ANNUAL REPORT | 2018

Good Country Financial Services Limited

ABN 86 164 061 143

Keith & Districts **Community Bank®** Branch

Bendigo Bank

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Financial report for the year ended 30 June 2018

Keith & Districts **Community Bank**® Branch

Bendigo Bank

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Chairman's Report

For the financial year ended 30 June 2018

Welcome to our Fifth Annual Report for Good Country Financial Services Limited.

What a great 12 months we have had, even though there has been continued challenging times in the banking industry, interest rates are still at all time lows and competition is very strong.

Again, we have contributed to our community in a significant way. This year we have totalled almost $30k in grants and sponsorships. These have been over a wide range of clubs and groups spanning a large area of our region.

We also enjoyed having our school-based trainee Jack Richman with us this year and he tells us he enjoyed his experience also. Our School Based Trainee Program is something we are very proud of, and it especially helps us with cover for our staff holidays. We have also recruited our new trainee Kira Baxter from Tintinara for another twelve-month contract. This program gives local students a great opportunity to work in a career that may not otherwise be available without our local **Community Bank**® branch.

Our business remains in an overdraft position, but we are now maintaining a consistent profit, month on month. This year has been a big turn around for us, and to the credit of our staffand their regional support we have reached our budget goals. This is again thanks to some good referrals and a large number of community members coming on board with theirbusiness. We are continually gaining the confidence of the community and they are understanding what we can do together.

Our **Community Bank**® branch has grown its business portfolio to $72.9 million this year and we are trading in a profit most months. One of our best areas of growth has been in our Rural lending. Our customers are finding us very competitive and supporting the community model. Please get involved in our marketing of Rural Bank and tell your colleagues and friends to give us a go. Our specialist Simon O'Leary is in the area regularly to assist our branch staff. Please make sure that enquiries for Rural Bank come direct through our **Community Bank**® branch to ensure that our community gets the benefit of these new connections. . Shareholder referrals are very important to our business growth.

The Board is mindful of the need to reward our loyal shareholders through the payment of a dividend, and this is now becoming a reality, however this will only be done when the business generates enough profits to ensure community contributions are met and relevant contingencies are in place. With your continued support and that of your family, friends and colleagues we are nearing this goal. Every day and every new account means that we are a step closer to supporting more community projects and paying a dividend.

This year we have set up a company office in the Natural Resource building which has proved to be a great meeting place for our sub-committees and a work space for Sherri Creighton our board assistant. Another change has been our Treasurer role, this has been out sourced to Jason Seidel of Galpins Mt Gambier, he has been doing this role for several years for the Mt Gambier community branch. This arrangement gives us expertise and continuity.

I would like to thank my fellow Directors as they continue to work away ensuring our company runs along smoothly and all compliance is met. They also support and encourage the branch staff. I would especially like to thank those directors who have retired in this last 12 months, their passion for our **Community Bank**® branch and its success has been greatly appreciated. Every Director is involved in a voluntary capacity and their efforts and commitments are very substantial.

Thank you to Andrew Martin, Louise Densley, Adrian Barber, Susan Morcom and Penny Moorhouse. We appointed new directors during the year and would like to welcome Bill Hender, Geoff Watts, Carmel King, Tom Neville and Nick Hunt to our Board.

A special thank you again to our Branch Manager Fiona Wilkinson who has steered the branch into profit during this year and has managed to keep a stable group of dedicated staff inplace. Fiona has now embedded herself in our community and we look forward to her being able to take her role out of the branch more in the future and going to the people and our businesses to meet their requirements. Thanks also to our staff Sherri Creighton, Peta Kellock, Brigette Clark, Jack Richman, Jodi Kotz and Kira Baxter for their continued enthusiasm and dedication. Please come into the branch and say hello to them.

Chairman's Report continued

For the financial year ended 30 June 2018

Also, thanks to our specialist support staff from Bendigo Bank and Rural Bank who are in Keith regularly for your special requirements.

Finally, I would like to thank all those who are currently supporting our **Community Bank®** branch with their banking requirements and look forward to servicing you with a high level of customer satisfaction into the future.

Please talk up our **Community Bank®** branch at every opportunity and spread the good word to make the next twelve months a profitable one for all.

Regards

James Ryan
Chairman

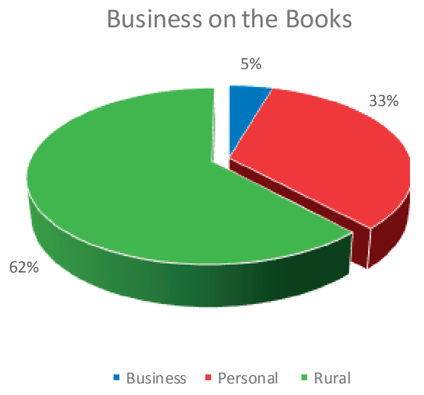
Manager's Report

For the financial year ended 30 June 2018

It is again with great pleasure that I submit to the shareholders of Good Country Financial Services Ltd my annual Manager's Report.

It almost seems a lifetime ago when we first opened our doors for business in 2014. It is now four years later and though each year since opening has seen many milestones and achievements, this past year seems to be the best so far with us now reporting an operating profit most months of the financial year.

