



Annual Report 2017

Geographe Bay Community
Enterprises Limited

ABN 40 146 993 982

Busselton & Dunsborough **Community Bank®** branches

Contents

Chairman's report	2
Manager's report	4
Directors' report	6
Auditor's independence declaration	12
Financial statements	13
Notes to the financial statements	17
Directors' declaration	38
Independent audit report	39

Chairman's report

For year ending 30 June 2017

Welcome to the 2016/17 Annual Report of Geographe Bay Community Enterprises Limited.

I'd firstly like to acknowledge our Manager Luke Pearce and his team who include Donna Brown, Michele Adams, Chris Bartlett, Vanessa Chandler, Tami Jerez and Anna Whitham at Busselton & Dunsborough **Community Bank**[®] Branch and we are very proud of Gemma Bennett's achievement in winning the "Being Bigger & Better" Award for the second time and we wish her all the best on her commencement of maternity leave.

Luke has achieved some fantastic results, which include the highest lending activity for 2017 in Western Australia and he has written 44% of the states lending growth along with being awarded branch of the month on numerous occasions. His community engagement is second to none.

Through local collaboration with neighbouring **Community Bank**[®] branches (Augusta, Collie, Donnybrook and Capel) we won the Bendigo Bank WA State 'Community Choice Award for Best Local Promotion'. All branches got involved with Business South West, a not-for-profit organisation that provides expert business advice and support to local small businesses across the South West of WA. Together they established a clear referral process and each Branch Manager worked with the BSW Small Business Advisor in their area to help small businesses in the South West grow and evolve. The collaboration of the **Community Bank**[®] branches has created a fantastic partnership which benefits each branch individually as well as raising the profile of the Bendigo Bank and **Community Bank**[®] brand across the region. This supports small business, and strengthens the relationship between Bendigo Bank and the small business community across the South West of WA.

We have streamlined our community sponsorship considerations to two rounds per year which allows us to work more closely in developing partnerships with our local community groups and has resulted in greater referrals and business growth for our **Community Bank**[®] branches. Some of these community investments include CinefestOz and the Dunsborough Yallingup Chamber of Commerce (major sponsorships), Busselton Art Society, Busselton Jetty Volunteer shirts, St Mary Mackillop College, Horse Vision, Busselton Football Club and the Arts Festival, Mens Shed, Mums Footy, Cricket Club, Sharks Jnr football club, Oilers Basketball Club Our Lady of the Cape Fete and The Movement of Dunsborough.

I wish to thank my committed Board now consisting of eight local members, Gordon Bleechmore, Warwick Howard, Nicki Griffiths, Merri-Lea Lawrence, Paul Blackford, Mat Moulton and recently Josh Hardy and am also very thankful for the assistance and continued support from Glyn Yates and Mike Clutterham. All are very busy in their day to day interests and, however, still promote, attend and assist Bendigo events to achieve our ongoing commitment to our shareholders, customers and the community.

We are extremely grateful to our partners Bendigo and Adelaide Bank who continue to support us financially along with providing experienced personnel. I hope you all have a chance to see the new 'Be the change' campaign as it truly embraces what we do.

I am also pleased to advise shareholders and the Busselton and Dunsborough community that December 2016 saw for the first time a net monthly profit, all be it a small profit, I believe this is a significant milestone. Profitable months since have been more often than not and we are steadily reducing our losses and have almost halved our projected budgeted loss for the financial year.

Chairman's report (continued)

Finally I would like to sincerely thank those in the community who support our branches. It is because of you that we are able to support our community through local investment. The more people who bank with us and utilise the services and products offered, the better our financial position will become resulting in return on your investment. I urge you, your family, friends and acquaintances to all take advantage of the full banking services why not pop into either of the branches, find out what's on offer and help us to help you.

I look forward to the work we will do together in 2017/18.

Yours Sincerely

A handwritten signature in black ink, consisting of a large, stylized initial 'J' followed by a long, horizontal line that tapers to the right.

Jessica O'Malley
Chair

Manager's report

For year ending 30 June 2017

The 2016/17 financial year was a highly successful year for the Busselton & Dunsborough **Community Bank**[®] branches. We excelled across all areas of business growth and community engagement, transitioned in a new local director and won a number of state level awards.

The business is still in a challenging position, however the model and our service proposition is really starting to gain a foothold. As our competitors move towards a centralised, online, impersonal way of dealing with their customers, our point of difference is the quality of the relationships we build with our customers. This, combined with local contact points that our board provide and of course our community interaction through investment and partnering, continue to drive our business in a positive direction.

I'd like to recognise the impact of our Board of Directors. Warwick Howard, Nikki Griffiths, Merri-Lea Lawrence, Paul Blackford, Mat Moulton, Glyn Yates, Mike Clutterham, Gordon Bleechmore and Josh Hardy have provided excellent support to our new Chairperson Jess O'Malley in administering our **Community Bank**[®] company. They say many hands make light work and having local people who have real connections to our community means that I can spend more time developing and writing business. I'd like to especially recognise and thank Glyn Yates for his efforts as Chairman over a very difficult period for the company and his continued support on the Board. I'd also like to thank Jess O'Malley for being an incredibly supportive Chairperson over the past 12 months.

