

Annual Report 2016

Elwood Community Financial
Services Limited

ABN 38 087 802 775

Elwood **Community Bank**[®] Branch

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Chairman's report

For year ending 30 June 2016

Times are changing

If you look at the profit and loss statement from the past financial year the first thing people look at is the bottom line.

If you look at your report you will note that the profit is up on the previous financial year quite substantially.

The reason is not because our income is up because it isn't. The bottom line is that we have been cost cutting and this is the reason the profit is up.

You will have noticed that we no longer open on Saturday mornings. We looked at the transactions and on average for every five transactions four of those were for change. So naturally were not making any profit and took the necessary action which resulted in minimal complaints.

We also looked at the branch transactions and these have dropped by 40% over the last two years. We did not renew the lease on one of the teller machines and saved a considerable sum. We still have two teller points and they more than meet demand without any customer delay.

We are currently looking at turning the upstairs area into a commercial space and this will increase our rental income. We will still use the space at the rear of the building for our community meeting room which shall be of great benefit to the local community groups.

Your Board of Directors is currently looking to engage with new Directors who are connected with the local community and have skills that can be of value to the business.

On that note we advise that two of our long-term Directors have resigned for personal reasons namely Helen Shingler and Rob Toth. We thank them for their services in growing the business and wish them well for their new ventures.

On a sad note we advise that one of our original and past Directors died during the year. John Gilcrist and his wife were great advocates of the Elwood **Community Bank**[®] Branch and we still have Noel as a big supporter.

Staff changes this year have also been large with Barbara, Leanne and June all leaving and/or retiring and we are still in contact and have their support. Also departing this year was Vince. We welcomed in our new staff members in Travis Bonner, Adriana Horska and Sophie Anastasiou who are settling in and working well with our customers.

On a final note I would like to thank our Manager, Gary Scott and fellow Directors for their continued support over the past 12 months.



Alastair Chisholm
Chairman

Manager's report

For year ending 30 June 2016

The Elwood **Community Bank**[®] Branch has experienced total growth again for the year ending 30 June 2016 with the total footings or assets around the \$115 million mark. The year has seen many changes to banking and we have experienced very strong competition in both the lending and deposit areas.

The Elwood **Community Bank**[®] Branch is still a very important business to Elwood and the broader community.

This commitment is also evidenced by the support given to many local groups and organisations in the Elwood area by way of sponsorship and community grants distributed. We endeavour to form a partnership with these groups and continued engagement will strengthen the group, assist the community and importantly continue to build the branch. This focus continues for the next year and we are implementing different and varied ways to engage with our groups having flexibility to changing conditions and circumstances.

The way in which people do their banking is changing at a rapid pace and we need to still remain relevant to our customers and the Elwood community.

We are also embracing new technologies that enhance the delivery of financial services to the area.

The Elwood **Community Bank**[®] Branch maintains a full banking service with a vast range of products and services. Other than the friendly staff you see on a day-to-day basis we also have our financial planner, business banking support, leasing/equipment finance and insurances.

We are committed to increasing our presence in Elwood area and I would encourage you to discuss any of your banking with our great staff. We would also welcome the opportunity to discuss any banking needs for your family and friends at any time.

We have around 4,400 accounts with 2,800 customers and in the past 12 months have continued to strengthen this relationship with customers and our presence within the local community.

As banking and technology continue to change our operations we have also seen changes to our staff this year with June Clark, Leanne Harb, Barbara Gardiner and Vince Camuglia all leaving for various reasons. We thank them for their fantastic service over many years and we have some great replacements to join Fifi Pandelis and myself. They are Sophie Anastasiou, Adriana Horska and Travis Bonner who are all committed to providing friendly, professional service as always.

Finally, we must thank the Elwood **Community Bank**[®] Company Board and individual Directors for their continued support and focus towards having the **Community Bank**[®] branch as a successful part of the Elwood community.



