Annual Report 2016

Edenhope & District Financial Services Ltd

ABN 68 103 869 227

Edenhope & District **Community Bank**® Branch

Contents

Chairman’s report

For year ending 30 June 2016

Welcome everyone to the Annual report for the financial year ending 30 June 2016. This is my last report as the Chair of Edenhope and District Financial Services Limited (EDFSL). Since the end of the financial year, I am very pleased to have passed the ‘baton’ onto Sara McDonnell. Sara has moved from being Secretary to the Chair position and the Board is very pleased to now have Sharon West as Secretary. Sara and Sharon are proving a very exciting and capable pair at the helm of the Board. I am continuing on as a Board member and look forward to seeing the bank keep performing as an integral part of the district.

James and staff have had another very good year under very tough banking conditions. I thank them for their work.

Growth in Agribusiness is the key to our future. This is where we see good results coming in, due to Bendigo Bank’s partnership with Rural Bank and now also the Rural Finance Commission. We are very privileged to have our ‘local man’ Luke Riley as the Area Agribusiness Lender. Luke brings his knowledge and experience in the lending area, as well as being a resident in the community.

The support the Board receives from the Bendigo Bank regional staff is an integral part of the smooth operation of our branch. I thank them very much for their commitment.

We still continue to strive for business and continued growth is vital to our viability. This banking facility was made possible for us by our shareholders who funded the start-up of the Community Bank® branch some 13 years ago. The business support from shareholders is important as well, so I urge shareholders that have not got any business with our branch to seriously think of supporting your Community Bank® branch. I do understand and feel very disappointed EDFSL has not been able to pay a dividend. The more business growth we can create, the closer we will get to receiving a dividend. Strong communities have strong Community Bank® branches so feel proud of your banking being with the Edenhope & District Community Bank® Branch I look forward to seeing you at the Annual General Meeting, where you can get the full understanding of the position of EFDSL and you can have any questions answered.

I sincerely thank everyone for their support of my Chairman’s role over the last 13 years.

Wayne Caldow
Chairman – Edenhope & District Financial Services Limited

Manager’s report

For year ending 30 June 2016

Welcome to the 12th Annual report for Edenhope & District Financial Services Limited and my fourth Managers’ report.

The 2015/16 financial year has seen Edenhope & District Financial Services Limited make their third consecutive profit. For the end of financial year 2015/16, we made a profit of $21,199. We were able to increase our income by 3% and were 5% above our budgeted income. Our expenses are also down by 1% on the previous financial year. Our profit is $16,052 up on last year, which shows that our company has turned the corner and we are on our way to being a consistently profitable business.

Our total business portfolio grew by $1.128 million during the 2015/16 financial year and as of 30 June 2016 we have $55.337 million in business. We continue to see good activity in our lending where we settled over $3 million worth of loans, however due to accelerated loan repayments that are common with the low interest rates, we only grew our lending by $1.115 million. Going forward, our focus as a branch needs to be on Agribusiness and writing loans through Rural Bank who have been a wholly owned subsidiary of the Bendigo and Adelaide Bank since 2010.

If we can build up our Agribusiness lending we increase the potential for growth in our business portfolio and subsequent potential for increase in our profit.

I would like to thank the local staff, Di Saunders and Margie Reid for all of their hard work over the past 12 months, as without their contributions we wouldn’t get the results that we are. In June we welcomed a new staff member Alex Lang to the team. Alex has made a great start in her time in the branch, has shown her willingness to learn and has shown great customer service. Edenhope & District Community Bank® Branch is lucky to be one of very few that have a Rural Bank Relationship Manager live in their local town.

Luke Riley, who was the previous Branch Manager, lives in Edenhope and spends a lot of his time in the local branch, which no other bank in small towns can say they have a dedicated Agribusiness Manager in their local towns. Luke has had a busy year and is dedicated to servicing our existing Rural Bank clients, but is also keen to bring new clients on board. Luke is supported by another past Manager of our branch, Steve Wood. This means we have some great local knowledge when it comes to agribusiness and we hope that helps us grow the Rural Bank name. Our other specialist are our Business Banking Manager, Neil Short and our Financial Planner Tim Sinclair. Without all of the above staff we wouldn’t be able to offer the great service and expertise that we offer Edenhope and the surrounding districts.

The Ballarat State Support Team (Bendigo and Adelaide Bank Ltd) as always have been a great resource for our branch and Board over the past 12 months. Leading that team is Leanne Martin our Regional Manager, who provides our branch and Board with any support we require and is always happy to help in any way she can. Others we must thank are Meagan Edwards (Retails Sales Lead), David Gray (Regional Lending Manager), and Caius Ryan (Operations Manager). Towards the end of the financial year there was a restructure to the state support teams. This meant we farewelled David Gray and Caius Ryan and I thank them for all the support they have given us over the years. This also meant we welcomed two new people to our state support team in Leanne Hudson (Risk & Compliance Manager) and Mark O’Dowd (Senior Manager Community Relationships).