We had another strong year of growth, with an overall increase of \$23.848 million in assets. Our lending growth was just under target, however we still managed to have the highest lending book growth in the Southern Region. Our deposit growth was strong and exceeded target. The balance of funds under management broke through the \$100 million mark for the first time, a significant milestone for our business. Some other highlights included an increase in our approval volumes of 69% and an increase in settlement volumes of 95% vs the 2016/17 financial year. These numbers resulted in me winning Lender of the year for the highest volumes of loans per lender in the state.

The strongest part of our business is still our Community Story, the story of how the **Community Bank**[®] model supports local projects that make our towns and our region a better place. In 2016/17 we partnered with a number of other **Community Bank**[®] Branches in the area (Collie, Capel / Donnybrook and Augusta) to support the Business Southwest initiative. This program provides small businesses with free advice and feedback on all aspects of their organisations. This collaboration led to our business winning the 'Community Choice Award' at the **Community Bank**[®] State Conference - the third year in a row that we have won this award.

As the Board has grown, we have been able to formalise our process for community investment and this has resulted in greater positive outcomes for both our community partners and the business. We had a record year in terms of the dollar value of investments in our local communities as well as the business referred back from the groups we supported. A great result for all involved. In the previous financial year we ticked over \$200,000 in total community investment; a huge milestone for us to reach. Some of the highlights of our community investment include:

- Partner - Cinefest Oz

Bendigo Bank Busselton and Dunsborough partnered with Cinefest to support the Community Screenings program. This program allows for Cinefest to broaden the reach of their cinema screenings into communities that don't have an onsite cinema and play movies for free over the course of the festival. Cinefest is Australia's foremost Cinema arts prize and our support of the festival resulted in some excellent business outcomes via networking and promotional activity.

- Gold Sponsorship of the Dunsborough Yallingup Chamber of Commerce.

As a gold level sponsor for the DYCCI, Busselton and Dunsborough **Community Bank**[®] branches have committed to support the growth of small business in the region. The sponsorship allows the chamber to run initiatives that help small business focus on growth and sustainability. I also sit on the Executive Committee for the Chamber.

Manager's report (continued)

From a staffing and structure perspective, we continue to adapt our structure to suit market conditions. Our staff have developed well over the past 12 months, aided by stability in their roles and structure. Michele Adams has again been promoted and is now our Customer Relationship Officer in Busselton. Michele has stepped into an introductory lending role and her development over the past 12 months has been excellent. Tami Jerez has joined us from the Bunbury branch and is looking after the Dunsborough **Community Bank**[®] Branch on a full time basis. Donna Brown, Vanessa Chandler and Chris Bartlett continue in their part time roles. We were very happy for Gemma Bennett and Malin Selemark to welcome children into the world, however we will miss their happy attitudes and professional work ethics and I'd like to thank them for all their hard work over the past 12 months. In addition Cassandra Armstrong and Lauren Bidesi also left the business to pursue outside interests and we wish them both all the best.

I believe one of the keys to our ongoing success is you, our shareholders. I recognise that as a business, shareholder engagement to this point in time has not been a strong point, however this is something I intend to change. You, as shareholders, have shown that you believe in what the **Community Bank**[®] model can do and I would like to extend a personal invitation to come and have a chat with me about the business – what you think we can do better and what you would like to see us support. I would also like the opportunity to discuss your personal financial requirements as shareholders, wouldn't you like to see your business help your investment grow?

Looking forward, I still maintain that we can do more to harness the potential of this business. We are in a challenging environment. While it has never been cheaper to borrow money, this impacts heavily on our margins so we have to work harder for every dollar we earn. In a volatile market, I think the stability of having a locally based banking relationship is something customers will recognise as a positive and I will be doing everything I can to demonstrate our service proposition is second to none. The strength of this business is the quality of the people involved, from board down to staff, and I believe that as we continue to leverage our community investment opportunities the business will continue to grow, so that we are positioned well for when the margin squeeze ends.

In conclusion I would like to thank our dedicated team of staff and Board members who have made a substantial effort in growing our business over the last 12 months. They give up their time to support local community groups and projects and their efforts make this business a pleasure to be a part of.



Luke Pearce
Branch Manager

Directors' report

For the financial year ended 30 June 2017

Your directors submit the financial statements of the company for the financial year ended 30 June 2017.

Directors

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

Jessica Claire O'Malley

Chair

Occupation: Settlement Agent

Qualifications, experience and expertise: Current: Licensee/Owner South West Property Settlements & Licensee/Owner of Regional Business News. Over 15 years experience in real estate and settlement industry. Licensed Real Estate and Business Agent - (holding current license certificate completed in 2006 RA60498). Licensed Settlement Agent (Diploma in Financial Services Conveyancing - current license certificate SA58363). Current other volunteer role - Treasurer for board of Busselton Jetty Inc. Previous roles Secretary of Geographe Bay Referral Group Inc. Current Business Member of Dunsborough Yallingup Chamber of Commerce, Busselton Chamber of Commerce and Bunbury Chamber of Commerce, Margaret River Busselton Tourism Association, AIM.