Gary Scott
Branch Manager

Directors' report

For the financial year ended 30 June 2016

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

Directors

The following persons were Directors of Elwood Community Financial Services Limited during or since the end of the financial year up to the date of this report:

Alastair Colin Chisholm, Licenced Estate Agent, Director Appointed 9 June 1999

Experience and expertise	Licenced Estate Agent.
Other current Directorships	NIL
Former Directorships in last 3 years	NIL
Special responsibilities	Chairman

Elizabeth Jean Johnstone, BBUS HFPIA, Director Appointed 9 June 1999

Experience and expertise	Consultant, B Bus HFPIA.
Other current Directorships	NIL
Former Directorships in last 3 years	NIL
Special responsibilities	NIL

Robert Toth, Legal Practitioner, Director Appointed 9 June 1999 , Resigned 2 May 2016

Experience and expertise	Legal Practitioner.
Other current Directorships	NIL
Former Directorships in last 3 years	NIL
Special responsibilities	NIL

Helen Elaine Shingler, B.Ec, BA, Grad Dip Info Sc, Senior Assoc AIB, Director Appointed 9 March 2001

Experience and expertise	Consultant, Founding Director of Wear for Success, B Economics, BA Senior Assoc AIB, Grad Info Sc.
Other current Directorships	NIL
Former Directorships in last 3 years	NIL
Special responsibilities	NIL

Carole Anne Mackie, BBUS, Post Grad Finance, Director Appointed 25 May 2011

Experience and expertise	Accountant, Bachelor of Business, Post Gra Finance.
Other current Directorships	NIL
Former Directorships in last 3 years	NIL
Special responsibilities	NIL

Christopher Herbert Sargood, BE Civil, Director Appointed 9 June 1999

Experience and expertise	IT Consultant, Bachelor of Engineering.
Other current Directorships	NIL
Former Directorships in last 3 years	NIL
Special responsibilities	NIL

Directors' report (continued)

Directors (continued)

Alfred Joseph Camilleri, FNTAA, Director Appointed 22 August 2002

Experience and expertise	Public Accountant, Former President and Chairman of CBC St Kilda for 5 years, Treasurer of AIKI-KAI National AKIDO Assoc.
Other current Directorships	Aiki-Kai National Aikido Association Inc.
Former Directorships in last 3 years	NIL
Special responsibilities	NIL

Andrew Mark Ashdown, A Diploma Electrical Engineering, Director Appointed 21 February 2008

Experience and expertise	Business Manager & Consultant, Diploma Electric Engineering.
Other current Directorships	NIL
Former Directorships in last 3 years	NIL
Special responsibilities	NIL

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

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

Directors' meetings

Attendances by each Director during the year were as follows:

Director	Board meetings		Audit committee meetings	
	A	B	A	B
Alastair Colin Chisholm	11	11	NA	NA
Elizabeth Jean Johnstone	11	8	NA	NA
Robert Toth	9	3	NA	NA
Helen Elaine Shingler	11	7	NA	NA
Carole Anne Mackie	11	11	NA	NA
Christopher Herbert Sargood	11	7	NA	NA
Alfred Joseph Camilleri	11	7	NA	NA
Andrew Mark Ashdown	11	9	NA	NA

A - The number of meetings eligible to attend.

B - The number of meetings attended.

N/A - not a member of that committee.

Company Secretary

Robert Toth resigned as Company Secretary of Elwood Community Financial Services Limited on 2 May 2016.

Anchalee Chitpoonphon has been the Company Secretary since 2 May 2016.

Anchalee's qualifications and experience include Master of Accounting, Master of International Business, CPA, Registered Tax Agent, Accountant and Practice Manager, Assistant to Principal in all matters.

Directors' report (continued)

Principal activities

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

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

Review of operations

The profit of the company for the financial year after provision for income tax was \$73,058 (2015 profit: \$42,768), which is a 70.82% increase as compared with the previous year.

Dividends

A fully franked final dividend of 15 cents per share was declared and paid during the year for the year ended 30 June 2016.

Options

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

Significant changes in the state of affairs

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

Events subsequent to the end of the reporting period

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.

Directors' report (continued)

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 9 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Non-audit services

The 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.