I must also thank the Board of Edenhope & District Financial Services Limited, especially Wayne Caldow (Chairman), Sara McDonnell (Secretary), and Kate Hausler (Treasurer), for their time and dedication overseeing the operations of the branch and the support they have given me and the staff. Wayne has now stepped down as Chairman of the Board. Wayne was part of the Steering Committee to get this Community

Manager’s report (continued)

Bank® company up and running and has been Chairman for 13 years. Wayne has lived and breathed the Edenhope & District Community Bank® Branch. Thank you Wayne for all your hard work. Sara McDonnell has taken over as Chairperson and I believe Sara will do a great job as Chairperson. Sharon West comes on as Secretary to replace Sara. Ashley Caldow who was also an original Board member has also finished up on the Board, however will continue to be an ambassador for the Community Bank® branch. Thank you to Ashley for all your hard work and commitment over the past 13 or so years.

For Edenhope & District Community Bank® Branch to continue to grow and be profitable well into the future we need to grow our business. Where I see the opportunity to grow our business significantly is through Rural Bank. If you or anyone you know is looking at their finance options for their Agribusiness please get them to contact the Edenhope & District Community Bank® Branch and we can arrange for Luke Riley to come out to the farm to speak to them.

James Ackland
Branch Manager

Community Contributions

For year ending 30 June 2016

The Edenhope & District Community Bank® Branch has been open for 13 years and in this time we have provided over $170,000 back into the local community through Sponsorships & Grants.

At the beginning of this year we changed the format of our Community Investment Programs, grants and sponsorships will now be applied for and given out on a quarterly basis. Any successful applicant for a Community Investment will then be rewarded with their cheque at a special function held.

As part of the Community Investment program recipient will be expected to attend a presentation function to be presented with their cheque.

This new format is a fairer and more transparent way to run the Community Investment program. It will provide Edenhope & District Community Bank Branch with a stronger relationship with the community groups and clubs and allows us to maximise our exposure for the funds we are investing back into the community. It will also show all the people in the community who we are supporting through this program.

The more people and businesses who have their banking with the Edenhope & District Community Bank, the more money we can invest back into this great community. That is what the Edenhope & District Community Bank is here to do and we want to help make this community more sustainable into the future.

	$
Edenhope Hospital Auxiliary	200.00
Edenhope RSL Sub Branch	500.00
Edenhope Apsley Football Netball Club	1,100.00
Edenhope College (Camp Awakenings & Student Award)	1,100.00
Edenhope Show Shearing	250.00
Apsley Alive	100.00
Jumping Castle (value based on market value hire rates) - Carols by Candlelight; Henley on Lake Wallace; Edenhope Race Club; Frances Folk Festival; Apsley Alive; MS Walk; Harrow Billycarts; Edenhope Football Club; Apsley Racing Club; West Wimmera Hockey Club	5,500.00
MS Walk	55.00
Edenhope Adult Riding	250.00
Edenhope P& A Society Show	150.00
Connewirricoo Tennis Club	700.00
Learn to Drive Program (Edenhope College)	300.00
St Malachy's	50.00
Rusty Rattlers	100.00
Apsley Golf Club	50.00
Total Contributions	**$10,405**

Community Contributions (continued)

Edenhope & District **Community Bank®** Branch continues it's committment to giving back to the community. Each year these contributions grow and with increased community support it allows us to give back more every year. Currently we are working with Vision & Voice Committee and the West Wimmera Shire on the project of the community hub. This project was identified though a community forum as a future need for the area.

Courtesy of the West Wimmera Advocate
Wednesday October 28 2015

Hall Progress

West Wimmera Shire Council (WWSC), in conjunction with the Edenhope Bendigo Bank and Vision and Voice, convened a community engagement workshop to determine the existing and future needs of Edenhope, with a focus on facilities. The session was attended by over 50 people.

Bill den Hartog, Senior Community Strengthening Manager, Bendigo Bank, facilitated the session by extracting what services and facilities currently exist in the community. The community then listed what the gaps are. Through this process, an extensive list was collated.

Mayor, Annette Jones, attended the session and was pleased with the outcome. She said, "The response from the community was positive and affirming, and will provide solid information for the Steering Committee to progress."

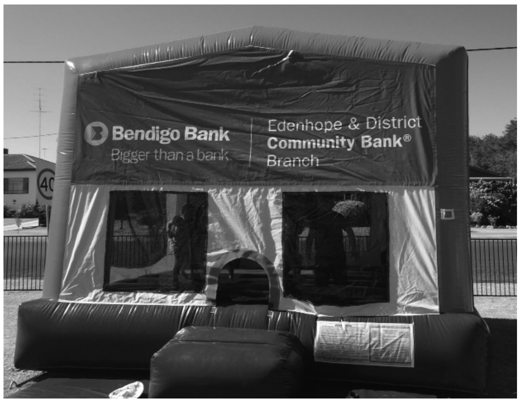
Jan Carberry, a member of the former hall committee for over nine years said, "I felt a good cross section of the community were at the meeting.

"We were all on the same lines of what we want for the centre."

The Community Hall Steering Committee will filter through the agreed list and ascertain the most appropriate inclusions for the Hub.

WWSC has committed to match community fundraising dollar-for-dollar, up to $500,000.00.

JUMPING CASTLE



In the 2014/15 Financial year the Edenhope & District **Community Bank®** Branch purchased a jumping castle.

This is available for hire, the charge to hire is $55 for community groups and $165 for businesses or personal hire.

Please contact the branch if you would like to book it for your next event.