Special responsibilities: Chair, Marketing Committee, Human Resource Committee

Interest in shares: 3,000

Warwick William Howard

Treasurer

Occupation: Accountant

Qualifications, experience and expertise: Warwick worked at BDO Chartered Accountants for 9 years in the Audit and Assurance Department, leaving as a Senior Manager. Since then he has been working as a General Manager for a diverse statewide WA based business specialising in Labour Management, Accommodation and Commercial Maintenance.

Special responsibilities: Treasurer

Interest in shares: 3,000

Michael Bernard Clutterham

Secretary

Occupation: Retired

Qualifications, experience and expertise: Mike has worked in the Banking industry for 43 years including 16 years for Bendigo as Regional Manager for South Australia and Northern Territory, over-seeing the establishment of 14 branches. Last role with Bendigo was the State Community Enterprise Manager for SA/NT, the core role was to assist **Community Bank**[®] branches in engaging local communities, growing the business, training Directors and assisting in forming partnerships with local groups.

Special responsibilities: Secretary

Interest in shares: Nil

Directors' report (continued)

Directors (continued)

Glyn Yates

Director

Occupation: Company Director

“Qualifications, experience and expertise: Deputy Shire President, President Collie Chamber of Commerce and Industry Inc, Past Chair Collie & Districts Financial Services Ltd, Past Chair Geographe Bay Community Enterprises Ltd, National Chair and WA Representative on **Community Bank**[®] National Council, Chairman Country Housing Authority, Chairman Keystart Loans.

Tertiary Qualifications in Forestry, business proprietor and director 25 years, Business interest in forestry, land management, farming, commercial property. Graduate Australian Institute of Company Directors.”

Other directorships: Collie & Districts Community Financial Services Ltd, Evergem Pty Ltd, G & R Yates Super Fund Pty Ltd, WFM Pty Ltd, Keystart Loans Ltd, Keystart Bonds Ltd, Keystart Support Pty Ltd, Keystart Support (subsidiary) Pty Ltd, Keystart Scheme Management Pty Ltd

Special responsibilities: Human Resources Committee, Finance Committee

Interest in shares: Nil

Gordon Clive Bleechmore

Director

Occupation: Farmer

Qualifications, experience and expertise: Farming 40 years. City of Busselton Councillor 8 years. Local Manager SES 7 years.

Special responsibilities: Marketing Committee, Property Committee

Interest in shares: 12,000

Nicole Jane Griffiths

Director

Occupation: Business Development Advisor

Qualifications, experience and expertise: Nikki is a local entrepreneur, having owned and managed several small business in Perth and the South West over the past 25 years. These include award winning Glass House Graphic Design Studio and Shoe Gal, a footwear retail business. She has a Master of Business Administration, has been a mentor for over 15 years and has had numerous local board appointments. Nikki is the winner of several business awards including Telstra Business Women's Award, MBN's Ambassador of the Year for Small Business, and is a two-time recipient of a WA Business New 40Under40 Award.

Special responsibilities: Marketing Committee

Interest in shares: 2,000

Merri-Lea Lawrence

Director

Occupation: Self Employed

Qualifications, experience and expertise: Current businesses/occupations: Graphic Designer - 25 years in industry (currently contracted to CinefestOZ). Business Owner - Seasalt & Cocoa - Catering, cupcakes & celebration cakes. Previous business/occupations: Graphic Designer & Art Director - Gumption. Business Owner/Creator - Empire Pizzeria. Director of E10 Pty Ltd (Master Licensee) - Imagine Telecommunications. Property Development & Property Rejuvenation. Graphic Designer & Art Director - The Brains Trust. Graphic Designer - The Alternative. Graphic Designer - John Davis Advertising. Training & Qualifications: **Community Bank**[®] Director Development Program. Bendigo Bank New Director Induction. Bachelor of Arts in Design. Certificate in Art & Design. Skills: Graphic design, art direction, photography. Marketing & promotion. Developing strategies in line with existing policies, goals and objectives.

Special responsibilities: Chair Marketing Committee, Chair Boardroom Re-fit Committee

Interest in shares: 2,000

Directors' report (continued)

Directors (continued)

Paul Geoffrey Blackford

Director

Occupation: Personal Trainer (Self Employed) - The Movement Dunsborough

Qualifications, experience and expertise: Past Occupations: Gym and Group Fitness Instructor - City of Busselton. Business Development Manager - Total Business Technology. Regional Business Development Manager - Computer Care Australia. Account Manager - Alphawest. Senior Network Engineer - Alphawest. System Administrator - CAZ Software. Community Groups: Apex Busselton since 2010 via family involvement (spouse is current chair person). Balcatta Volleyball Club Committee Member. Chair of Collie Youth Advisory Council. Tertiary Qualifications: Bachelor of Science - Computer Science. Employment Skills: Industry Technical and Sales Certifications - Microsoft, ShoreTel. General Business Acumen, Negotiation etc. Change and Risk Management.

Special responsibilities: Premises Committee, Board IT requirements

Interest in shares: 2,000

Matthew James Moulton

Director

Occupation: Real Estate Agent

Qualifications, experience and expertise: Associate Diploma Business Tourism. Bankwest - Customer Service / Branch Manager sales, housing & personal loans. Real Estate Licence. Sales & Marketing - Ski Industry.