Remuneration report

Remuneration policy

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

Remuneration benefits and payments

Other than detailed in note 19, no Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

The Elwood Community Financial Services Limited has accepted the Bendigo and Adelaide Bank Limited's **Community Bank**[®] Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be \$nil for the year ended 30 June 2016.

Directors' report (continued)

Remuneration report

Equity holdings of key management personnel

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

Name	Balance at 30 June 2015	Net change in holdings	Balance at 30 June 2016
Directors			
Alastair Colin Chisholm	2,000	-	2,000
Elizabeth Jean Johnstone	1,000	-	1,000
Robert Toth (resigned 2 May 2016)	-	-	-
Helen Elaine Shingler	5,000	-	5,000
Carole Anne Mackie	-	-	-
Christopher Herbert Sargood	-	-	-
Alfred Joseph Camilleri	-	-	-
Andrew Mark Ashdown	500	-	500
Other key management Personnel			
NA			

Loans to key management personnel

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

Signed in accordance with a resolution of the Board of Directors at Elwood on 29 September 2016.



Mr Alastair Chisholm
Director

Auditor's independence declaration



Chartered Accountants

Level 2, 10-16 Forest Street
Bendigo, VICTORIA
PO Box 30, Bendigo VICTORIA 3552

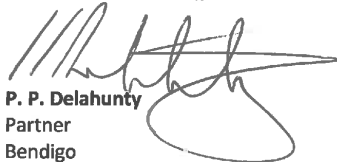
Ph: (03) 5445 4200
Fax: (03) 5444 4344
rsd@rsd advisors.com.au
www.rsd advisors.com.au

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Elwood Community 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



P. P. Delahunty
Partner
Bendigo

Dated at Bendigo, 29 September 2016

Financial statements

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

	Notes	2016 \$	2015 \$
Revenue	2	755,602	758,862
Expenses			
Employee benefits expense	3	(355,696)	(361,300)
Depreciation and amortisation	3	(36,247)	(34,934)
Administration and general costs		(43,560)	(53,416)
Finance costs	3	(45,793)	(50,718)
Occupancy expenses		(29,356)	(28,830)
IT costs		(48,361)	(55,695)
Other expenses		(50,767)	(66,487)
Operating profit before charitable donations and sponsorships		145,822	107,482
Charitable donations and sponsorships		(45,930)	(49,920)
Profit before income tax		99,892	57,562
Income tax expense	4	26,834	14,794
Profit for the year		73,058	42,768
Other comprehensive income		-	-
Total comprehensive income for the year		73,058	42,768
Profit attributable to members of the company		73,058	42,768
Total comprehensive income attributable to members of the company		73,058	42,768
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share)			
- basic earnings per share		28.80	16.86

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Financial Position as at 30 June 2016

	Notes	2016 \$	2015 \$
Assets			
Current assets			
Cash and cash equivalents	5	45,313	138,069
Trade and other receivables	6	65,520	73,955
Current tax asset	4	-	5,366
Total current assets		110,833	217,390
Non-current assets			
Property, plant and equipment	9	2,247,893	2,218,014
Intangible assets	10	56,497	62,605
Financial Assets	7	17,763	17,763
Other assets	8	5,039	-
Total non-current assets		2,327,192	2,298,382
Total assets		2,438,025	2,515,772
Liabilities			
Current liabilities			
Trade and other payables	11	38,469	39,189
Current tax liability	4	13,302	-
Provisions	13	38,165	53,007
Total current liabilities		89,936	92,196
Non-current liabilities			
Borrowings	12	890,000	1,000,000
Provisions	13	1,151	2,563
Deferred tax liability	4	915	-
Total non-current liabilities		892,066	1,002,563
Total liabilities		982,002	1,094,759
Net assets		1,456,023	1,421,013
Equity			
Issued capital	14	253,650	253,650
Retained earnings / (Accumulated losses)	15	1,202,373	1,167,363
Total equity		1,456,023	1,421,013

The accompanying notes form part of these financial statements.