Strategic Direction

Over the last few months of 2015 the board members attended a number of strategic planning workshops with facilitator Darryl Brooks to assist in developing a strategic plan for Edenhope & District Financial Services.

This plan enabled the board to assess where we are currently sitting, where we need to be and the most effective way of achieving this.

The outcome of the sessions was that we developed our Vision and Mission statements. We also identified five strategic directions and steps to achieving these goals.

This strategic plan provides guidance not only for the board member and branch staff, but will see to overall goal of business growth achieved.

VISION:

To provide a professional banking service which will grow and strengthen our community

MISSION:

By partnering with the Bendigo Bank we will provide competitive financial services which will allow us to invest back into our community.

STRATEGIC DIRECTIONS:

1. Find our passion
2. Future board structure
3. Strengthen our directors role in our key customer and community segments
4. Strengthen our local marketing
5. Our future business performance.

Bendigo & Adelaide Bank report

For year ending 30 June 2016

It's been 18 years since Bendigo Bank and two rural communities announced they were joining forces to open **Community Bank®** branches.

The initial aim was to return traditional bank branches to regional community.

It was soon obvious that the 'community' aspect of this unique banking model was going to be just as important to all types of communities; whether they are rural, regional or urban.

Today, there are 312 **Community Bank®**communities in every state and territory of Australia.

The statistics are impressive:

• More than $148 million in community contributions returned to local communities

• 1,900 Directors

• 1,500 staff

• More than $38 million in shareholder dividends.

Yes, these figures are staggering.

But dig a little deeper and what's more significant is that social issues affecting every community in Australia have received funding from **Community Bank®** companies.

• Aged care • Youth disengagement • Homelessness • Domestic and family violence • Mental health • Unemployment • Environment

I have no doubt that your **Community Bank®** company has already had a role to play, either in a funding grant, sponsorship support or connecting locals with relevant government, corporate and not-for-profit organisations.

Behind every **Community Bank®** branch is a company Board of Directors. These people are local mums and dads, tradespeople, small business operators, farmers, lawyers, accountants, school teachers, office workers… and the list goes on.

As **Community Bank®** company Directors they volunteer their time, their professional expertise and their local knowledge to make your **Community Bank®** branch the success it is today.

To every single one of our 1,900-plus **Community Bank®** company Directors, thank you for your commitment, your confidence in Bendigo and Adelaide Bank and your vision to make your community a better place to live.

As a **Community Bank®**community, you're all change makers.

As a shareholder, you're critical to helping make things happen for the benefit of your community.

On behalf of Bendigo Bank, thank you.

Thank you for your support as a shareholder, your belief in your community and your faith in what a **Community Bank®** community can achieve.

Robert Musgrove
Executive Community Engagement

Directors' report

For financial year ended 30 June 2016

Your Directors present their report of the company for the financial year ended 30 June 2016.

Directors

The following persons were Directors of Edenhope & District Financial Services Limited during or since the end ofthe financial year up to the date of this report:

Name and position held	Qualifications	Experience and other Directorships	Special Responsibilities
Wayne David Caldow Appointed 2003 **Chairman until June 2016**		Primary Producer in the Edenhope District for over 40 years. Former President of the Edenhope/Apsley Football Netball Club	Human Resources Committee
Kathryn Elizabeth Hausler Appointed 2003 **Treasurer**		Primary Producer in the Edenhope District for over 40 years. Edenhope & District Memorial Hospital Board Member & Treasurer	Finance & Audit Committee
Sara Jane McDonnell Appointed 2013 **Secretary July - June 2016** **Chairperson June 2016**	Bachelor of Management - Marketing & Tourism	Vision & Voice Committee; Edenhope Racecourse Committee of Management Secretary/Treasurer; Former Edenhope Race Club Committee	Community Investment & Marketing; Human Resources Committee
Vlada Gajic Appointed 2010 **Director**		Director of Gumlea IT Solutions. Over 20 Years experience in the IT Industry	
Luke Simon Munro Appointed 2003 **Director**		Owner and Operator of West Wimmera Rural Services for over 13 years. Secretary of Edenhope Angling Club, Henley Committee Member.	Community Investment & Maraketing Committee
Ashley Rohan Caldow Appointed 2003 **Director**		Primary Producer in the Edenhope District for over 30 years. Member of Edenhope College School Council, Member of Henley Committee, Patyah CFA Captain.	
Francis Carberry Appointed 2011 **Director**		Owner Operator of Edenhope Tyres and Fuel for over 11 years, prior to that in Motel Management. President Edenope Dirt Circuit.	Community Investment & Marketing Committee
Ritchie Robertson Middleton Appointed 2011 **Director**		Primary Producer in the Edenhope District for over 30 years. Edenhope Golf Club President; Kadnook CFA	
Rebecca Perrett Appointed 2014 **Director July 2015 - January 2016**	Bachelor of Science PGD Health & Safety Masters -Hlth Science	Health & Safety Manager for Rio Tinto Ltd for the last 4 years - Previously National Health & Safety Manager for Halifax Bank of Scotland -3 years	
Rae Stone Appointed 2014 **Director**		Administrative Officer with the West Wimmera Shire. Over 22 years experience in business and finance, marketing and public relations. Edenhope Lions Club Treasurer.	Finance & Audit Committee
Anthony Lees Appointed February 2016 **Director February - June 2016**		Primary Producer in Goroke District for over 25 years; Karnak CFA Captain.	Finance & Audit Comimttee
Sharon West **Non Director Secretary** **April 2016 - June 2016**		Administration for 20 years, specialising in Insurance and Finance	

