Community Bank®** model represents within our communities.

Michael Bell
Senior Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2017

As we approach 20 years since the first **Community Bank®** branch opened its doors, it's timely to reflect on the role of our network's 70,000-strong shareholders and its army of nearly 2,000 passionate local Directors.

As a group of people you are a powerful force that continues to influence change both locally and nationally.

United for a shared purpose in your communities, you are making big things happen beyond the delivery of great banking products and services; you're creating jobs, helping businesses to thrive, solving problems and achieving outcomes that will make your communities better places to live and do business.

Amongst other things, you are providing hundreds of thousands of people in communities around Australia with new opportunities to:

- Play sport in new **Community Bank®** funded centres.
- Continue their education thanks to a **Community Bank®** scholarship.
- Seek treatment in hospitals closer to home with equipment funded through a **Community Bank®** grant.
- Reap the environmental benefits of **Community Bank®** funded solar panels and LED lighting, and
- Access mental health services for teenage children with a service supported by a local **Community Bank®** branch.

In fact, since the model's inception your investment in local communities exceeds $165 million and that figure continues to grow every year. This amount excludes the significant co-investment on key projects that many companies have obtained from Government and other parties.

Nationally our voices are increasingly being heard, and our collaborative approach recognised and celebrated.

Representing us all at a recent forum at Canberra's Parliament House, Bendigo Bank's Managing Director and Chairman reinforced the significance of the **Community Bank®** model's achievements and called for regulatory change that would help us compete in a crowded and ever-evolving banking sector. Just two months later, the Federal Government announced a levy on Australia's biggest banks that is set to re-level the playing field as we've regularly advocated for.

But for us this is more than a levy. The Turnbull Government's announcement recognises the importance of customers having access to a robust, competitive and customer-focused banking sector. On this note Bendigo Bank was recently recognised as the banking provider of choice in the annual Mozo People's Choice Awards. Better yet, out of 110 banking providers nationally, we were the only bank recognised in all eight banking categories – and were rated the leading bank in six of those eight categories.

This is an extraordinary achievement for you and our bank. Not only does it demonstrate that, in the eyes of our customers, we are doing something right – it very clearly outlines that together we can continue to achieve results.

As we've long known, the more successful our customers are, the stronger our communities become. In this regard the **Community Bank®** model enables these outcomes for customers and communities, as increasingly recognised by more and more Australians.

So thank you for your investment in your local **Community Bank®** company, for your ongoing contribution and support, tireless advocacy and continued commitment to building strong local communities. Without this, our **Community Bank®** branches would be just another bank.

Robert Musgrove
Executive Engagement Innovation

East Gosford & Districts Financial Services Ltd.
ABN: 90 092 538 620

Financial Report

For the year ended 30 June 2017

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The Directors present their report of East Gosford & Districts Financial Services Ltd ("the Company") for the financial year ended 30 June 2017.

Directors

The following persons were Directors of the Company during or since the end of the financial year up to the date of this report:

Garry Samuel Morris, M. App Fin., Dip. Com, Dip. FP, **Chairman**	
Experience and expertise	Principal Adviser - Certitude Advisory Group (Financial Planning).
Other current directorships	Nil
Former directorships in last 3 years	Nil
Special responsibilities	Chairman

Brian Wilfred Lindbeck, Accountant, **Treasurer**	
Experience and expertise	Retired Accountant, 37 Years with QANTAS
Other current directorships	Nil
Former directorships in last 3 years	Nil
Special responsibilities	Finance, Marketing & HR Committees.

Mark Francis Cotter, MBA - resigned 19/04/2017	
Experience and expertise	Solicitor 40 years.
Other current directorships	Nil
Former directorships in last 3 years	Nil
Special responsibilities	Governance Committee

Kenneth George Howes, Chartered Accountant, **Secretary**	
Experience and expertise	Accountant 43 years, Howes Walcott Accounting Services.
Other current directorships	Nil
Former directorships in last 3 years	Nil
Special responsibilities	Finance & HR Committee

John Kevin Coman, Business Owner	
Experience and expertise	Property Developer 20 years, Local Business Owner.
Other current directorships	Nil
Former directorships in last 3 years	Nil
Special responsibilities	Marketing & HR Committee