Financial statements (continued)

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

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2014		253,650	1,162,643	1,416,293
Profit for the year		-	42,768	42,768
Total comprehensive income for the year		-	42,768	42,768
Transactions with owners, in their capacity as owners				
Dividends paid or provided	25	-	(38,048)	(38,048)
Balance at 30 June 2015		253,650	1,167,363	1,421,013
Balance at 1 July 2015		253,650	1,167,363	1,421,013
Profit for the year		-	73,058	73,058
Total comprehensive income for the year		-	73,058	73,058
Transactions with owners, in their capacity as owners				
Dividends paid or provided	25	-	(38,048)	(38,048)
Balance at 30 June 2016		253,650	1,202,373	1,456,023

The accompanying notes form part of these financial statements.

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		788,183	814,572
Payments to suppliers and employees		(663,633)	(694,037)
Investment revenue received		43,802	21,605
Interest paid		(45,792)	(50,718)
Interest received		-	173
Income tax paid		(7,251)	(17,530)
Net cash provided by / (used in) operating activities	17b	115,309	74,065
Cash flows from investing activities			
Purchase of property, plant and equipment		(60,017)	(67,522)
Purchase of intangible assets		-	(68,713)
Net cash flows from / (used in) investing activities		(60,017)	(136,235)
Cash flows from financing activities			
Repayment of borrowings		(110,000)	-
Dividends paid		(38,048)	(38,048)
Net cash provided by / (used in) financing activities		(148,048)	(38,048)
Net increase / (decrease) in cash held		(92,756)	(100,218)
Cash and cash equivalents at beginning of financial year		138,069	238,287
Cash and cash equivalents at end of financial year	17a	45,313	138,069

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2016

These financial statements and notes represent those of Elwood Community Financial Services Limited.

Elwood Community 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 25 July 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, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

Economic dependency

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

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

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

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 other employees in banking, management systems and interface protocol;
- Methods and procedures for the sale of products and provision of services;
- Security and cash logistic controls;
- Calculation of company revenue and payment of many operating and administrative expenses;

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Economic dependency (continued)

- The formulation and implementation of advertising and promotional programs; and
- Sale techniques and proper customer relations.

(b) Income tax

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

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities are measured at the amounts expected to be paid to 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 may measure some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

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

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

To the extent possible, market information is extracted from either the principal market for the asset or liability (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) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, any accumulated depreciation and impairment losses.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Property

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

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

Plant and equipment

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

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

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

Depreciation

The depreciable amount of all fixed assets including buildings, but excluding freehold land, is depreciated over the asset's useful life to the company commencing from the time the asset is held ready for use.

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

Class of asset	Rate	Method
Buildings	2%	SL
Plant and equipment	2.5-25%	SL

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

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

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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(e) Leases

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

(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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(h) Employee benefits (continued)

Other long-term employee benefits

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

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

(i) Intangible assets

Establishment costs 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.

Interest revenue is recognised on a time proportional basis that taken into account the effective yield on the financial asset.

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

Rental income is recognised on a straight line basis over the lease term.

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

(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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(I) Investments and other financial assets (continued)

(i) Classification (continued)

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)

(I) 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.

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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(l) Investments and other financial assets (continued)

(iii) Impairment (continued)

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.

(o) Borrowings

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

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

(p) Borrowing costs

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(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 servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issues during the year.

(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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

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

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

- c) Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.
- d) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- e) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
 - the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI)
 - the remaining change is presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

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

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

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

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

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

(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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

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

- (ii) AASB 15: Revenue from Contracts with Customers (applicable for annual reporting periods commencing on or after 1 January 2018). (continued)

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

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 involve both complex and significant judgement and experts. The value of land and buildings may be materially misstated and potential classification and disclosure risks may occur.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(w) Critical accounting estimates and judgements (continued)

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.