Our strategy in the early days was to focus on promoting products and services that suited our community demographics, with a secondary focus on all other business. This primary focus has now benefited us by gaining Rural Bank accreditation for the branch, consequently we have been able to accelerate our income growth which has put us into profit earlier than recent forecasts predicted. This additional income has flowed onto our outstanding overdraft balance which is now steadily decreasing.



We have also noticed a change in customer interaction, with more potential customers walking in the door than ever before. We are writing business throughout the South East, in metropolitan Adelaide and interstate. This is due to supporters of Keith, and past residents of our town, living far and wide.

The good news for our local community is that we have continued with our Grant Program this year with another $15,000 up for grabs, plus unused funds from the 2017 Grant Program. Due to the restrictions on grant recipients, we were this year able to sponsor groups who did not fit into the grant guidelines through our branch sponsorship budget.

Recipients for 2018 were:
Bordertown KNT Netball Club, Natural Playground Softfall, $2,000
Padthaway Football and Cricket Club, Gateway Lighting, $1,600
Padthaway Uniting Church, Upgrade Electronics System, $2,500
RSL Keith Sub Branch, Digital Communications & Display, $2,500
Tatiara Schools Chaplaincy Support Group, Keith Area School Student Wellbeing Project, $3,000
Keith Pony Club, Shed/shelter, $5,917 sponsorship
Keith Theatre Group, Light up the Stage, $1,000 sponsorship
Keith Womens Hockey Club, Marquee, $1,386 sponsorship

We also continue to work collaboratively with the three other South East **Community Bank®** branches with marketing and events. We have a specific pool of marketing funds which is used to directly benefit the SE community. One of the projects we have worked collaboratively on is our *Save a Life* Program which educates students and parents on road safety awareness. We are in our second year of this program which reaches out to all high schools and area schools in the South East.

Our business operation has seen some changes this year. In October, we followed the Bendigo's decision to open our doors at 9:30am instead of 9:00am and to utilise this time for staff training and development. We have had little to no adverse reaction by making this change and it has been a great opportunity for staff training and catch-ups before our doors open. Also, as our business is growing, we have increased staffing rosters from part to full days which reduces times spent on hand-over and increases productivity.

We welcomed two new staff during the financial year. Jodi Kotz replaced Susan Morcom in October and Jack Richman from Keith Area School completed his School Based Traineeship in May and was replaced by Kira Baxter of Tintinara Area School.

I would like to take this opportunity to thank our current and past staff Jodi, Brigette, Peta, Sherri, Kira, Jack and Susan for their contribution towards our business growth this year. Also, on my list of thanks is Simon O'Leary, our Rural Bank Relationship Manager and our Business Banking Managers Jim Goldner and Lachlan Wookey. All three have worked closely with our branch to assist our clients with their rural and business needs.

Manager's Report continued

For the financial year ended 30 June 2018

I would also like to thank our Directors for their endless support and contribution to our business. They volunteer their time and expertise to help make our branch the success it is.

As always, I would like to thank the shareholders, customers and advocates of Keith & Districts

Community Bank® Branch for your continued support.

Fiona Wilkinson
Branch Manager

Bendigo and Adelaide Bank Report

For the financial year ended 30 June 2018

It's been 20 years since the doors to the first **Community Bank®** branch opened. And it has only been a few months since the latest, the 321st, **Community Bank®** branch opened its doors.

In the last 20 years, much has changed. A staggering 92 per cent of our customers do their banking online and we pay for goods and services on a range of mobile phones, our watches and even our fitness devices. Many are embracing this online world with a sense of excitement and confidence. Our model will be even more accessible to people right across Australia.

Despite the change many things have also remained constant through the last two decades. Commitment within communities remains as strong today as it has ever been; from our first **Community Bank®** branch to the most recent one, and the 319 in between.

This year, five of our Community Bank branches are celebrating 20 years in business. Bendigo Bank has celebrated 160 years in business. We farewelled Managing Director Mike Hirst and welcomed into the MD role long-time Bendigo employee Marnie Baker.

Our **Be the change** online marketing campaign has been the most successful online marketing campaign ever run by our organisation. The premise behind **Be the change** is simple – it thanks individual customers for banking with their **Community Bank®** branch.

But it's not the Bank thanking the customers. It's not the staff, volunteer directors or shareholders thanking the customers. It's the kids from the local little athletics and netball clubs, it's the man whose life was saved by a **Community Bank®** funded defib unit, it's members of the local community choir and the animal rescue shelter. These people whose clubs and organisations have received a share of over $200 million in **Community Bank®** contributions, all because of people banking with their local **Community Bank®** branch.

Be the change has further highlighted the power of the model. For others, customers are important. For our **Community Bank®** network, customer support ensures our point of difference. It's the reason we can share in the revenue generated by their banking business. Without this point of difference, we would be just another bank.

But we're not, we're Bendigo Bank and we're Australia's only *'community bank'*, recently named by Roy Morgan Research as Australia's third most trusted brand and most trusted bank. As one of 70,000-plus **Community Bank®** company shareholders across Australia, these are outcomes we hope you too are proud of.

I'd like to thank you for your decision to support your local **Community Bank®** company as a shareholder. Your support has been vitally important to enhancing the prospects and outcomes within your community.

Without you, there would be no **Community Bank®** branch network in Australia.