Simone Elizabeth Lenihan, B. Mgmt (Fin & HR), CPA - resigned 11/07/2017	
Experience and expertise	General Manager Housing Services, Broadspectrum, North Sydney
Other current directorships	Nil
Former directorships in last 3 years	Nil
Special responsibilities	Governance & HR Committee

Stephen David McIntosh, Human Resources Specialist - resigned 15/07/2016.	
Experience and expertise	Self Employed Human Resources Specialist
Other current directorships	Nil
Former directorships in last 3 years	Nil
Special responsibilities	HR Committee

James Renshaw Chaplin, Business Consultant, Chartered Accountant	
Experience and expertise	Self employed Business Consultant.
Other current directorships	Nil
Former directorships in last 3 years	Nil
Special responsibilities	Finance & Governance Committee

Sue Chidgey, - Appointed 19/06/2017	
Experience and expertise	Retired community worker
Other current directorships	Nil
Former directorships in last 3 years	Nil
Special responsibilities	Nil

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

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

Directors' meetings

Attendances by each Director during the year were as follows:

Director	Board meetings	
	A	B
Garry Samuel Morris	11	11
Brian Wilfred Lindbeck	11	11
Kenneth George Howes	11	7
John Kevin Coman	11	8
Simone Elizabeth Lenihan	11	4
Mark Francis Cotter	9	5
James Renshaw Chaplin	11	7
Sue Chidgey	0	0

A - The number of meetings eligible to attend.
B - The number of meetings attended.

Company Secretary

Kenneth Howes has been the Company Secretary of East Gosford & Districts Financial Services Limited since 10 June 2016. Kenneth is a chartered accountant, having expertise in the accounting field for the past 43 years.

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 profit of the Company for the financial year after provision for income tax was $113,981 (2016: $890)

Dividends

	2016	2015
Final fully franked dividend for the year ended 30 June 2016 of 2 cents (2015: Nil)	19,986	-

Options

No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report.

Significant changes in the state of affairs

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

Events subsequent to the end of the reporting period

There were no matters or circumstance has arisen since the end of the financial year that 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 financial years.

Likely developments

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

Environmental regulations

The Company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor

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

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

Proceedings on behalf of Company

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

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set at page 7 of this financial report. No Officer of the Company is or has been a partner of the Auditor of the Company.

Non-audit services

The Directors are satisfied that the provision of non audit services during the year is compatible with the general standard of independence for Auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed in Note 3 did not compromise the external Auditor's independence for the following reasons:

- all non audit services are reviewed and approved by the Directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the Auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants* .

Remuneration report

Remuneration policy

There has been no remuneration policy developed as Director positions are held on a voluntary basis and Directors are not remunerated for their services.

Remuneration benefits and payments

Other than detailed below, 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. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Company's accounts, or the fixed salary of a full-time employee of the Company, controlled entity or related body corporate.

The Company 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 $1,200 for the year ended 30 June 2017. The estimated benefit per Director is as follows:

	2017
	$
Brian Wilfred Lindbeck	1,200
	1,200

Equity holdings of key management personnel

The number of ordinary shares in the Company held during the financial year and prior year by each Director and other key management personnel, including their related parties, are set out below:

Name	**Balance at 30 June 2016**	**Net change in holdings**	**Balance at 30 June 2017**
Directors			
Garry Samuel Morris	2,250	-	2,250
Brian Wilfred Lindbeck	4,502	-	4,502
Kenneth George Howes	1,502	-	1,502
John Kevin Coman	-	-	-
Simone Elizabeth Lenihan	-	-	-
Mark Francis Cotter	-	-	-
Stephen David McIntosh	6,502	-	6,502
James Renshaw Chaplin	-	-	-
Sue Chidgey	-	-	-

Loans to key management personnel

There were no loans to key management personnel during the current or prior reporting period.

Signed in accordance with a resolution of the Board of Directors at East Gosford on 28th September 2017.

Brian Wilfred Lindbeck
Director

rsd Audit

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Bendigo, Victoria
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Auditor's Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of East Gosford & Districts Financial Services Limited.

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.