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' report (continued)

Directors' meetings

The number of Directors' meetings held during the year were 11. Attendances by each Director during the yearwere as follows:

Director	Board meetings #	Audit Committee meetings #
Wayne David Caldow	9 (11)	9(11)
Kate Elizabeth Hausler	11(11)	11(11)
Sara Jane McDonnell	11 (11)	11 (11)
Vlada Gajic	4 (11)	N/A
Luke Simon Munro	6 (11)	6 (11)
Ashley Rohan Caldow	6 (11)	N/A
Ritchie Robertson Middleton	6 (11)	N/A
Francis Carberry	8 (11)	N/A
Rebecca Perrett	1(7)	N/A
Rae Stone	3(11)	N/A
Anthony Lees	3 (5)	N/A
Sharon West	1	1

 # The first number is the meetings attended while in brackets is the number of meetings eligible to attend.
N/A - not a member of that committee.

Company Secretary

Sara McDonnell has been the Company Secretary of Edenhope & District Financial Services Limited since September 2013 and has taken on the position of Chairperson in June 2016.
Sara's qualifications and experience include a Bachelor of Management with majors in marketing and tourism. Sara is a mother of four and partner in the family farming partnership. She has many years experience in the newspaper industry as an advertising executive. More recently she has been working with community groups in managerial and secretarial roles. In June, Sharon West stepped into the role of secretary. Sharon has over 20 years experience in the insurance and finance sectors.

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 have 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 $6,776 (2015 :Profit $3,120), which is a 117% increase as compared with the previous year. The major reason is that two of the $10,000 loans from other community banks (Carrum Downs and Maldon) were deemed not repayable and converted to sponsorships (income) from those two banks. Carrum Downs paid a further $1,000 in sponsorship so that the net sponsorship was $10,000 with $1,000 payable/claimable as GST. Maldon did not pay any further amounts and so 1/11 of the $10,000 loan ($909) was treated and paid as GST.

Dividends

Directors' report (continued)

No dividends were proposed or paid during the financial year.

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 reporting date

No matters or circumstances have arisen since the end of the financial year that significantly affect 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 C*orporations Act 2001* is set at page 13 of this financial report. No officer of the company is or has been a partner of the Auditor of the company.

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Directors' report (continued)

Non-audit services

The Board of 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 Audit Committee 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.*

Signed in accordance with a resolution of the Board of Directors at Edenhope on 3 October 2016

Sara J McDonnell
Director

Auditors independence declaration

Richmond Sinnott & Delahunty
Chartered Accountants
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Bendigo, VICTORIA
PO Box 30, Bendigo VICTORIA 3552
Ph: (03) 5445 4200
Fax: (03) 5444 4344
rsd@rsdadvisors.com.au
www.rsdadvisors.com.au

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Edenhope & Districts Financial Services Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016 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.

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

Kathie Teasdale
Partner
Bendigo
Dated at Bendigo, 30 September 2016

Richmond Sinnott Delahunty
ABN 60 616 244 309
Liability limited by a scheme approved under Professional Standards Legislation

Partners:
Kathie Teasdale
David Richmond
Philip Delahunty
Cara Hall
Brett Andrews

Financial Statements

Statement of profit or loss and other comprehensive income for the year ended 30 June 2016

	Notes	2016 $	2015 $
Revenue	2	434,359	403,548
Expenses			
Employee benefits expense	3	(228,996)	(221,424)
Depreciation and amortisation	3	(21,120)	(21,504)
Administration & general costs		(68,337)	(74,719)
Finance costs	3	(19,353)	(21,336)
Occupancy expense		(27,853)	(26,987)
IT Costs		(19,475)	(19,310)
Other expenses		(9,948)	(9,300)
Operating profit/(loss) before charitable donations & sponsorships		**39,277**	**8,968**
Charitable donations and sponsorships		(5,673)	(4,334)
Profit before income tax		**33,604**	**4,634**
Income Tax expense	4	26,828	1,514
Profit for the year		**6,776**	**3,120**
Other comprehensive income		-	-
Total comprehensive income for the year		**6,776**	**3,120**
Profit attributable to members of the company		6,776	3,120
Total comprehensive income attributable to members of the company		**6,776**	**3,120**
Earnings per share (cents per share)			
- basic for profit / (loss) for the year		1.42	0.66

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

Financial statements (continued)

Statement of financial position as at 30 June 2016

	Notes	2016 $	2015 $
Assets			
Current assets			
Trade and other receivables	5	29,520	31,306
Other Assets	6	3,736	3,748
Total current assets		**33,255**	**35,054**
Non-current assets			
Property, plant and equipment	7	23,800	31,075
Intangible assets	8	27,688	-
Deferred tax asset	4	244,092	270,920
Total non-current assets		**295,580**	**301,995**
Total assets		**328,835**	**337,049**
Liabilities			
Current liabilities			
Trade and other payables	9	26,860	24,892
Borrowings	10	67,360	66,298
Provisions	11	11,799	18,147
Total current liabilities		**106,019**	**109,337**
Non current liabilities			
Borrowings	10	414,253	459,414
Trade and other payables	9	27,688	-
Provisions	11	5,801	-
Total non current liabilities		**447,742**	**459,414**
Total liabilities		**553,761**	**568,751**
Netassets		**(224,926)**	**(231,702)**
Equity			
Issued capital	12	476,160	476,160
Accumulated losses	13	(701,086)	(707,862)
Total equity		**(224,926)**	**(231,702)**