We value your initial contribution and your ongoing support of your **Community Bank®** branch and your community. Thank you for continuing to play a role in helping your community **Be the change**.

Robert Musgrove

Bendigo and Adelaide Bank

Directors' Report

For the financial year ended 30 June 2018

Your Directors present their report, together with the financial statements of the company, for the year ended 30 June 2018.

Directors

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

Name and position held	Qualifications	Experience and Other Directorships
James Ryan Chairman Director since 31st May 2013	Bachelor of Applied Science In Agriculture	Owner and Director of family farming business. Involved with the Keith Football Club. Past Chairman of the Willalooka Farm Group and a past member of the Keith Hospital Board. Director & Owner of Henry & Rose Café.
Andrew Martin Director since 31st May 2013 Resigned 10th November 2017		Currently Owner and Manager of an engineering enterprise and 20 years as Director and Manager of a small business, both in Keith. Past President and Executive member and current member of Bordertown Speedway Club.
Louise Johnson Director since 11th June 2013	Diploma of Teaching (ECE) Certificate of Rural Office Practice	Director and bookkeeper for family farming business. 30 Years' experience in Education. Actively involved in the Keith and Willalooka community for over 25 years. Member of the Keith Art Group and a trainer at the Keith Football Club.
David Brown Director since 15th October 2014	Bachelor of Agricultural Science, CPAg, Australian Association of Agricultural Consultants and Regional Development of Australia	Board Member of A.W Howard Trust-PIRSA, Committee member of GRDC Irrigation Group (SA), Farmer and Agronomic Consultant.
Louise Densley Director since 5th of July 2016 Resigned 4th July 2017	Bachelor of Environmental Science Grad Cert Sustainable Agriculture.	11 year public service (project management, governance, community engagement). Employee of Natural Resources South East (Water Infrastructure) Member of Keith Floral Art Group, Keith Swimming Club & Friends of Mt Monster.
Melody Mitton Director since 5th of July 2016	Hospitality & Management	Actively involved in the local community over 10 years. Currently President of PEAK, vice President of the Desert Dragons. Past President to Willalooka Progress Assn. Past Secretary to the Keith Art Group. Past Treasurer to the Keith Theatre Group.
Penny Moorhouse Director since 8th of July 2016 Resigned 29th April 2018	Bachelor of Arts in Communications	Currently Communications Coordinator for MFMG. Keith Area School Governing Council member. Partner in farming/contracting business. Past ABC employee.

Directors (continued)

Name and position held	Qualifications	Experience and Other Directorships
Adrian Barber Director since 7th March 2017 Resigned 28th September 2017	Diploma of Agricultural Technology and Diploma of Agricultural Science	40 years with the DPI - fields of Livestock Management, Soil Conservation, Farm Finance, Agricultural Software Development & Project Management.
Susan Morcom Director since 20th July 2017 Resigned 29th March 2018		Keith and Tintinara District Show Society Inc Treasurer, Finance committee on the Governing council of the KDWM Kindergarten and Child care centre, Parents and Friend Association for Keith Area School.
Bill Hender Company Secretary Director since 5th December 2017		Local farmer currently the District Manager at DEWNR. Previously CEO of Robe District Council and the Keith and Districts Hospital. Involved with the local community for many years, including President of Keith Football Club and previous Tatiara Australia Day Citizen of the Year.
Geoff Watts Director since 3rd April 2018	Certificate in Real Estate Sales	Owner of Watts Rural PTY LTD, Qualified and licenced Land agent, Licenced Auctioneer (including Charity Auctioneer), Secretary of Field and Game Association, Member of the Real Estate Institute. Past member of Apex Club for 10 yrs

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

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

Principal activities

The principal activity and focus of the company's operations during the financial year was the operation of a Branch of Bendigo and Adelaide Bank Limited, pursuant to a franchise agreement.

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

Operating results

The profit of the company after providing for income tax amounted to $29,660

Dividends

No dividends were declared or paid during the financial year.

Financial position

The net assets were $19,594 as at 30 June 2018 reflecting a decrease in the overdraft. Cash has been utilised on operations as the company continues to build banking business.

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 these financial statements.

After balance date events

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

Future developments

Likely developments in the operations of the company and the expected results of those operations in future financial periods have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice in future financial periods.

Environmental issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth, State or Territory.

Options

No options over issued shares or interests in the company were granted to Directors or Executives during or since the end of the financial year and there were no options outstanding at the date of this report.

The Directors and Executive do not own any options over issued shares or interests in the company at the date of this report.

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.

Indemnifying officers or auditor

Indemnities have been given, during and since the end of the financial year, for any persons who are or have been a Director or an officer, but not an auditor, of the company. The insurance contract prohibits disclosure of any details of the cover.

Corporate governance

The company has implemented various corporate governance practices, which include:

- (a) The establishment of a finance and governance committee;
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

Directors' Report continued

Directors meetings

The number of Directors meetings attended during the year were:

Director	Directors' Meetings		Finance and Governance Committee Meetings	
	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended
James Ryan	11	10	12	12
Andrew Martin	5	1	3	0
Louise Johnson	11	10	n/a	n/a
David Brown	11	5	n/a	n/a
Louise Densley	0	0	n/a	n/a
Melody Mitton	11	8	n/a	n/a
Penny Moorhouse	8	3	n/a	n/a
Adrian Barber	3	3	3	3
Susan Morcom	8	7	8	7
Bill Hender	5	3	5	3
Geoff Watts	2	1	n/a	n/a

n/a - not a member of that Committee

Company secretary

Bill Hender was appointed the Company Secretary of the Company on 1 November 2017. Andrew Martin held the position of Company Secretary prior to this date.