Special responsibilities: Marketing Committee, Premises Committee

Interest in shares: Nil

Joshua Jonathon Hardy

Director (Appointed 29 June 2017)

Occupation: Managing Director

Qualifications, experience and expertise: Joshua is currently the General Manager of Cartec Training Solutions and the Managing Director and owner of Old Kent River Wines. In addition to these roles, Joshua also consults and advises to other businesses within the family portfolio. Over the years Joshua has gained extensive experience in the Information Technology, Mining and Business sectors. Joshua's strengths lie in Strategic Planning, Project Management, Financial Analysis and Business Improvement. Joshua held a position on the Executive Committee of the Dunsborough-Yallingup Chamber of Commerce and Industry for the past 12 months. Joshua is still a committee member of the Western Australian Racehorse Owners Association, of which he was treasurer for three years.

Special responsibilities: Nil

Interest in shares: Nil

Andrew James Murray

Director (Resigned 17 November 2016)

Occupation: Freight & Civil Contractor

Qualifications, experience and expertise: Andrew has been heavily involved with many aspects of community everywhere. He has lived as a Committee Member of the Beverly Football Club, Secretary/Treasurer of the Beverly Cricket Club, Secretary of the local land care group in Beverly then Committee Member and Treasurer of the Frankland District Country Club, Cranbrook Shire Councillor and currently Secretary/Treasurer and Captain of Franklin Town Bush Fire Brigade and Vice President of the Frankland Bowling Club. Andrew also owns and runs an Earthmoving and Freight Business with his partner Amber, AA Contractors, involved with all aspects of civil and rural earthmoving and bulk haulage also based in Frankland Prior to that, he managed a corporate vineyard in Frankland for 16 years being recognised as the 2014 Viticulturist of the Year at the Australian Small Winemakers Show.

Special responsibilities: Human Resources Committee

Interest in shares: 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' report (continued)

Company Secretary

The company secretary is Michael Bernard Clutterham. Michael was appointed to the position of secretary on 13 May 2014.

Mike has worked in the Banking industry for 43 years and with Bendigo for 16 years. During his time with Bendigo and Adelaide Bank Ltd he has held numerous roles.

Principal Activities

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

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

Operating results

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

Year ended 30 June 2017 \$	Year ended 30 June 2016 \$
(124,748)	(259,427)

Dividends

No dividends were declared or paid for the previous year and the directors recommend that no dividend be paid for the current year.

Significant changes in the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

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

Indemnification and insurance of directors and officers

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

Directors' report (continued)

Indemnification and insurance of directors and officers (continued)

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

Directors' meetings

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

	Board Meetings Attended		Committee Meetings Attended			
			Marketing		Human Resources	
	A	B	A	B	A	B
Jessica Claire O'Malley	13	13	8	7	2	2
Warwick William Howard	13	12	-	-	-	-
Michael Bernard Clutterham	13	12	-	-	-	-
Glyn Yates	13	11	-	-	2	2
Gordon Clive Bleechmore	13	10	8	5	-	-
Nicole Jane Griffiths	13	12	8	8	-	-
Merri-Lea Lawrence	13	11	8	7	-	-
Paul Geoffrey Blackford	13	11	-	-	2	2
Matthew James Moulton	13	10	3	2	-	-
Joshua Jonathon Hardy*	2	2	-	-	-	-
Andrew James Murray**	6	6	-	-	1	1

A - eligible to attend

B - number attended

* - Appointed 29 June 2017

** - Resigned 17 November 2016

Proceedings on behalf of the company

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

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

Non audit services

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

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

Directors' report (continued)

Non audit services (continued)


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

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 12.

Signed in accordance with a resolution of the board of directors at Busselton, Western Australia on 28 September 2017.



Jessica Claire O'Malley,
Chair

Auditor's independence declaration



Chartered Accountants

61 Bull Street, Bendigo 3550
PO Box 454, Bendigo 3552
03 5443 0344
afsbendigo.com.au

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Geographe Bay Community Enterprises Limited

As lead auditor for the audit of Geographe Bay Community Enterprises Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 25 September 2017

A handwritten signature in black ink, appearing to read 'David Hutchings'.

David Hutchings
Lead Auditor

Taxation | Audit | Business Services

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

Financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
Revenue from ordinary activities	4	575,239	455,349
Other income	5	75,199	73,750
Employee benefits expense		(332,174)	(347,011)
Charitable donations, sponsorship, advertising and promotion		(76,561)	(34,402)
Occupancy and associated costs		(125,092)	(118,874)
Systems costs		(60,793)	(66,757)
Depreciation and amortisation expense	6	(56,364)	(69,486)
Finance costs	6	(27)	(644)
General administration expenses		(124,175)	(151,352)
Loss before income tax credit		(124,748)	(259,427)
Income tax credit	7	-	-
Loss after income tax credit		(124,748)	(259,427)
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		(124,748)	(259,427)
Earnings per share		¢	¢
Basic earnings per share	22	(7.86)	(16.34)

The accompanying notes form part of these financial statements.