RSD Audit
Chartered Accountants

Kathie Teasdale
Partner
Bendigo
Dated: 28 September 2017

East Gosford & Districts Financial Services Ltd.
ABN 90 092 538 620
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2017

	Note	2017 $	2016 $
Revenue	2	2,069,288	1,773,494
Expenses			
Employee benefits expense	3	(1,202,645)	(1,066,820)
Occupancy expenses		(239,594)	(208,527)
Marketing and Advertising		(63,813)	(62,909)
Depreciation and amortisation	3	(44,453)	(45,819)
IT costs		(60,554)	(64,056)
Freight/Cartage/Delivery		(45,083)	(46,401)
Insurance		(27,060)	(27,299)
Other expenses		(172,450)	(207,064)
		(1,855,652)	(1,728,895)
Operating profit before charitable donations and sponsorships		**213,636**	**44,600**
Charitable donations and sponsorships		(55,028)	(35,329)
Profit before income tax		**158,608**	**9,271**
Income tax expense	4	(44,627)	(8,381)
Profit for the year		**113,981**	**890**
Total comprehensive income for the year		**113,981**	**890**
Profit attributable to members of the Company		113,981	890
Total comprehensive income attributable to members of the Company		**113,981**	**890**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company (cents per share):			
- basic earnings per share	1	11.46	0.09

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

East Gosford & Districts Financial Services Ltd.
ABN 90 092 538 620
Statement of Financial Position
as at 30 June 2017

	Note	2017 $	2016 $
Assets			
Current assets			
Cash and cash equivalents	5	242,001	213,301
Trade and other receivables	6	210,964	194,979
Financial assets	7	318,305	314,205
Other assets	8	22,401	22,616
Total current assets		**793,671**	**745,101**
Non-current assets			
Financial assets	7	17,961	17,961
Property, plant and equipment	9	129,937	130,331
Intangible assets	10	118,461	156,849
Deferred tax assets	4	78,572	94,136
Total non-current assets		**344,931**	**399,277**
Total assets		**1,138,602**	**1,144,377**
Liabilities			
Current liabilities			
Trade and other payables	11	177,034	319,723
Provision for income tax	4	28,533	-
Provisions	13	277,397	237,788
Total current liabilities		**482,964**	**557,511**
Non-current liabilities			
Provisions	13	2,960	28,272
Total non-current liabilities		**2,960**	**28,272**
Total liabilities		**485,924**	**585,783**
Net assets		**652,679**	**558,595**
Equity			
Issued capital	14	709,669	709,669
Retained earnings / Accumulated losses	15	(56,990)	(151,074)
Total equity		**652,679**	**558,595**

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

East Gosford & Districts Financial Services Ltd.
ABN 90 092 538 620
Statement of Changes in Equity
for the year ended 30 June 2017

	Note	Issued capital $	Accumulated Losses $	Total equity $
Balance at 1 July 2015		709,669	(151,964)	557,705
Profit for the year		-	890	890
Balance at 30 June 2016		709,669	(151,074)	558,594
Balance at 1 July 2016		709,669	(151,074)	558,595
Profit for the year		-	113,981	113,981
Dividends paid		-	(19,897)	(19,897)
Balance at 30 June 2017		**709,669**	**(56,990)**	**652,679**

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

East Gosford & Districts Financial Services Ltd.
ABN 90 092 538 620
Statement of Cash Flows
for the year ended 30 June 2017

	Note	2017 $	2016 $
Cash flows from operating activities			
Receipts from customers		2,041,385	1,724,166
Payments to suppliers and employees		(1,994,466)	(1,457,718)
Other revenue		2,104	2,088
Interest received		9,346	9,073
Income tax paid		-	6,458
Net cash provided by operating activities	18b	58,369	284,067
Cash flows from investing activities			
Purchase of property, plant and equipment		(5,672)	(790)
Purchase of investments		(4,100)	(9,575)
Purchase of intangible assets		-	(192,045)
Net cash flows from investing activities		(9,772)	(202,408)
Cash flows from financing activities			
Dividends paid		(19,897)	-
Net cash provided by financing activities		(19,897)	-
Net increase in cash held		28,700	81,659
Cash and cash equivalents at beginning of financial year		213,301	131,642
Cash and cash equivalents at end of financial year	18a	242,001	213,301

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

These financial statements and notes represent those of East Gosford & Districts Financial Services Ltd.