Non audit services

The Directors are satisfied that the provision of non audit services during the period 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 5 did not compromise the external auditor's:

- all non audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect integrity and objectivity of the auditor, and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110 "Code of Ethics for Professional Accountants" set by the Accounting Professional and Ethical Standards Board.

Auditor independence declaration

The lead auditor's independence declaration under s307C of the Corporations Act 2001 for the financial year ended 30 June 2018 is included within the financial statements.

This Report of the Directors is signed in accordance with a resolution of the Board of Directors at Keith on the 27th September 2018.

JRRyan

James Ryan
Director

Dated this 28th day of September 2018

Auditor’s Independence Declaration

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AUDITOR’S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Good Country Financial Services Limited for the year ended 30 June 2018, I declare that to the best of my knowledge and belief there have been no contraventions of:

a. The auditor independence requirements of the *Corporations Act 2001* in relation to the audit, and

b. Any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

DAVID WALL
Partner

Adelaide, South Australia
Date: 28 September 2018

Statement of Comprehensive Income

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2018

	Notes	2018 $	2017 $
Revenue	2	477,545	308,324
Employee benefits expense	3	(292,177)	(259,768)
Depreciation and amortisation expense	3	(24,200)	(24,900)
Professional fees		(7,549)	(5,620)
Marketing and promotional expense		(14,647)	(11,933)
Other expenses		(102,820)	(105,754)
Profit (Loss) before charitable donations & sponsorships		36,152	(99,651)
Charitable donations and sponsorship		(6,492)	(26,914)
Profit (Loss) before income tax		**29,660**	**(126,565)**
Income tax benefit	4	-	-
Profit (Loss) for the year		**29,660**	**(126,565)**
Other comprehensive income		-	
Total comprehensive Profit (loss) for the year attributable to members		**29,660**	**(126,565)**

Statement of Financial Position

Statement of Financial Position As at 30 June 2018

	Notes	2018 $	2017 $
Current Assets			
Cash and cash equivalents	6	733	553
Trade and other receivables	7	41,126	24,044
Other current assets	8	4,642	8,797
Total Current Assets		46,501	33,394
Non-Current Assets			
Other current assets	8	-	1,167
Plant and equipment	9	123,950	146,150
Intangible assets	10	1,167	3,167
Total Non-Current Assets		125,117	150,484
Total Assets		**171,618**	**183,878**
Current Liabilities			
Trade and other payables	11	17,118	16,176
Borrowings - bank overdraft	6	110,426	157,074
Short term provisions	12	24,480	20,694
Total Current Liabilities		152,024	193,944
Total Liabilities		**152,024**	**193,944**
Net Assets		**19,594**	**(10,066)**
Equity			
Issued capital	13	869,959	869,959
Accumulated losses		(850,365)	(880,025)
Total Equity		**19,594**	**(10,066)**

Statement of Changes in Equity

Statement of Changes in Equity for the year ended 30 June 2018

	Note	Share capital $	Accumulated losses $	Total $
Balance at 30 June 2016		869,959	(753,460)	116,499
Issue of share capital		-	-	-
Total comprehensive loss for the year		-	(126,565)	(126,565)
Subtotal		**869,959**	**(880,025)**	**(10,066)**
Dividends paid or provided for	19	-	-	-
Balance at 30 June 2017		**869,959**	**(880,025)**	**(10,066)**
Issue of share capital		-	-	-
Total comprehensive profit for the year		-	29,660	29,660
Subtotal		**869,959**	**(850,365)**	**19,594**
Dividends paid or provided for	19	-	-	-
Balance at 30 June 2018		**869,959**	**(850,365)**	**19,594**

Statement of Cash Flows

Statement of Cash Flows for the year ended 30 June 2018

Cash Flows From Operating Activities	**Note**	**2018 $**	**2017 $**
Receipts from customers		486,778	317,994
Payments to suppliers and employees		(434,137)	(411,369)
Interest received		-	-
Interest paid		(5,813)	(2,145)
Net cash used in operating activities	**14**	**46,828**	**(95,520)**
Cash Flows From Investing Activities			
Purchase of property, plant and equipment		-	(700)
Net cash used in investing activities		**-**	**(700)**
Net increase / (decrease) in cash held		**46,828**	**(96,220)**
Cash and cash equivalents at beginning of financial year		(156,521)	(60,301)
Cash and cash equivalents at end of financial year	**6**	**(109,693)**	**(156,521)**

Notes to the financial statements

for the year ended 30 June 2018

1. Statement of significant accounting policies

(a) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authorative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The financial report covers the company as an individual entity. The company is a public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified where applicable by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

The financial statements were authorised for issue on the 27th September 2018 by the Directors of the company.

(b) Income tax

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

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

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.