Financial statements (continued)

Balance Sheet as at 30 June 2017

	Notes	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	8	122	878
Trade and other receivables	9	71,968	56,789
Total Current Assets		72,090	57,667
Non-Current Assets			
Property, plant and equipment	10	178,523	212,102
Intangible assets	11	116,399	10,958
Total Non-Current Assets		294,922	223,060
Total Assets		367,012	280,727
LIABILITIES			
Current Liabilities			
Trade and other payables	12	159,877	24,903
Borrowings	13	1,064,150	994,045
Provisions	14	14,324	11,703
Total Current Liabilities		1,238,351	1,030,651
Non-Current Liabilities			
Provisions	14	7,439	4,106
Total Non-Current Liabilities		7,439	4,106
Total Liabilities		1,245,790	1,034,757
Net Liabilities		(878,778)	(754,030)
Equity			
Issued capital	15	1,542,942	1,542,942
Accumulated losses	16	(2,421,720)	(2,296,972)
Total Equity		(878,778)	(754,030)

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Changes in Equity for the year ended 30 June 2017

	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2015	1,542,942	(2,037,545)	(494,603)
Total comprehensive income for the year	-	(259,427)	(259,427)
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2016	1,542,942	(2,296,972)	(754,030)
Balance at 1 July 2016	1,542,942	(2,296,972)	(754,030)
Total comprehensive income for the year	-	(124,748)	(124,748)
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2017	1,542,942	(2,421,720)	(878,778)

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
Cash flows from operating activities			
Receipts from customers		694,731	588,533
Payments to suppliers and employees		(743,012)	(771,888)
Interest paid		(27)	(644)
Net cash used in operating activities	17	(48,308)	(183,999)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		12,062	-
Payments for property, plant and equipment		(5,847)	-
Payments for intangible assets		(28,768)	-
Net cash used in investing activities		(22,553)	-
Cash flows from financing activities			
Repayment of borrowings		(5,390)	(5,875)
Net cash used in financing activities		(5,390)	(5,875)
Net decrease in cash held		(76,251)	(189,874)
Cash and cash equivalents at the beginning of the financial year		(987,777)	(797,903)
Cash and cash equivalents at the end of the financial year	8(a)	(1,064,028)	(987,777)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2017

Note 1. Summary of significant accounting policies

a) Basis of preparation

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

Compliance with IFRS

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

Critical accounting estimates

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

Historical cost convention

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

Comparative figures

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

Application of new and amended accounting standards

There are a number of amendments to accounting standards issued by the Australian Accounting Standards Board (AASB) that became mandatorily effective for accounting periods beginning on or after 1 July 2016, and are therefore relevant for the current financial year.

None of these amendments to accounting standards issued by the Australian Accounting Standards Board (AASB) materially affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

There are also a number of accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that become effective in future accounting periods.

The company has elected not to apply any accounting standards or interpretations before their mandatory operative date for the annual reporting period beginning 1 July 2016. These future accounting standards and interpretations therefore have no impact on amounts recognised in the current period or any prior period.

Only AASB 16 Leases, effective for the annual reporting period beginning on or after 1 January 2019 is likely to impact the company. This revised standard will require the branch leases to be capitalised.

Economic dependency - Bendigo and Adelaide Bank Limited

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

The branches operate as a franchise of Bendigo and Adelaide Bank Limited, using the name “Bendigo Bank” and the logo and system of operations of Bendigo and Adelaide Bank Limited. The company manages the **Community Bank**[®] 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.

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

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

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

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

Going concern

The net liabilities of the company as at 30 June 2017 were \$878,778 and the loss made for the year was \$124,748, bringing accumulated losses to \$2,421,720.

In addition:	\$
Total assets were	367,012
Total liabilities were	1,245,790
Operating cash flows were	(48,308)

There was a 52% decrease in the loss recorded for the financial year ended 30 June 2017 when compared to the prior year.

The company meets its day to day working capital requirements through an overdraft facility that has a rolling renewal. The overdraft has an approved limit of \$1,250,000 and was drawn to \$1,064,150 as at 30 June 2017.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Going concern (continued)

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the directors' report on pages 6 to 11. The financial position of the company, its cash flows, liquidity position and borrowing facilities are described in the financial statements.

The current economic environment is difficult and while revenue continues to increase the company has again reported an operating loss for the year. The directors consider that the outlook presents significant challenges in terms of banking business volume and pricing as well as for operating costs. Whilst the directors have instituted measures to preserve cash and secure additional finance, these circumstances create material uncertainties over future trading results and cash flows.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current overdraft facility.

The company has obtained an undertaking of support from Bendigo and Adelaide Bank Limited that it will continue to support the company and its operations for the 2017/18 financial year. This 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.

The directors have concluded that the combination of the circumstances above represents a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern and that, therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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

b) Revenue

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

Revenue calculation

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

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

Core banking products

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Margin

Margin is arrived at through the following calculation:

- Interest paid by customers on loans less interest paid to customers on deposits
- plus any deposit returns i.e. interest return applied by Bendigo and Adelaide Bank Limited for a deposit,
- minus any costs of funds i.e. interest applied by Bendigo and Adelaide Bank Limited to fund a loan.

Margin is paid on all core banking products. A funds transfer pricing model is used for the method of calculation of the cost of funds, deposit return and margin.