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

Financial statements (continued)

Statement of changes in equity for the year ended 30 June 2016

	Notes	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2014		476,160	(710,982)	(234,822)
Profit for the year		-	3,120	3,120
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		**-**	**3,120**	**3,120**
Transactions with owners, in their capacity as owners				
Dividends paid or provided	22	**-**	**-**	**-**
Balance at 30 June 2015		**476,160**	**(707,862)**	**(231,702)**
Balance at 1 July 2015		476,160	(707,862)	(231,702)
Profit for the year		-	6,776	6,776
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	**6,776**	**6,776**
Transactions with owners, in their capacity as owners				
Dividends paid or provided	22	**-**	**-**	**-**
Balance at 30 June 2016		**476,160**	**(694,310)**	**(218,150)**

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

Financial statements (continued)

Statement of cash flows for the year ended 30 June 2016

	Notes	2016 $	2015 $
Cash flows from operating activities			
Receipts from customers		460,581	442,684
Payments to suppliers and employees		(403,285)	(409,507)
Interest paid		(19,353)	(21,336)
Net cash provided by/(used in) operating activities	14b	**37,943**	**11,841**
Cash flows from investing activities			
Proceeds from sale of plant & equipment		-	(3,270)
Purchase of intangible assets		(13,844)	-
Net cash flows used in investing activities		**(13,844)**	**(3,270)**
Cash flows from financing activities			
Repayments of borrowings		(5,161)	(4,858)
Net cash provided by/(used in) financing activities		**(5,161)**	**(4,858)**
Net increase in cash held		**18,938**	**3,713**
Cash and cash equivalents at beginning of financial year		(60,232)	(63,945)
Cash and cash equivalents at end of financial year	14a	**(41,294)**	**(60,232)**

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

Notes to the financial statements

These financial statements and notes represent those of Edenhope & District Financial Services Limited.

Edenhope & District Financial Services Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 3 October 2016.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

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

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, were 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.

The branch operates 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.

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 Managers and 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.

Note 1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Going Concern

The net liabilities of the company as at 30 June 2016 were $224,926 and the profit made for the year was $6,776 bringing accumulated losses to $701,086.

The company meets its day to day working capital requirements through an overdraft facility that is due for renewal on 30 September 2017. The overdraft has an approved limit of $100,000 and was drawn to $41,296 as at 30 June 2016.

The company recognises that losses will be incurred during the development of the business and while market access is being developed within the district. The directors will continue to review their growth forecast budget and cash flows throughout the 2016/17 year, and measure to preserve cash and secure additional finance, these circumstances create material uncertainties over future trading results and cash flow.

Bendigo and Adelaide Bank Limited has confirmed that it will continue to support the Company and its operations for the 2015/16 financial year, and beyond through the provision of an overdraft facility on normal commercial terms and conditions to assist with working capital requirements. The support is provided on the basis that the company continues to fulfil its obligations under the franchise agreement and continues to work closely with Bendigo and Adelaide Bank Limited to further develop its business.

Based on the above, and after making additional enquiries, the directors believe that it is reasonably foreseeable that the company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial statements.

(b) Income tax

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

Current income tax expense charged to profit or loss is the tax payable on taxable income. 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.

(c) Fair value of assets and liabilities

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(c) Fair value of assets and liabilities (continued)

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

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

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

(d) Plant and equipment

Plant and equipment

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

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

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

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.

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

Class of asset	*Depreciation rate*	*Method*
Plant & equipment	7.5 - 20%	Straight line
Leasehold improvements	20%	Straight line

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(d) Plant and equipment (continued)

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

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

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

(e) Leases

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

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

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

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

(f) 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.

(g) 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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(h) Employee benefits

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.

The company's obligation 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.

(i) Intangible assets

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

(j) 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.

(k) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any discounts and volume rebates allowed. Revenue comprises service commissions and other income received by the company.

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).

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(l) Investments and other financial assets

(i) Classification
The company classifies its financial assets in the following categories:
- financial assets at fair value through profit or loss,
- 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.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term with the intention of making a profit. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. The company has not designated any financial assets at fair value through profit or loss.

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.

Held to maturity investments
The group classifies investments as held-to-maturity if:
- they are non-derivative financial assets
- they are quoted in an active market
- they have fixed or determinable payments and fixed maturities
- the group intends to, and is able to, hold them to maturity.

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

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

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

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(l) Investments and other financial assets (continued)
(ii) Measurement (continued)

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

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

(iii) Impairment
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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(l) Investments and other financial assets (continued)

(iii) Impairment (continued)

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.

(iv) 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.

(m) 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.

(n) 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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(o) Borrowings

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

Borrowings as 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.

(p) Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

(q) Contributed equity

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.

(r) Dividends

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

(s) 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.

(t) Comparative figures

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

(u) 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.

Note 1. Summary of significant accounting policies (continued)

(v) 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.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

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

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

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

(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.