Current tax assets and liabilities are offset where a legally enforceable right of set off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Notes to the financial statements continued

1. Statement of significant accounting policies continued

(c) Plant and equipment

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

Plant and Equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment 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 assets 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 asset's 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 charged to the statement of comprehensive income during the financial year in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

Class of Asset	Depreciation Rate
Fit out costs	10%
Plant & equipment (over $5,000)	20 - 40%
Plant & equipment (under $5,000)	100%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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 or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Notes to the financial statements

1. Statement of significant accounting policies continued

(d) Goods and services tax (GST)

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

Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(e) Employee benefits

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.

(f) Intangibles

Franchise Fee

The franchise fee paid by the company pursuant to a Franchise Agreement with Bendigo Bank is being amortised over the initial five (5) years period of the agreement, being the period of expected economic benefits of the franchise fee.

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(h) Revenue and other income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of goods and services tax (GST).

(i) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

(j) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(k) Comparative figures

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

1. Statement of significant accounting policies continued

(l) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report 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.

Key estimates - Estimation of useful lives of assets
The company determines the estimated useful lives and related depreciation and amortisation changes for its plant and equipment and intangible assets. The depreciation and amortisation charge will increase where useful lives are less than previously estimated lives.

Key estimates - Impairment
The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates

No impairment has been recognised in respect of intangibles for the year ended 30 June 2018. Should the projected turnover figures be materially outside of budgeted figures incorporated in value-in-use calculations, an impairment loss would be recognised up to the maximum carrying value of intangibles at 30 June 2018 amounting to $1,167.

(m) Financial instruments

Recognition and Initial Measurement
Financial instruments, incorporating financial assets and financial liabilities, are recognised when the company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.
Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. 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 company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value 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.

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.

Derivative instruments
Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the statement of comprehensive income unless they are designated as hedges.

The company does not hold any derivative instruments.

1. Statement of significant accounting policies continued

(m) Financial instruments (continued)

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Financial Guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the company gives guarantees in exchange for a fee, revenue is recognised under AASB 118. The company has not issued any financial guarantees.

(n) 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 are set below:

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

This Standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the company on initial application include certain simplifications to the classification of financial assets.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the company's financial instruments, it is impractical at this stage to provide a reasonable estimate of such impact.

(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.

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

This Standard will require retrospective restatement, as well as enhanced disclosure regarding revenue.

Although the Directors anticipate that the adoption of AASB 15 may have an impact on the Company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

(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 transactions;
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset items;
- 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.

(o) Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the company incurred a profit of $29,660 and had net cash inflows from operating activities of $46,828 for the year ended 30 June 2018. As at that date, the company had net current liabilities of $105,523 and net assets of $19,594.

The directors believe that it is reasonably foreseeable that the company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

(i) The company recognises that losses will be incurred during the start up phase of the business and while market access is being developed;

(ii) The business activities are supported by Bendigo and Adelaide Bank Ltd, including assistance with the preparation and review of the company's annual cash flow budgets;

(iii) Bendigo and Adelaide Bank Ltd has confirmed that it currently provides working capital by way of an overdraft facility with a limit of $230,000 (refer Note 14(b)); and

(iv) The provision of additional funding by Bendigo and Adelaide Bank Ltd is dependent upon the company fulfilling its ongoing responsibilities under the Franchise Agreement and continuing to work closely with Bendigo and Adelaide Bank Ltd management to further develop the business. The company believes that it is fulfilling these responsibilities.

Notes to the financial statements

for the year ended 30 June 2018

2. Revenue	2018	2017
Franchise margin income	477,545	308,324
Interest received	-	-
	477,545	308,324

3. Expenses		
Employee benefits expense		
- wages and salaries	244,028	226,194
- superannuation costs	22,636	21,010
- other costs	25,513	12,564
	292,177	259,768

Depreciation of non-current assets:		
- plant and equipment	-	700
- buildings	22,200	22,200
Amortisation of non-current assets:		
- intangible assets	2,000	2,000
	24,200	24,900

4. Income tax		
(a) The components of tax benefit comprise:		
Current tax	-	-
	-	-

(b) The prima facie tax on loss before income tax is reconciled to the income tax as follows:		
Prima facie tax on loss before income tax at 27.5% (2017: 28.5%)	8,157	(34,805)
Add / (less) net tax effect of:		
- Other non-allowable items	17,227	704
- Other allowable items	(14,280)	(6,212)
- Prior year adjustment	-	2,688
- Tax losses carried forward not brought to account	(11,104)	37,625
Income tax attributable to company	-	-

Deferred tax assets		
Deferred tax assets arising from tax losses and deductible temporary differences have not been recognised at reporting date as realisation of the benefit is not regarded as probable.	799,036	833,678

Notes to the financial statements continued

for the year ended 30 June 2018

5. Auditors' remuneration	2018	2017
Remuneration of the auditors of the company		
- Audit services	5,700	5,100
- Other services	1,600	1,700
	7,300	6,800

6. Cash and cash equivalents		
Cash at bank and in hand	733	553

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

As per the statement of financial position	733	553
(Less) bank overdraft	(110,426)	(157,074)
As per the statement of cash flows	(109,693)	(156,521)

7. Trade and other receivables

Current		
Trade receivables: Trade debtors	41,126	24,044
Total current receivables	41,126	24,044

a. Provision for Impairment of Receivables

Current trade and term receivables are non-interest bearing loans and generally on 30-day terms.

Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract.