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

Commission

Commission is a fee paid for products and services sold. It may be paid on the initial sale or on an ongoing basis. Commission is payable on the sale of an insurance product such as home contents. Examples of products and services on which ongoing commissions are paid include leasing and Sandhurst Trustees Limited products.

Fee income

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

Ability to change financial return

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

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

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

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

Monitoring and changing financial return

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

c) Income tax

Current tax

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

Deferred tax

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

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

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

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

Current and deferred tax for the period

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

d) Employee entitlements

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

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

e) Cash and cash equivalents

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

f) Trade receivables and payables

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

g) Property, plant and equipment

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

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

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

- leasehold improvements 40 years
- plant and equipment 2.5 - 40 years
- motor vehicles 3 - 5 years

h) Intangibles

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

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

i) Payment terms

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

j) Borrowings

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

k) Financial instruments

Recognition and initial measurement

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

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

Derecognition

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

k) Financial instruments (continued)

Classification and subsequent measurement

(i) Loans and receivables

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

(ii) Financial liabilities

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

Impairment

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

l) Leases

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

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

m) Provisions

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

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

n) Contributed equity

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

o) Earnings per share

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

p) Goods and Services Tax

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

p) Goods and Services Tax (continued)

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

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

Note 2. Financial risk management

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

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

(i) Market risk

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

(ii) Price risk

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

(iii) Credit risk

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

(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

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

(vi) Capital management

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

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

Notes to the financial statements (continued)

Note 2. Financial risk management (continued)

The distribution limit is the greater of:

- (a) 20% of the profit or funds of the franchisee otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the franchisee over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2017 can be seen in the Statement of Profit or Loss and Other Comprehensive Income.

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

Note 3. Critical accounting estimates and judgements

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

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

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

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

Taxation

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

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

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

Estimation of useful lives of assets

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

Notes to the financial statements (continued)

Note 3. Critical accounting estimates and judgements (continued)

Impairment of assets

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

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

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

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

	2017 \$	2016 \$
Note 4. Revenue from ordinary activities		
Operating activities:		
- gross margin	453,853	259,702
- services commissions	79,203	152,807
- fee income	42,048	42,840
Total revenue from operating activities	575,104	455,349
Non-operating activities:		
- profit on sale of non-current assets	135	-
Total revenue from non-operating activities	135	-
Total revenues from ordinary activities	575,239	455,349

Notes to the financial statements (continued)

Note 5. Other income

Discretionary financial contributions

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo and Adelaide Bank Limited has also made discretionary financial payments to the company. These are referred to by Bendigo and Adelaide Bank Limited as a "Market Development Fund" (MDF).

The amount has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and donations.

It is for the board to decide how to use the MDF.

The payments from Bendigo and Adelaide Bank Limited are discretionary and Bendigo and Adelaide Bank Limited may change the amount or stop making them at any time.

	2017	2016
	\$	\$
Market development fund	75,199	73,750

Note 6. Expenses

Depreciation of non-current assets:

- leasehold improvements	26,624	30,713
- plant and equipment	682	-
- motor vehicle	193	2,797

Amortisation of non-current assets:

- franchise agreement	2,102	2,000
- establishment fee	6,092	20,000
- renewal processing fee	7,461	-
- sub branch franchise agreement	2,024	1,747
- sub branch establishment fee	3,725	12,229
- sub branch renewal processing fee	7,461	-
	56,364	69,486

Finance costs:

- interest paid	27	644
Bad debts	124	284

Note 7. Income tax expense

The components of tax expense comprise:

- Future income tax benefit attributable to losses	(28,954)	(70,155)
- Movement in deferred tax	(2,338)	2,252
- Adjustment to deferred tax to reflect change to tax rate in future periods	-	22,117
- Future income tax benefit not brought to account	31,292	45,786
	-	-

Notes to the financial statements (continued)

	Note	2017 \$	2016 \$
Note 7. Income tax expense (continued)			
The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax expense as follows			
Operating loss		(124,748)	(259,427)
Prima facie tax on loss from ordinary activities at 27.5% (2016: 28.5%)		(34,305)	(73,936)
Add tax effect of:			
- non-deductible expenses		3,013	6,270
- timing difference expenses		2,338	(2,489)
		(28,954)	(70,155)
Movement in deferred tax		(2,338)	2,252
Adjustment to deferred tax to reflect change of tax rate in future periods		-	22,117
Tax losses not brought to account		31,292	45,786
		-	-
Deferred tax			
Future income tax benefits arising from tax losses are not recognised at reporting date as a realisation of the benefit is not regarded as probable. Future income tax benefit carried forward is:			
Deferred tax assets			
- accruals		1,218	518
- employee provisions		5,985	4,347
- carried forward tax losses		632,261	603,307
Deferred tax benefit carried forward		639,464	608,172
Deferred tax not recognised for the period		31,292	45,786

Note 8. Cash and cash equivalents

Cash at bank and on hand		122	878
		122	878

Note 8.(a) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

Cash at bank and on hand		122	878
Bank overdraft	13	(1,064,150)	(988,655)
		(1,064,028)	(987,777)