East Gosford & Districts Financial Services Ltd. ('the Company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 22nd 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 (AASB) 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®** branches at East Gosford, Lisarow & Kincumber.

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.

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.

1. Summary of significant accounting policies (continued)

(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:

(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.

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 after 1 January 2018)**

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

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.

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.

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

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	2,057,838	1,762,333
	2,057,838	1,762,333
Other revenue		
- interest received	9,346	9,073
- other revenue	2,104	2,088
	11,450	11,161
Total revenue	**2,069,288**	**1,773,494**

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.

Depreciation
The depreciable amount of all fixed assets 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

3. Expenses (continued)

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

Class of asset	*Rate*	*Method*
Leasehold improvements	2.5%	DV
Plant and equipment	13 20%	DV

DV = Diminishing value depreciation

	2017 $	2016 $
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	1,054,229	922,330
- superannuation costs	99,316	86,667
- other costs	49,100	57,823
	1,202,645	1,066,820
Depreciation and amortisation		
Depreciation		
- plant and equipment	6,065	7,622
	6,065	7,622
Amortisation		
- franchise fees	6,768	6,684
- management fees	31,620	31,513
	38,388	38,197
Total depreciation and amortisation	44,453	45,819
Auditors' remuneration		
Remuneration of the Auditor, Richmond, Sinnott & Delahunty, for:		
- Audit or review of the financial report	4,717	4,400
- Share registry services	4,669	1,800
	9,386	6,200

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 / (income) comprise:		
Current tax expense / (income)	46,553	15,593
Deferred tax expense / (income) relating	15,084	7,779
Recoupment of prior year tax losses	(18,020)	(15,593)
Under / (over) provision of prior years	1,010	602
	44,627	8,381
b. Prima facie tax payable		
The prima facie tax on profit / (loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit / (loss) before income tax at 27.5% (2016: 28.5%)	43,617	2,642
Add tax effect of:		
- Under / (over) provision of prior years	480	602
- Non-deductible expenses		(3,382)
- Change in company tax rates	530	8,519
Income tax attributable to the entity	44,627	8,381
The applicable weighted average effective tax rate is	28.14%	90.40%
c. Current tax liability		
Current tax relates to the following:		
Current tax liabilities / (assets)		
Opening balance	-	(7,060)
Income tax paid	-	7,060
Current tax	46,553	15,593
Recoupment of prior years tax losses	(18,020)	(15,593)
	28,533	-

4. Income tax (continued)

	2017	2016
	$	$
d. Deferred tax asset / (liability)		
Deferred tax relates to the following:		
Deferred tax assets balance comprises:		
Property, plant & equipment	1,474	2,467
Employee provisions	77,098	73,167
Unused tax losses	-	18,502
	78,572	94,136
Net deferred tax asset / (liability)	78,572	94,136
Total carried forward tax losses not recognised as deferred tax assets	-	-
e. Deferred income tax (revenue)/expense included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	14,603	(7,779)
Under / (over) provision prior years	480	-
	15,084	(7,779)

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
	$	$
Cash at bank and on hand	242,001	213,301
	242,001	213,301

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	210,964	194,062
Other receivables	-	917
	210,964	194,979

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.

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	210,964	210,964	-	-	-	-
Total	**210,964**	**210,964**	-	-	-	-
2016						
Trade receivables	194,062	194,062	-	-	-	-
Other receivables	917	917	-	-	-	-
Total	**194,979**	**194,979**	-	-	-	-

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 (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, transaction costs that are directly attributable to the acquisition of the financial asset.

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

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

- 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
	$	$
Held to maturity financial assets		
Term deposits	318,305	314,205
Available for sale financial assets		
Listed investments	17,961	17,961
	336,266	332,166

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	22,401	22,616
	22,401	22,616

9. Property, plant and equipment

Property, plant and equipment are 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 property, 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.