	2016 \$	2015 \$
Note 2. Revenue		
Revenue		
- services commissions	714,313	736,142
	714,313	736,142
Other revenue		
- interest received	-	173
- other revenue	41,289	22,547
	41,289	22,720
Total revenue	755,602	758,862

Note 3. Expenses

Employee benefits expense

- wages and salaries	272,352	243,745
- superannuation costs	71,471	79,613
- other costs	11,873	37,942
	355,696	361,300

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 3. Expenses (continued)		
Depreciation and amortisation		
Depreciation		
- plant and equipment	25,215	25,794
- buildings	4,924	3,032
	30,139	28,826
Amortisation		
- franchise fees	6,108	6,108
Total depreciation and amortisation	36,247	34,934
Finance costs		
- Interest paid	45,793	50,718
Auditors' remuneration		
Remuneration of the Auditor for:		
- Audit or review of the financial report	4,500	4,621
- Share registry services	3,161	2,638
	7,661	7,259

Note 4. Income tax

a. The components of tax expense comprise:

Current tax expense	25,919	17,194
Deferred tax expense	915	-
Over provision of prior years	-	(2,400)
	26,834	14,794

b. Prima facie tax payable

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

Prima facie tax on profit before income tax at 28.5% (2015: 30%)	28,469	17,268
Add tax effect of:		
-Overprovision of prior years	-	(2,400)
- Non-deductible expenses	(1,635)	(74)
Income tax attributable to the entity	26,834	14,794
The applicable weighted average effective tax rate is	26.86%	25.70%

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 4. Income tax (continued)		
c. Current tax liability		
Current tax relates to the following:		
Current tax liabilities / (assets)		
Opening balance	(5,366)	(2,630)
Income tax paid	(7,251)	(17,530)
Current tax	25,919	17,194
Over provision prior years	-	(2,400)
	13,302	(5,366)
d. Deferred tax liability		
Deferred tax relates to the following:		
Deferred tax assets balance comprises:		
Prepayments	965	-
Accruals	880	-
Employee provisions	10,812	-
	12,657	-
Deferred tax liabilities balance comprises:		
Property, plant & Equipment	13,572	-
	13,572	-
Net deferred tax liability	(915)	-
e. Deferred income tax expense included in income tax expense comprises:		
Decrease in deferred tax assets	5,493	-
Decrease in deferred tax liabilities	(1,238)	-
	4,255	-

Note 5. Cash and cash equivalents

Cash at bank and on hand	41,977	36,939
Short-term bank deposits	3,336	101,130
	45,313	138,069

The effective interest rate on short-term bank deposits was 2.61% (2015: 3.18%).

Notes to the financial statements (continued)

	2016	2015
	\$	\$

Note 6. Trade and other receivables

Current

Trade receivables	64,315	66,753
Other receivables	1,205	7,202
	65,520	73,955

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 \$	Past due and impaired \$	Past due but not impaired			Not past due \$
			< 30 days \$	31-60 days \$	> 60 days \$	
2016						
Trade receivables	64,315	-	-	-	-	64,315
Other receivables	1,205	-	-	-	-	1,205
Total	65,520	-	-	-	-	65,520
2015						
Trade receivables	66,753	-	-	-	-	66,753
Other receivables	7,202	-	-	-	-	7,202
Total	73,955	-	-	-	-	73,955

	2016	2015
	\$	\$

Note 7. Financial assets

Available for sale financial assets

Listed investments	17,763	17,763
	17,763	17,763

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 8. Other assets		
Other assets	5,039	-
	5,039	-

Note 9. Property, plant and equipment

Land

At cost	1,889,549	1,889,549
Buildings		
At cost	259,761	199,742
Less accumulated depreciation	(9,559)	(4,635)
	250,202	195,107

Furniture and Fittings

At cost	223,000	223,000
Less accumulated depreciation	(129,295)	(106,686)
	93,705	116,314

Plant and equipment

At cost	38,635	38,635
Less accumulated depreciation	(24,198)	(21,591)
	14,437	17,044

Total property, plant and equipment	2,247,893	2,218,014
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Movements in carrying amounts

Land

Balance at the beginning of the reporting period	1,889,549	1,889,170
Additions	-	379
Balance at the end of the reporting period	1,889,549	1,889,549

Buildings

Balance at the beginning of the reporting period	195,107	150,017
Additions	60,019	43,272
Disposals	-	4,850
Depreciation expense	(4,924)	(3,032)
Balance at the end of the reporting period	250,202	195,107