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 9. Trade and other receivables		
Trade receivables	62,902	51,134
Prepayments	9,066	5,655
	71,968	56,789

Note 10. Property, plant and equipment

Leasehold improvements		
At cost	376,682	376,682
Less accumulated depreciation	(203,324)	(176,700)
	173,358	199,982
Plant and equipment		
At cost	16,316	10,469
Less accumulated depreciation	(11,151)	(10,469)
	5,165	-
Motor vehicles		
At cost	-	28,696
Less accumulated depreciation	-	(16,576)
	-	12,120
Total written down amount	178,523	212,102
Movements in carrying amounts:		
Leasehold improvements		
Carrying amount at beginning	199,982	230,695
Additions	-	-
Disposals	-	-
Less: depreciation expense	(26,624)	(30,713)
Carrying amount at end	173,358	199,982
Plant and equipment		
Carrying amount at beginning	-	-
Additions	5,847	-
Disposals	-	-
Less: depreciation expense	(682)	-
Carrying amount at end	5,165	-

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 10. Property, plant and equipment (continued)		
Motor vehicles		
Carrying amount at beginning	12,120	14,917
Additions	-	-
Disposals	(11,927)	-
Less: depreciation expense	(193)	(2,797)
Carrying amount at end	-	12,120
Total written down amount	178,523	212,102

Note 11. Intangible assets

Franchise fee		
At cost (Dunsborough)	21,192	10,000
Less: accumulated amortisation	(11,493)	(9,391)
At cost (Busselton)	19,927	8,735
Less: accumulated amortisation	(10,227)	(8,203)
	19,399	1,141
Establishment fee		
At cost (Dunsborough)	100,000	100,000
Less: accumulated amortisation	(100,000)	(93,908)
At cost (Busselton)	61,145	61,145
Less: accumulated amortisation	(61,145)	(57,420)
	-	9,817
Renewal fee		
At cost (Dunsborough)	55,961	-
Less: accumulated amortisation	(7,461)	-
At cost (Busselton)	55,961	-
Less: accumulated amortisation	(7,461)	-
	97,000	-
Total written down amount	116,399	10,958

Note 12. Trade and other payables

Trade creditors	15,799	7,107
Other creditors and accruals	144,078	17,796
	159,877	24,903

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 13. Borrowings		
Current:		
Bank overdrafts	1,064,150	988,655
Bank loans	-	5,390
	1,064,150	994,045

The company has an approved overdraft facility of \$1,250,000.

The bank overdraft has a rolling renewal date and is secured by a floating charge over the Company's assets.

The bank loan was fully repaid in July 2016. Interest was recognised at an average rate of 6.57% (2016: 6.08%).

Note 14. Provisions

Current:

Provision for annual leave	14,324	11,703
-----------------------------------	---------------	---------------

Non-Current:

Provision for long service leave	7,439	4,106
---	--------------	--------------

Note 15. Contributed equity

1,587,609 ordinary shares fully paid (2016: 1,587,609)	1,587,609	1,587,609
Less: equity raising expenses	(44,667)	(44,667)
	1,542,942	1,542,942

Rights attached to shares

(a) Voting rights

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

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held.

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

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

Notes to the financial statements (continued)

Note 15. Contributed equity (continued)

Rights attached to shares (continued)

(b) Dividends

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

(c) Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 303. As at the date of this report, the company had 336 shareholders.

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

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

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

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

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 16. Accumulated losses		
Balance at the beginning of the financial year	(2,296,972)	(2,037,545)
Net loss from ordinary activities after income tax	(124,748)	(259,427)
Balance at the end of the financial year	(2,421,720)	(2,296,972)

Note 17. Statement of cash flows

Reconciliation of loss from ordinary activities after tax to net cash used in operating activities

Loss from ordinary activities after income tax	(124,748)	(259,427)
Non cash items:		
- depreciation	27,499	33,510
- amortisation	28,865	35,976
- gain on disposal of asset	(135)	-
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(15,179)	7,990
- increase/(decrease) in payables	29,436	2,645
- increase/(decrease) in provisions	5,954	(4,693)
Net cash flows used in operating activities	(48,308)	(183,999)

Note 18. Leases

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable - minimum lease payments:

- not later than 12 months	82,179	27,354
- between 12 months and 5 years	273,931	-
- greater than 5 years	-	-
	356,110	27,354

The rental lease agreement on the Busselton branch premises is a non-cancellable lease with a five year term, with rent payable monthly in advance. The lease entered its second five year term on 20 October 2016.

The rental lease agreement on the Dunsborough branch premises is a non-cancellable lease with a five year term, with rent payable monthly in advance. The lease entered its second five year term on 9 October 2016.