	2017 $	2016 $
Property, plant and equipment		
At cost	512,089	629,411
Less accumulated depreciation	(382,152)	(499,080)
	129,937	130,331
Total property, plant and equipment	129,937	130,331

9. Plant and equipment (continued)

Plant and equipment		
Balance at the beginning of the reporting period	130,330	137,161
Additions	5,672	790
Depreciation expense	(6,065)	(7,621)
Balance at the end of the reporting period	**129,937**	**130,330**

10. Intangible assets

Intangible assets have been initially recorded at cost and amortised on a straight line basis. 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 $
Franchise fee		
At cost	27,684	65,461
Less accumulated amortisation	(6,768)	(37,777)
	20,916	27,684
Management Fee		
At cost	129,165	307,706
Less accumulated amortisation	(31,620)	(178,541)
	97,545	129,165
Total intangible assets	**118,461**	**156,849**

Movements in carrying amounts

Franchise fee		
Balance at the beginning of the reporting period	27,684	477
Additions	-	33,891
Amortisation expense	(6,768)	(6,684)
Balance at the end of the reporting period	20,916	27,684
Management Fee		
Balance at the beginning of the reporting period	129,165	2,524
Additions	-	158,154
Amortisation expense	(31,620)	(31,513)
Balance at the end of the reporting period	97,545	129,165
Total intangible assets		
Balance at the beginning of the reporting period	156,849	3,001
Additions	-	192,045
Amortisation expense	(38,388)	(38,197)
Balance at the end of the reporting period	**118,461**	**156,849**

11. 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		
Unsecured liabilities:		
Trade creditors	83,740	174,375
Other creditors and accruals	93,294	145,348
	177,034	319,723

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

12. 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.

13. 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.

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.

13. Provisions (continued)

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	277,397	237,788
Non-current		
Employee benefits	2,960	28,272
Total provisions	280,357	266,060

14. Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

	2017 $	2016 $
994,812 Ordinary shares fully paid	760,008	760,008
Less: Equity raising costs	(50,339)	(50,339)
	709,669	709,669
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	994,812	994,812
At the end of the reporting period	994,812	994,812

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

Capital management

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 Statement of Financial Position.

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

(i) the Distribution Limit is the greater of:
(a) 20% of the profit or funds of the Company otherwise available for distribution to shareholders in that 12 month period; and

14. Share capital (continued)

Capital management (continued)

(b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid 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.

15. Accumulated Losses

	2017 $	2016 $
Balance at the beginning of the reporting period	(151,074)	(151,964)
Profit after income tax	113,981	890
Dividends paid	(19,897)	-
Balance at the end of the reporting period	(56,990)	(151,074)

16. Dividends paid or provided for on ordinary shares

	2017 $	2016 $
Dividends paid or provided for during the year		
Final fully franked ordinary dividend of 2 cents per share franked at the tax rate of 28.5.	19,897	-

A provision is made for the amount of any dividends declared, authorised and no longer payable at the discretion of the entity on or before the end of the financial year, but not distributed at balance date.

17 Earnings per share

Basic earnings per share

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

	2017	2016
Basic earnings per share (cents)	11.46	0.09
Earnings used in calculating basic earnings per share ($)	113,981	890
Weighted average number of ordinary shares used in calculating basic earnings per share.	994,812	994,812

18. 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)	242,001	213,301
As per the Statement of Cash Flow	242,001	213,301
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit / (loss) after income tax	113,981	890
Non-cash flows in profit		
- Depreciation	6,065	7,622
- Amortisation	38,388	38,197
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(15,985)	(27,616)
- (increase) / decrease in prepayments and other assets	215	(22,616)
- (Increase) / decrease in deferred tax asset	15,564	7,779
- Increase / (decrease) in trade and other payables	(142,689)	224,383
- Increase / (decrease) in current tax liability	28,533	7,060
- Increase / (decrease) in provisions	14,297	48,368
Net cash flows from operating activities	58,369	284,067

19. 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 was no remuneration paid to key management personnel of the Company during the year.

(b) Other related parties

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

(c) Transactions with key management personnel and related parties

No key management personnel or related party has entered into any contracts with the Company. No Director fees have been paid as the positions are held on a voluntary basis.