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 9. Property, plant and equipment (continued)		
Furniture and Fittings		
Balance at the beginning of the reporting period	116,314	129,540
Additions	-	14,226
Disposals	-	(4,850)
Depreciation expense	(22,609)	(22,602)
Balance at the end of the reporting period	93,705	116,314
Plant and equipment		
Balance at the beginning of the reporting period	17,044	10,592
Additions	-	9,655
Disposals	-	(11)
Depreciation expense	(2,607)	(3,192)
Balance at the end of the reporting period	14,437	17,044
Total property, plant and equipment		
Balance at the beginning of the reporting period	2,218,014	2,179,319
Additions	60,019	67,532
Disposals	-	(11)
Depreciation expense	(30,140)	(28,826)
Balance at the end of the reporting period	2,247,893	2,218,014

Note 10. Intangible assets

Franchise fee

At cost	68,713	68,713
Less accumulated amortisation	(12,216)	(6,108)
	56,497	62,605
Total intangible assets	56,497	62,605

Movements in carrying amounts

Franchise fee

Balance at the beginning of the reporting period	62,605	-
Additions	-	68,713
Disposals	-	-
Amortisation expense	(6,108)	(6,108)
Balance at the end of the reporting period	56,497	62,605
Balance at the end of the reporting period	56,497	62,605

Notes to the financial statements (continued)

	2016 \$	2015 \$
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Note 11. Trade and other payables

Current

Unsecured liabilities:

Trade creditors	13,697	18,663
Other creditors and accruals	24,772	20,526
	38,469	39,189

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

Note 12. Borrowings

Current

Secured liabilities

Bank loan	890,000	1,000,000
	890,000	1,000,000

(a) Bank loans

The company has an interest only mortgage loan which is subject to normal terms and conditions. The current interest rate is 4.53%. This loan has been created to fund the purchase of the building and is secured by a mortgage over the property.

	2016 \$	2015 \$
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Note 13. Provisions

Current

Employee benefits	38,165	53,007
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Non-current

Employee benefits	1,151	2,563
Total provisions	39,316	55,570

Note 14. Share capital

253650 Ordinary shares fully paid	253,650	253,650
Less: Equity raising costs	-	-
	253,650	253,650

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 14. Share capital (continued)		
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	253,650	253,650
Shares issued during the year	-	-
At the end of the reporting period	253,650	253,650

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

Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Statement of Financial Position.

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

- (i) the Distribution Limit is the greater of:
- (a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
 - (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and
- (ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

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

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

	2016 \$	2015 \$
Note 15. Retained earnings / (accumulated losses)		
Balance at the beginning of the reporting period	1,167,363	1,162,643
Profit/(loss) after income tax	73,058	42,768
Dividends paid	(38,048)	(38,048)
Balance at the end of the reporting period	1,202,373	1,167,363

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 16. Reserves		
Asset revaluation reserve		
Balance at the beginning of the reporting period	-	-
Fair value movements during the period	-	-
Balance at the end of the reporting period	-	-

Note 17. 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:

Cash and cash equivalents (Note 5)	45,313	138,069
Less bank overdraft	-	-
As per the Statement of Cash Flow	45,313	138,069

(b) Reconciliation of cash flow from operations with profit after income tax

Profit after income tax	73,058	42,768
Non-cash flows in profit		
- Depreciation	30,139	28,826
- Amortisation	6,108	6,108
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	8,435	(2,387)
- Increase in prepayments and other assets	(5,039)	-
- Increase in deferred tax liability	915	-
- Decrease in trade and other payables	(720)	(963)
- Increase / (decrease) in current tax liability	18,667	(2,736)
- Increase / (decrease) in provisions	(16,254)	2,449
Net cash flows from / (used in) operating activities	115,309	74,065

(c) Credit standby arrangement and loan facilities

The company has a mortgage loan amounting to \$1,200,000 (2015: \$1,200,000). This may be terminated at any time at the option of the bank. At 30 June 2016, \$890,000 of this facility was used (2015: \$1,000,000). Variable interest rates apply to these overdraft and bill facilities.