A provision for impairment is recognised when there is an objective evidence that an individual trade or term receivable is impaired. These amounts will be included in the other expenses item of the statement of comprehensive income.

There is no provision for impairment of receivables.

8. Other assets

Current		
Prepayments	3,475	6,797
Prepaid training costs	1,167	2,000
Other	-	-
	4,642	8,797

Non-Current		
Prepaid training costs	-	1,167
	-	1,167

for the year ended 30 June 2018

9. **Plant and equipment**	**2018**	**2017**
Fit out costs		
At cost	222,000	222,000
Less accumulated depreciation	(98,050)	(75,850)
	123,950	146,150
Plant and equipment		
At cost	1,759	1,759
Less accumulated depreciation	(1,759)	(1,759)
	-	-
Total written down amount	123,950	146,150
Movements in carrying amounts		
Fit out costs		
Carrying amount at beginning of period	146,150	168,350
Additions	-	700
Disposals	-	-
Depreciation expense	(22,200)	(22,900)
Carrying amount at end of period	123,950	146,150
Plant and equipment		
Carrying amount at beginning of period	-	-
Additions	-	-
Disposals	-	-
Depreciation expense	-	-
Carrying amount at end of period	-	-

10. Intangible assets

Franchise Fee		
Cost	10,000	10,000
Accumulated amortisation	(8,833)	(6,833)
	1,167	3,167

Pursuant to a five year franchise agreement with Bendigo and Adelaide Bank Limited, the company operates a branch of Bendigo and Adelaide Bank Limited, providing a core range of banking products and services.

11. Trade and other payables

Current		
Trade creditors	-	4,241
Other creditors and accruals	7,452	8,951
GST payable	9,666	2,984
	17,118	16,176

for the year ended 30 June 2018

12. Provisions

	2018	2017
Current		
Employee entitlements	24,480	20,694
Number of employees at year end	7	8

13. Equity

869,959 fully paid ordinary shares	869,959	869,959

14. Statement of Cash Flows

(a) Reconciliation of cash flow from operations with loss after tax

Profit (Loss) after income tax	29,660	(126,565)
Non cash items included in loss		
- Depreciation	22,200	22,900
- Amortisation of franchise fee	2,000	2,000
Movement in assets and liabilities		
- (Increase) decrease in receivables / other assets	(11,760)	6,819
- Increase (decrease) in payables	942	(2,142)
- Increase (decrease) in provisions	3,786	1,468
Net cash used in operating activities	46,828	(95,520)

(b) Credit standby arrangement and loan facilities

The company has put in place a bank overdraft facility amounting to $230,000 (2017:$230,000) to assist with working capital requirements.

The overdraft facility is secured by a general security deed over all present and after acquired property granted by the company.

At 30 June 2018, $110,426 of this facility was used (2017: $157,074). Variable interest rates apply to this overd facility.

15. Related party transactions

The company's main related parties are as follows:

(a) **Key management personnel**

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

Notes to the financial statements

for the year ended 30 June 2018

Name		Position
James Ryan	Appointed 31/5/2013	Chairman
Bill Hender	Appointed 05/12/2017	Non-Executive Director / Secretary
Andrew Martin	Appointed 31/5/2013 - Resigned 10/11/2017	Non-Executive Director
Louise Johnson	Appointed 11/6/2013 - Resigned 04/07/2017	Non-Executive Director
David Brown	Appointed 15/10/2014	Non-Executive Director
Louise Densley	Appointed 5/7/2016	Non-Executive Director
Melody Mitton	Appointed 5/7/2016	Non-Executive Director
Penny Moorhouse	Appointed 8/7/2016 - Resigned 29/04/2018	Non-Executive Director
Adrian Barber	Appointed 7/3/2017 - Resigned 28/09/2017	Non-Executive Director
Susan Morcom	Appointed 20/07/2017 - Resigned 29/03/2018	Non-Executive Director
Geoff Watts	Appointed 03/04/2018	Non-Executive Director

(a) Other related parties

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

(b) Transactions with key management personnel and related parties

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

During the year a business owned by Andrew Martin paid $909 for shed storage space at the rear of the branch.

(c) Key Management Personnel Shareholdings

Number of ordinary shares held by key management personnel.

Directors		Balance at beginning of year	Purchased during the year	Other changes	Balance at end of year
Andrew Martin	Appointed 31/5/2013 Resigned 10/11/17	1	-	-	1
James Ryan	Appointed 31/5/2013	1,051	-	-	1,051
Louise Johnson	Appointed 11/6/2013	10,001	-	-	10,001
David Brown	Appointed 15/10/2014	1,000	-	-	1,000
Louise Densley	Appointed 5/7/2016 Resigned 04/07/2017	-			-
Melody Mitton	Appointed 5/7/2016	550			550
Penny Moorhouse	Appointed 8/7/2016 Resigned 29/04/2018	-			-
Adrian Barber	Appointed 7/3/2017 Resigned 28/09/2017	1,000			1,000
Susan Morcom	Appointed 20/7/2017 Resigned 29/3/2018	4,000			4,000
Bill Hender	Appointed 05/12/2017	500			500
Geoff Watts	Appointed 03/04/2018	550			550
		18,653	**-**	**-**	**18,653**

for the year ended 30 June 2018

16. Events after the Statement of Financial Position date

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

17. Contingent liabilities and assets

There were no contingent liabilities or contingent assets at the reporting date apart from the potential effects that may become payable as detailed below:

Tatiara District Council contributed 50% of the costs towards the feasibility study required by Bendigo and Adelaide Bank Ltd. A condition of this grant is that when the community bank achieves profitability it shall pay forward the amount of the grant to a council approved community project/s or event/s, as per the resolution as passed by the Council Members on 10 July 2012.