In May 2015, the AASB issued ED 260 Income of Not-forProfit Entities, proposing to replace the income recognition requirements of AASB 1004 Contributions and provide guidance to assist not-for-profit entities to apply the principles of AASB 15. The ED was open for comment until 14 August 2015 and the AASB is currently in the process of redeliberating its proposals with the aim of releasing the final amendments in late 2016.”

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.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

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

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.

(w) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

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

Fair value assessment of non-current physical assets

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

Employee benefits provision

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

Income tax

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

Impairment

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

Notes to the financial statements (continued)

	2016 $	2015 $
Note 2. Revenue and other income		
Revenue		
- services commissions	413,302	400,775
	413,302	**400,775**
Other revenue		
- other sundry income	1,966	2,773-
- other revenue	19,091	-
	21,057	**2,773**
Total revenue	**403,548**	**403,548**

Other Revenue
Loans of $10,000 each from Currum Downs and maldon Community Banks, were deemed non repayable by those banks and at their request were converted to sponsorship income and GST applied. Carrum Downs paid a further $1000 in sponsorship so as to make a nett $10,000 sponsorship.

Note 3. Expenses

	2016 $	2015 $
Employee benefits expense		
- wages and salaries	196,408	186,805
- superannuation costs	18,621	17,533
- other costs	13,976	17,086
	228,996	**221,424**
Depreciation and amortisation		
Depreciation		
- plant and equipment	7,275	7,660
Amortisation		
- Franchise Fees	13,845	13,844
Total depreciation and amortisation	**21,120**	**21,504**
Finance costs:		
- Interest paid	19,353	21,336
Auditors Renumeration		
Renumeration of the Auditor for		
-Audit or review of the financial report	5,250	4,430
- Share registry service	1,850	1,800
	7,100	**6,230**

	2016 $	2015 $
Note 4. Income Tax (continued)		
e. Deferred income tax expense included in income tax expense comprises		
Decrease / (increase) in deferred tax assets	(32,271)	(1,514)
(Decrease) / increase in deferred tax liabilities	-	-
Under / (over) provision prior years	5,443	-
	(26,828)	**(1,514)**

Note 5. Trade and other receivables

	2016 $	2015 $
Current		
Trade receivables	29,520	31,306
	29,520	**31,306**

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.

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	
2016						
Trade receivables	29,520	29,520	-	-	-	-
Total	**29,520**	**29,520**	**-**	**-**	**-**	**-**
2015						
Trade receivables	31,306	31,306	-	-	-	-
Total	**31,306**	**31,306**	**-**	**-**	**-**	**-**

Notes to the financial statements (continued)

	2016 $	2015 $
Note 6. Other assets		
Prepayments	3,735	3,748
	3,735	**3,748**
Note 7. Plant and equipment		
Leasehold improvements		
At cost	29,330	29,330
Less accumulated depreciation	(29,330)	(29,330)
Plant and equipment		
At cost	76,687	76,686
Less accumulated depreciation	(52,887)	(45,611)
	23,800	**31,075**
Total plant and equiptment	**23,800**	**31,075**
Movements in carrying amounts		
Plant and equipment		
Balance at the beginning of the reporting period	31,075	35,465
Additions	-	3,270
Depreciation expense	(7,275)	(7,660)
Balance at the end of the reporting period	**23,800**	**31,075**
Total Property, plant and equiptment		
Balance at the beginning of the reporting period	31,075	35,465
Additions	-	3,270
Depreciation expense	(7,275)	(7,660)
Balance at the end of the reporting period	**23,800**	**31,075**
Note 8. Intangible assets		
Franchise fee		
at cost	129,221	60,000
less accumulated amortisation	(101,533)	(60,000)
	27,688	**-**
Preliminary expenses		
At cost	80,541	80,541
Less accumulated amortisation	(80,541)	(80,541)
Total intangible assets	**27,688**	**-**

Notes to the financial statements (continued)

	2016 $	2015 $
Note 8. Intangible assets (continued)		
Movement in carrying amounts		
Franchise fee		
Balance at the beginning of the reporting period	-	-
Additions	41,553	-
Disposals	-	-
Amortisation expense	(13,845)	-
Balance at the end of the reporting period	**27,688**	-
Total intangible assets		
Balance at the beginning of the reporting period	-	-
Additions	41,553	-
Disposals	-	-
Amortisation expense	(13,845)	-
Balance at the end of the reporting period	**27,688**	-

The Edenhope & District Financial Services Limited entered into it's second five year franchise agreement with the Bendigo and Adelaide Bank Limited in March 2013. A payment plan was put in place where one fifth of the franchise fees would be paid in July of each year commencing in July 2013. Prior to this year the franchise fee intangible asset had not been recognised in the balance sheet. Consequently, the full amout has been brought into the 2015-16 financial accounts.