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 18. Earnings per share		
Basic earnings per share (cents)	29	17
Earnings used in calculating basic and diluted earnings per share	73,058	42,768
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share.	253,650	253,650

Note 19. Key management personnel and related party disclosures

(a) Key management personnel

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

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

	2016 \$	2015 \$
Short-term employee benefits	302,827	288,447
Post-employment benefits	-	-
Other long-term benefits	-	-
Share-based payments	-	-
Total key management personnel compensation	302,827	288,447

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Share-based payments

These amounts represent the expense related to the participation of key management personnel in equity-settled benefits schemes as measured by the fair value of the options, rights and shares granted on grant date.

Notes to the financial statements (continued)

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

(b) Other related parties

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

(c) Transactions with key management personnel and related parties

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

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

Name of related party	Description of goods/services	Value \$
Alfred Camilleri	Accounting Services	9,574
Robert Toth	Legal Services	250
Alastair Chisholm	Chairman's Allowance	6,000

The Elwood Community Financial Services Limited has accepted the Bendigo and Adelaide Bank Limited's **Community Bank**[®] Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits.

The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be \$nil for the year ended 30 June 2016.

(d) Key management personnel shareholdings

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

	2016	2015
Alastair Colin Chisholm	2,000	2,000
Elizabeth Jean Johnstone	1,000	1,000
Robert Toth (resigned 2 May 2016)	-	-
Helen Elaine Shingler	5,000	5,000
Carole Anne Mackie	-	-
Christopher Herbert Sargood	-	-
Alfred Joseph Camilleri	-	-
Andrew Mark Ashdown	500	500

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.

Notes to the financial statements (continued)

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

(e) Other key management transactions

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

Note 20. Events after the reporting period

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

Note 21. Contingent liabilities and contingent assets

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

Note 22. 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 Elwood, Victoria. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the operating revenue (2015: 100%).

Note 23. Commitments

The company does not have any operating or finance lease commitments.

Note 24. Company details

The registered office and principle place of business is: 142 Ormond Road, Elwood Victoria 3184

	2016	2015
	\$	\$

Note 25. Dividends paid or provided for on ordinary shares

Dividends paid or provided for during the year

Final fully franked ordinary dividend of 15 cents per share (2015: 15 cents) franked at the tax rate of 30% (2015: 30%).	38,048	38,048
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Note 26. Financial risk management

Financial risk management policies

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

Notes to the financial statements (continued)

Note 26. Financial risk management (continued)

Specific financial risk exposure and management

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

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

	Note	2016 \$	2015 \$
Financial assets			
Cash and cash equivalents	5	45,313	138,069
Trade and other receivables	6	65,520	73,955
Income tax receivable	4	-	5,366
Investments	7	17,763	17,763
Other Assets	8	5,039	-
Total financial assets		133,635	235,153
Financial liabilities			
Trade and other payables	11	38,469	39,189
Income tax payable	4	13,302	-
Borrowings	12	890,000	1,000,000
Total financial liabilities		941,771	1,039,189

(a) Credit risk

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

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

Credit risk exposures

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

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

Notes to the financial statements (continued)

Note 26. Financial risk management (continued)

(a) Credit risk (continued)

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.

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 assets					
Cash and cash equivalents	2%	45,313	45,313	-	-
Trade and other receivables	0%	65,520	65,520	-	-
Financial Investments	5%	17,763	17,763	-	-
Other assets	0%	5,039		3,054	1,985
Total anticipated inflows		133,635	128,596	3,054	1,985
Financial liabilities					
Trade and other payables	0%	38,469	38,469	-	-
Borrowings	5%	890,000	-	-	890,000
Current tax payable	0%	13,302	13,302	-	-
Total expected outflows		941,771	51,771	-	890,000
Net inflow / (outflow) on financial instruments		(808,136)	76,825	3,054	(888,015)

Notes to the financial statements (continued)

Note 26. Financial risk management (continued)

(b) Liquidity risk (continued)