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

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

East Gosford & Districts Financial Services Ltd 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 estimated benefits per Director is as follows:

	2017	2016
Brian Wilfred Lindbeck	1,200	1,200
	1,200	1,200

(d) Key management personnel shareholdings

The number of ordinary shares in East Gosford & Districts Financial Services Ltd held by each key management personnel of the Company during the financial year is as follows:

	2017	2016
Brian Wilfred Lindbeck	2,250	2,250
Gary Samuel Morris	4,502	4,502
Kenneth George Howes	1,502	1,502
Stephen David McIntosh	6,502	6,502
	14,756	14,756

There was no movement in key management personnel shareholdings during the year. Each share held has a paid up value of $1 and is fully paid.

(e) Other key management transactions

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

20. Events after the reporting period

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

21. Contingent liabilities and contingent assets

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

22. Operating segments

The Company operates in the financial services sector where it provides banking services under managements rights of Bendigo and Adelaide Bank Limited. The Company operates in the geographic area of East Gosford, NSW.

23. 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	169,914	164,965
- between 12 months and 5 years	373,675	543,589
- greater than five years		
Minimum lease payments	543,589	708,554

The current operating leases are contracted for a period of 5 years with an attached 5 year option to renew. Operating leases increase on a year by year basis in line with CPI movements.

24. Company details

The registered office and principle place of business is 101 Victoria St, East Gosford NSW 2250.

25. Financial risk management

Financial risk management policies

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

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	242,001	213,301
Trade and other receivables	6	210,964	194,979
Financial assets	7	336,266	332,166
Total financial assets		789,231	740,446
Financial liabilities			
Trade and other payables	11	87,417	276,834
Total financial liabilities		87,417	276,834

(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.

25. 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.

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	1%	242,001	242,001	-	-
Trade and other receivables	0%	210,964	210,964	-	-
Financial assets	2%	336,266	318,305	17,961	-
Total anticipated inflows		789,231	771,270	17,961	-
Financial liabilities					
Trade and other payables	0%	87,417	87,417	-	-
Total expected outflows		87,417	87,417	-	-
Net inflow / (outflow) on financial instruments		701,814	683,853	17,961	-

25. 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	1%	213,301	213,301	-	-
Trade and other receivables	0%	194,979	194,979	-	-
Financial assets	2%	332,166	332,166	-	-
Total anticipated inflows		740,446	740,446	-	-
Financial liabilities					
Trade and other payables	0%	276,834	276,834	-	-
Total expected outflows		276,834	276,834	-	-
Net inflow / (outflow) on financial instruments		463,612	463,612	-	-

(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.

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)	5,783	5,783
	5,783	5,783

25. Financial risk management (continued)

(c) Market risk (continued)

Year ended 30 June 2016

+/- 1% in interest rates (interest income)	5,455	5,455
	5,455	5,455

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)	242,001	242,001	213,301	213,301
Trade and other receivables (i)	210,964	210,964	194,979	194,979
Financial assets	336,266	357,585	332,166	332,166
Total financial assets	**789,231**	**810,550**	**740,446**	**740,446**
Financial liabilities				
Trade and other payables (i)	87,417	87,417	276,834	276,834
Total financial liabilities	**87,417**	**87,417**	**276,834**	**276,834**

(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.

East Gosford & Districts Financial Services Ltd.
ABN 90 092 538 620
Directors' Declaration

In accordance with a resolution of the Directors of East Gosford & Districts Financial Services Ltd, the Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 8 to 36 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.

3. The audited remuneration disclosures set out in the remuneration report section of the Directors' report comply with Accounting Standard *AASB124 Related Party Disclosures* and the *Corporations Regulations 2001.*

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

Brian Wilfred Lindbeck
Director

Signed at East Gosford on 28th September 2017.

rsd Audit

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF EAST GOSFORD & DISTRICTS FINANCIAL SERVICES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of East Gosford & Districts Financial Services 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 East Gosford & Districts Financial Services Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the company's financial position as at 30 June 2017 and of its performance for the year 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the entity 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.

Director's Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In 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

Our responsibility is to express an opinion on the financial report based on our audit. 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 Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We 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 on 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.

We 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.

We obtain sufficient appropriate audit evidence regarding the financial information of the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the 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.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. 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.

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. On 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 material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RSD AUDIT
Chartered Accountants

Kathie Teasdale
Partner
Bendigo
Dated: 28 September 2017

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