Note 9. Trade and other payables

	2016 $	2015 $
Current		
Unsecures Liabilities		
Trade creditors	3,643	3,348
Other creditors and accruals	9,373	21,544
Franchise fees	13,844	-
	26,860	**24,892**
Non-current		
Unsecured Liabilities	27,688	
Francise fees	**54,548**	**24,892**
Total trade and other payables		

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

Note 10. Borrowings

	2016 $	2015 $
Current		
Unsecures Liabilities		
Bank Overdraft	41,294	60,232
Unsecured Loans from other community banks	20,000	-
Secured liabilities		
Bank Loan	-	-
Finance leases	6,066	6,066
	67,360	**66,298**

	2016 $	2015 $
Note 10. Borrowings (continued)		
Non Current		
Unsecured liabilities		
Unsecured Loans from other community banks	10,000	50,000
Secured liabilities		
Bank loan	400,000	400,000
Finance leases	4,253	9,414
	414,253	**459,414**

(a) Bank overdraft and bank loans

The company has an overdraft facility of $100,000 which is subject to normal commercial terms and conditions. The term loan of $400,000 was an interest only loan received from Bendigo and Adelaide Bank Ltd on 1 October 2009 with a variable interest rate currently at 4.285%. The intial loan was fixed interest for a period of two years. Edenhope & District Financial Services received an extension on 13 January 2012 for an additional period of five years. Security for this loan consists of an exiting Registered First Company Debenture Mortgage.

Edenhope & District Financial Services Limited received a number of small loans from other Community Banks. Two of these loans are for a five year term expiring between March and May 2017. The other loan expires in 2022. These loans are interest free and require no repayments over the term of the loan. The principal is due on expiration. Two of these loans have been deemed as ‘sponsorship’ by the lenders and included as income in this financial year (see Note 2).

(b) Lease liabilities

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

Note 11. Provisions

Current		
Employee benefits	11,799	18,147
Non Current		
Employee benefits	5,801	-
Total provisions	**17,600**	**18,147**

Note 12. Share capital

476,160 Ordinary shares fully paid	476,160	476,160
(a) Movement in share capital		
Fully paid ordinary shares:		
Ath the begininning of the reporting period	476,160	476,160
Shares issued during the year	-	-
At the end of the reporting period	**476,160**	**476,160**

Notes to the financial statements (continued)

Note 12. Share capital (continued)

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.

(b) 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 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; 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 for the year ended 30 June 2014 can be seen in the Statement of Profit or Loss and Comprehensive Income.

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

	2016 $	2015 $
Note 13. Accumulated losses		
Balance at the beginning of the reporting period	(707,862)	(710,982)
Profit/(loss) after income tax	6,776	3,120
Balance at the end of the reporting period	(701,086)	(707,862)

	2016	2015
	$	$

Note 14. Statement of cash flows

(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:

	2016 $	2015 $
Bank overdraft (Note 13)	(41,294)	(60,232)
As per Statement of Cash Flow	**(41,294)**	**(60,232)**
(b) Reconciliation of cash flow from operations with profits after income tax		
Profit after income tax	6,776	3,120
Non-cash flows in profit		
- Depreciation & Amortisation	21,120	7,660
- Loans forgiven	(20,000)	-
Changes in assets and liabilities		
- (Increase) /decrease in trade and other receivables	1,786	(1,073)
- (increase) / decrease in prepayments and other assets	13	-
- (Increase) / decrease in deferred tax asset	26,828	1,514
- Increase /(decrease)in trade and other payables		205
- Increase (decrease) in provisions	(547)	415
Net cash flows from/(used in) operating activities	**37,943**	**11,841**

(c) Credit standby arrangement and loan facilities

The company has a bank overdraft of $100,000 and commercial bill facility of to $400,000. This may be terminated at any time at the option of the bank. At 30 June 2016, $41,295 of this facility was used (2015: $60,232). Variable interest rates apply to these overdraft and bill facilities. Refer to note 10(a) for further information.

	2014	2014
	$	$

Note 15. Earnings per share

	2014 $	2014 $
Basic earnings per share (cents)	1.42	0.66
Earnings used in calculating basic earnings per share	6,776	3,120
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	476,160	476,160

Note 16. 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.

(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.

Notes to the financial statements (continued)

Note 16. Key management personnel and related party disclosures (continued)

(c) Transactions with key management personnel and related parties
Other than detailed below, no key management personnel or related party has entered into any contracts with the company. No Director fees have been paid as the positions are held on a voluntary basis. During the year the company purchased goods and services under normal terms and conditions, from related parties as follows

		2016 $	2015 $
Wayne David Caldow (Chairman)	(Rent of Premesis)	2,753	2,202
Sara McDonnell	(Secretary Honorarium)	3,300	2,700
Sharon Dennis	(Secretary Honorarium)	300	-

(d) Key management personnel shareholdings

The number of ordinary shares in Edenhope & District Financial Services Limited held by each key management personnel of the company during the financial year is as follows:

	2016 $	2015 $
Wayne David Caldow	1101	1,101
Luke Simon Munro	3001	3,001
Ashley Rohan Caldow	3,001	3,001
Kathryn Elizabeth Hausler	1,000	1,000
Ritchie Robertson Middleton	2,000	2,000
Sara Jane McDonnell	-	-
Vlada Gajic	-	-
Francis Carberry	-	-
Rebecca Perret	-	-
Rae Stone	-	-
Anthony Lees	-	-
Sharon Dennis	-	-

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.

Note 17. Events after the reporting period

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

Note 18. Contingent liabilities and contingent assets

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

Notes to the financial statements (continued)

Note 19. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one geographic area being Edenhope, Victoria. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2014: 100%).