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 19. Auditor's remuneration		
Amounts received or due and receivable by the auditor of the company for:		
- audit and review services	5,800	7,835
- share registry services	1,885	1,800
- non audit services	3,249	2,330
	10,934	11,965

Note 20. Director and related party disclosures

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

Jessica Claire O'Malley
 Warwick William Howard
 Michael Bernard Clutterham
 Glyn Yates
 Gordon Clive Bleechmore
 Nicole Jane Griffiths
 Merri-Lea Lawrence
 Paul Geoffrey Blackford
 Matthew James Moulton
 Joshua Jonathon Hardy (Appointed 29 June 2017)
 Andrew James Murray (Resigned 17 November 2016)

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	2017 \$	2016 \$
Transaction with Key Management Personnel:		
Merri-Lea Lawrence, supplied catering for the 2016 AGM to the value of:	500	-

	2017	2016
Directors' Shareholdings		
Jessica Claire O'Malley	3,000	-
Warwick William Howard	3,000	-
Michael Bernard Clutterham	-	-
Glyn Yates	-	-
Gordon Clive Bleechmore	12,000	12,000

Notes to the financial statements (continued)

Note 20. Director and related party disclosures (continued)

	2017	2016
Directors' Shareholdings (continued)		
Nicole Jane Griffiths	2,000	-
Merri-Lea Lawrence	2,000	-
Paul Geoffrey Blackford	2,000	-
Matthew James Moulton	-	-
Joshua Jonathon Hardy (Appointed 29 June 2017)	-	-
Andrew James Murray (Resigned 17 November 2016)	-	-

There was movement in directors shareholdings during the year.

Note 21. Key management personnel disclosures

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

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

	2017	2016
	\$	\$

Note 22. Loss per share

(a) Loss attributable to the ordinary equity holders of the company used in calculating earnings per share	(124,748)	(259,427)
--	-----------	-----------

	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,587,609	1,587,609

Note 23. Events occurring after the reporting date

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

Note 24. Contingent liabilities and contingent assets

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

Note 25. Segment reporting

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

Notes to the financial statements (continued)

Note 26. Registered office/Principal place of business

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

Registered Office	Principal Place of Business
50-54 Queen Street Busselton WA 6280	50-54 Queen Street Busselton WA 6280

Note 27. Financial instruments

Financial Instrument Composition and Maturity Analysis

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

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 %	2016 %
Financial assets												
Cash and cash equivalents	-	-	-	-	-	-	-	-	122	878	Nil	Nil
Receivables	-	-	-	-	-	-	-	-	62,902	51,134	N/A	N/A
Financial liabilities												
Interest bearing liabilities	1,064,150	988,655	-	5,390	-	-	-	-	-	-	6.57	1.16
Payables	-	-	-	-	-	-	-	-	15,799	7,107	N/A	N/A

Net Fair Values

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

Credit Risk

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

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

Interest Rate Risk

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

Notes to the financial statements (continued)

Note 27. Financial instruments (continued)

Sensitivity Analysis

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

As at 30 June 2017, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2017	2016
	\$	\$
Change in profit/(loss)		
Increase in interest rate by 1%	(10,642)	(9,940)
Decrease in interest rate by 1%	10,642	9,940
Change in equity		
Increase in interest rate by 1%	(10,642)	(9,940)
Decrease in interest rate by 1%	10,642	9,940

Directors' declaration

In accordance with a resolution of the directors of Geographe Bay Community Enterprises Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) 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 declaration is made in accordance with a resolution of the board of directors.



Jessica Claire O'Malley,
Chair

Signed on the 28th of September 2017.

Independent audit report



Independent auditor's report to the members of Geographe Bay Community Enterprises Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial report of Geographe Bay Community Enterprises Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards.

What we have audited

Geographe Bay Community Enterprises Limited's (the company) financial report comprises the:

- ✓ Statement of profit or loss and other comprehensive income
- ✓ Balance sheet
- ✓ Statement of changes in equity
- ✓ Statement of cash flows
- ✓ Notes comprising a summary of significant accounting policies and other explanatory notes
- ✓ The directors' declaration of the entity.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material uncertainty related to going concern

Our opinion is not modified for this matter. We draw attention to Note 1 in the financial report, which indicates that the company incurred a net loss before tax of \$124,748 during the year ended 30 June 2017, and as of that date, the company's liabilities exceeded its total assets by \$878,778. These conditions, 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.

Independent audit report (continued)

Other information

The company usually prepares an annual report that will include the financial statements, directors' report and declaration and our independence declaration and audit report (the financial report). The annual report may also include "other information" on the entity's operations and financial results and financial position as set out in the financial report, typically in a Chairman's report and Manager's report, and reports covering governance and shareholder matters.

The directors are responsible for the other information. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we will not express any form of assurance conclusion thereon.

Our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report so that it 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 is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/home.aspx>. This description forms part of our auditor's report.



Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated: 25 September 2017



David Hutchings
Lead Auditor

Busselton **Community Bank**[®] Branch
4/50-54 Queen Street, Busselton WA 6280
Phone: (08) 9754 4388 Fax: (08) 9754 4622
www.bendigobank.com.au/busselton

Dunsborough **Community Bank**[®] Branch
Shop 27c, Dunsborough Centrepoint Shopping Centre,
55 Dunn Bay Road, Dunsborough WA 6281
Phone: (08) 9759 1699 Fax: (08) 9759 1622
www.bendigobank.com.au/dunsborough

Franchisee: Geographe Bay Community Enterprises Limited
4/50-54 Queen Street, Busselton WA 6280
Phone: (08) 9754 4388
ABN: 40 146 993 982

(BNPAR17136) (10/17)



bendigobank.com.au