2018 $	2017 $
5,439	5,439

18. Operating segments

Types of products and services by segment

The company operates in the financial services sector as a branch of Bendigo and Adelaide Bank Limited in Keith and surrounding districts, South Australia.

Major Customers

The company operates under the terms of a franchise agreement with Bendigo and Adelaide Bank Limited, which accounts for all of the franchise margin income.

19. Dividends paid or provided for on ordinary shares

No dividends were paid or proposed by the company during the year.

20. Economic Dependency - Bendigo and Adelaide Bank Limited

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

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

All deposits are made with Bendigo and Adelaide Bank Ltd, and all personal and investment products are products of Bendigo and Adelaide Bank Ltd, 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 Ltd, must be approved by Bendigo and Adelaide Bank Ltd. All credit transactions are made with Bendigo and Adelaide Bank Ltd, and all credit products are products of Bendigo and Adelaide Bank Ltd.

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

- Advice and assistance in relation to the design, layout and fit out of the **Community Bank®** branch;
- Training for the branch manager and other employees in banking management systems and interface protocol;
- Methods and procedures for the sale of products and provision of services;
- Security and cash logistic controls;
- Calculation of company revenue and payment of many operating and administrative expenses;
- The formulation and implementation of advertising and promotional programs; and
- Sales techniques and proper customer relations.

21. Company details

The registered office and principal place of business is: 28 Hender Street
Keith SA 5267

for the year ended 30 June 2018

22. Financial risk management

The company's financial instruments consist mainly of deposits with banks, account receivables and account payables. The totals for each category of financial instruments measured in accordance with AASB 139 as detailed in the accounting policies are as follows:

	Note	2018 $	2017 $
Financial Assets	6	733	533
Cash & cash equivalents			
Trade and other receivables	7	41,126	24,044
Total Financial Assets		41,859	24,597
Financial Liabilities			
Trade and other payables	11	17,118	16,176
Bank overdraft	6	110,426	157,074
Total Financial Liabilities		127,544	173,250

Financial Risk Management Policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established a Finance and Audit Committee which reports regularly to the Board.

Specific Financial Risk Exposure and Management

The company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

(a) Credit Risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instruments fails to meet its contractual obligations. For the company it arises from receivables and cash assets.

Credit risk is managed through maintaining procedures that ensure, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness and their financial stability is monitored and assessed on a regular basis. 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 contracts. In the case of loans advanced, the terms are specific to each loan.

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 statement of financial position.

The company's exposure to credit risk is limited to Australia by geographic area. The majority of recievables are due from Bendigo and Adelaide Bank Limited.

None of the assets of the company are 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.

(a) **Credit Risk (continued)**

	2018 $	2017 $
Cash and cash equivalents:		
A rated	733	533

for the year ended 30 June 2018

22. Financial risk management (continued)

(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..

Financial liability and financial asset maturity analysis:

30 June 2018	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial Liabilities due					
Trade and other payables	11	(17,118)	(17,118)	-	-
Bank overdraft	6	(110,426)	(110,426)	-	-
Total expected outflows		(127,544)	(127,544)	-	-
Financial Assets - realisable					
Cash & cash equivalents	6	733	733	-	-
Trade and other receivables	7	41,126	41,126	-	-
Total anticipated inflows		71,859	41,859	-	-
Net (Outflow)/Inflow on financial instruments		169,403	169,403	-	-

30 June 2017	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial Liabilities due					
Trade and other payables	11	(16,176)	(16,176)	-	-
Bank overdraft	6	(157,074)	(157,074)	-	-
Total expected outflows		(173,250)	(173,250)	-	-
Financial Assets - realisable				-	-
Cash & cash equivalents	6	553	553	-	-
Trade and other receivables	7	24,044	24,044	-	-
Total anticipated inflows		24,597	24,597	-	-
Net (Outflow)/Inflow on financial instruments		197,847	197,847		

for the year ended 30 June 2018

(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.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The weighted average interest rates of the company's interest-bearing financial assets are as follows:

22. Financial risk management (continued)

(c) Market risk (continued)

Financial assets	**2018 $**	**2017 $**
Cash and cash equivalents (net of bank overdrafts)	-%	-%
Short-term investments:		
- held-to-maturity investments	-%	-%
Loans receivable	-%	-%

Sensitivity analysis

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

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

Year ended 30 June 2018	**Profit $**	**Equity $**
+/- 1% in interest rates (interest income)	-	-
	-	-
Year ended 30 June 2017		
+/- 1% in interest rates (interest income)	-	-
	-	-

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

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

for the year ended 30 June 2018

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.

23. Financial risk management (continued)

(d) Price risk (continued)

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

(i) the Distribution Limit is the greater of:

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

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

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

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2018 can be seen in the statement of comprehensive income.