	2016 $	2015 $
Note 20. Committments		
Operating lease Commitments		
There were no operating leases contracted for as at the date of this report		
Finance lease commitments		
Finance lease liabilities are payable exclusive of GST as follows:		
Payable		
- no later than 12 months	6,066	6,066
- between 12 months and five years	5,054	11,120
- greater than five years	-	-
Minimum lease payments	**11,120**	**17,186**
less future interest charges	(801)	(1,706)
Finance lease liability	**10,319**	**15,480**

Finance leases comprise leases of property, plant and equiptment under normal commercial finance lease terms and conditions repayable over 5 years.

Note 21. Company details

The registered office and principle place of business is: 63 Elizabeth Street
Edenhope VIC 3318

Note 22. Dividends paid or provided for on ordinary shares

Dividends paid or provided for during the year
No dividends were paid or proposed by the company during the period.

Note 23. 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:

Notes to the financial statements (continued)

Note 23. Financial risk management (continued)

	Note	2016 $	2015 $
Financial assets			
Trade and other receivables	5	29,520	35,054
Total financial assets		**29,520**	**35,054**
Financial liabilities			
Trade and other payables	9	54,548	24,892
Borrowings	10	440,319	465,480
Bank overdraft	10	41,294	60,232
Total financial liabilities		**536,161**	**550,604**

(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 that ensure, 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

None of the assets of the company are past due (2015: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

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

(b) Liquidity risk

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

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

In addition the company has established an overdraft facility of $100,000 with Bendigo and Adelaide Bank Limited. The undrawn amount of this facility is $58,705 (2015: $39,768).

Notes to the financial statements (continued)

Note 23. Financial risk management (continued).
(b) Liquidity risk

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

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:

	Weighted average interest rate	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
30 June 2016					
Financial assetts					
Trade and other receivables	0%	29,520	29,520	-	-
Total anticipated inflows		**29,520**	**29,520**	**-**	**-**
Financial liabilities					
Trade and other payables	0%	54,584	26,860	27,688	**-**
Borrowings	4.24%	440,319	26,066	414,253	**-**
Bank Overdraft	4.25%	41,249	41,249	-	**-**
Total expected outflows		**536,161**	**94,220**	**441,941**	**-**
Net (outflow)inflow on financial instruments		**(506,641)**	**(64,700)**	**(441,941)**	**--**
30 June 2015					
Financial assetts					
Trade and other receivables	-%	31,306	31,306	-	-
Total anticipated inflows		**31,306**	**31,306**	-	-
Financial liabilities					-
Trade and other payables		24,892	24,892	-	**-**
Borrowings	4.3%	465,480	6,066	459,414	-
Bank Overdraft	4.3%	60,232	60,232	-	**-**
Total expected outflows		**550,604**	**91,190**	**459,414**	**-**
Net (outflow)inflow on financial instruments		**(519,298)**	**(59,884)**	**(459,414)**	**-**

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

(c) Market risk

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

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

The financial instruments that primarily expose the company to interest rate risk are borrowings.

Note 23. Financial risk management (continued)
(c) Market risk

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.

	Profit $	Equity $
Year ended 30 June 2016		
+/- 1% in interest rates (interest expense)	(3,990)	(3,990
Year ended 30 June 2015		
+/- 1% in interest rates (interest expense)	(4,052)	(4,052)

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 approximate the carrying values as disclosed in the Statement of Financial Position. Fair value is the amount at which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arms length transaction. The company does not have any unrecognised financial instruments at year end.

	2016		2015	
	Carrying amount	Fair Value	Carrying amount	Fair value
Financial asset	$	$	$	$
Trade and other receivables (i)	29,520	29,520	31,306	31,306
Financial assets	3,735	3,735	3,748	3,748
Total financial assets	**33,255**	**33,255**	**35,054**	**35,054**
Financial liabilities				
Trade and other payables (i)	54,548	54,548	24,892	24,892
Bank overdraft	41,294	41,294	60,232	60,232
Borrowings	481,613	481,613	525,712	525,712
Total financial liabilities	**577,455**	**577,455**	**610,836**	**610,836**

(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

Directors' declaration

Edenhope & District Financial Services Limited
ABN 68 103 869 227

Directors' Declaration

In accordance with a resolution of the Directors of Edenhope & District Financial Services Limited, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 8 to 37 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 2016 and of the performance for the year ended on that date;

2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Sara McDonnell.

Sara J McDonnell
Director

Signed at Edenhope on 3rd October 2016.

Richmond Sinnott & Delahunty
Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF EDENHOPE & DISTRICT FINANCIAL SERVICES LIMITED

Report on the Financial Report

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

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independent Audit Report (continued)

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Edenhope & District Financial Services Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

Auditor's Opinion

In our opinion:

(a) the financial report of Edenhope & District 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 2016 and of its performance for the year ended on that date; and

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

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

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the company has a net asset deficiency of $224,926 at 30 June 2016. This condition, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt over the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

Kathie Teasdale
Partner
Bendigo
Dated: 30 September 2016

Edenhope & District **Community Bank®** Branch

63 Elizabeth Street, Edenhope VIC 3318

Phone: (03) 5585 1822 Fax: (03) 5585 1720

Franchisee: Edenhope & District Financial Services Limited

63 Elizabeth Street, Edenhope VIC 3318
Phone: (03) 5585 1348

ABN: 68 103 869 227

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