	Weighted average interest rate %	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
30 June 2015					
Financial assets					
Cash and cash equivalents	3%	138,069	138,069	-	-
Trade and other receivables	0%	73,955	73,955	-	-
Current Tax Asset	0%	5,366	5,366	-	-
Financial Investments	5%	17,763	17,763		
Total anticipated inflows		235,153	235,153	-	-
Financial liabilities					
Trade and other payables	0%	39,189	39,189	-	-
Borrowings	5%	1,000,000	-	-	1,000,000
Total expected outflows		1,039,189	39,189	-	1,000,000
Net inflow / (outflow) on financial instruments		(804,036)	195,964	-	(1,000,000)

(c) Market risk

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

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

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

Sensitivity analysis

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

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

Notes to the financial statements (continued)

Note 26. Financial risk management (continued)

(c) Market risk (continued)

Sensitivity analysis (continued)

	Profit \$	Equity \$
Year ended 30 June 2016		
+/- 1% in interest rates (interest income)	453	453
+/- 1% in interest rates (interest expense)	8,900	8,900
	9,353	9,353
Year ended 30 June 2015		
+/- 1% in interest rates (interest income)	1,381	1,381
+/- 1% in interest rates (interest expense)	10,000	10,000
	11,381	11,381

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

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Fair values

Fair value estimation

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

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

Notes to the financial statements (continued)

Note 26. Financial risk management (continued)

(d) Price risk (continued)

Fair values (continued)

	2016		2015	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair Value \$
Financial assets				
Cash and cash equivalents (i)	45,313	45,313	138,069	138,069
Trade and other receivables (i)	65,520	65,520	73,955	73,955
Financial assets	17,763	13,517	17,763	17,262
Income tax receivable	-	-	5,366	5,366
Other Assets	5,039	5,039		
Total financial assets	133,635	129,389	235,153	234,652
Financial liabilities				
Trade and other payables (i)	38,469	38,469	39,189	39,189
Income tax payable	13,302	13,302	-	-
Borrowings	890,000	890,000	1,000,000	1,000,000
Total financial liabilities	941,771	941,771	1,039,189	1,039,189

(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

In accordance with a resolution of the Directors of Elwood Community Financial Services Limited, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 10 to 41 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.
3. The audited remuneration disclosures set out in the remuneration report section of the Directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

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



Alastair Chisholm
Director

Signed at Elwood on 29 September 2016.

Independent audit report



**Richmond
Sinnott &
Delahunty**

Chartered Accountants

Level 2, 10-16 Forest Street
Bendigo, VICTORIA
PO Box 30, Bendigo VICTORIA 3552

Ph: (03) 5445 4200
Fax: (03) 5444 4344
rscl@rscladvisors.com.au
www.rscladvisors.com.au

INDEPENDENT AUDITOR'S OPINION

To the directors of Elwood Community Financial Services Limited

Report on the Annual Financial Report

We have audited the accompanying financial report of Elwood Community Financial Services Limited, which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 half-year financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express a conclusion 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 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)



**Richmond
Sinnott &
Delahunty**

Chartered Accountants

Level 2, 10-16 Forest Street
Bendigo, VICTORIA
PO Box 30, Bendigo VICTORIA 3552

Ph: (03) 5445 4200
Fax: (03) 5444 4344
rsd@rsdadvisors.com.au
www.rsdadvisors.com.au

Independence

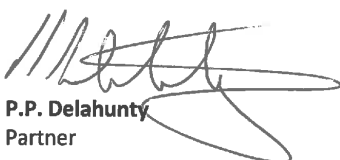
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

- a) the financial report of Elwood Community Financial Services Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

Richmond Sinnott & Delahunty
Chartered Accountants



P.P. Delahunty
Partner

Dated: 29 September 2016

Elwood **Community Bank**[®] Branch
142 Ormond Road, Elwood VIC 3184
Phone: (03) 9525 6577 Fax: (03) 9525 7807

Franchisee: Elwood Community Financial Services Limited
142 Ormond Road, Elwood VIC 3184
Phone: (03) 9525 6577 Fax: (03) 9525 7807
ABN: 38 087 802 775

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