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

Directors' declaration

The Directors of the company declare that:

1 the accompanying financial statements and notes are in accordance with the Corporations Act 2001 and:

(a) comply with Australian Accounting Standards, and

(b) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year then ended of the company;

2 the financial statements and notes thereto comply with International Financial Reporting Standards, as disclosed in Note 1; and

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

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

James Ryan
Director

Dated this 28th day of September 2018

RSM Australia Partners

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27 September 2018

Board of Directors
Good Country Financial Services Limited
28 Hender Street
KEITH SA 5627

Dear Directors

Audit for the year ended 30 June 2018

In order to carry out our duties and responsibilities as auditors of Good Country Financial Services Limited (the company), RSM Australia Partners is required by ASA 260 *Communication With Those Charged With Governance*, to communicate to you setting out the matters arising from our audit.

Our audit was conducted in accordance with the audit engagement letter dated 19 June 2018.

Our fieldwork is substantially complete and we anticipate issuing an unqualified audit opinion, once the financial statements have been approved by the Board of Directors.

The auditor's responsibilities in relation to the financial report

The Board of Directors should understand that:

a) We are responsible for forming and expressing an opinion on the financial report that has been prepared by management with the oversight of the Board of Directors; and

b) The audit of the financial report does not relieve management or the Board of Directors of their responsibilities.

Auditor's independence

We are not aware of any other relationships between member firms of RSM Australia Partners and the company that, in our professional judgement, may reasonably be thought to bear on our independence or the objectivity of the audit engagement team.

We confirm that in our professional judgement, RSM Australia Partners is independent within the meaning of regulatory and professional requirements and the objectivity of the audit engagement partner and audit staff has not been compromised.

We confirm that RSM Australia Partners, the audit engagement team and others in the Firm as appropriate have complied with the independence requirements of section 307C of the *Corporations Act 2001*.

Significant findings from the audit

The following areas need to be considered by the board of directors as potential risk areas:

1. Operating Performance

   We note the company made a profit before income tax of $29,660 during the current year, which means the accumulated losses reduced to $850,365 and there were cash inflows from operating activities was $46,828.

   The positive cash inflow from operations and the profit indicates the strategies put in place by the Board to control cash outflows and grow the banking business are starting to have positive results.

   However, whilst the risk is lower, there remains concerns over the viability of the Community Bank as a going concern into the future if negative conditions return, including reduced banking business, cost blow-outs and worsening general economic conditions. The company continues to mitigate cash flow risk by having in place an overdraft facility with Bendigo and Adelaide Bank Limited of up to $230,000 to provide immediate working capital.

   We encourage the Directors to continue to closely monitor the performance of the Keith Community Bank to ensure the Bank Manager is enrolling sufficient new customers and banking business to maintain, and exceed if possible, the 2019 and 2020 cash flows set by the Board.

   Continued dialogue with Bendigo and Adelaide Bank Limited is recommended to ensure their ongoing support and to meet any responsibilities imposed by the franchise agreement.

2. New Accounting Standards

   Appendix A provides a summary of standards issued not yet adopted within Australia.

   The next few years will see the adoption of major new standards, which will significantly impact most entities. They will fundamentally change the current approach to accounting for revenue, leases, and financial instruments.

   ASIC have highlighted the disclosures about the impact of the new standards as a key area of focus in their financial reporting surveillance.

   These standards are likely to impact more than just the finance team – for example contracts may need to be re-written, management bonus structures altered, bank covenants renegotiated, and profit targets re-considered.

Internal financial controls

During our audit we examined the design and implementation of the internal controls relevant to the accounting and financial control systems.

The review of internal controls was carried out with a view to expressing an opinion on the financial statements for the year and was not directed primarily towards discovering weaknesses or towards the detection of fraud. Therefore, our comments on these systems include only those matters that have come to our attention as a result of our normal audit procedures and consequently our comments should not be regarded as a comprehensive record of all weaknesses that may exist or of all improvements that might be made.

We have no matters to report to management in relation to the company's internal financial controls.

Unadjusted audit differences

We have assessed these unadjusted audit differences as immaterial, both individually and in the aggregate, to the financial report as a whole (refer Appendix B).

RSM

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27 September 2018

Board of Directors
Good Country Financial Services Limited
28 Hender Street
KEITH SA 5267

Dear Directors

Good Country Financial Services Limited – Audit for the year ended 30 June 2018

We advise that we have substantially completed our audit for the year ended 30 June 2018 and it is our normal practice to report any weaknesses in accounting procedures or systems of internal control and any other matters we consider relevant to the operations of the company noted during the course of our audit.

This letter is critical by nature and only highlights control weaknesses and other matter noted. It does not comment on the accounting procedures and internal controls identified during the audit that are operating adequately.

In order to ensure the attached issues are reviewed and considered by management and directors we have risk rated each issue. The risk rating has been provided to indicate the degree of exposure of the issue and the urgency of required action. The following ratings have been used:

H	Issue of High risk requiring immediate remedial action.
M	Issue of Medium risk requiring remedial action as soon as practicable.
L	Issue of Low risk, which should be considered for future remedial action.

We would like to take this opportunity to thank you for your assistance extended to us during the course of the audit.

Yours faithfully

Mark Anders
Principal

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1. Operating Performance	H

Observation

We note the company made a profit before income tax of $29,660 during the current year, which means the accumulated losses reduced to $850,365 and there were cash inflows from operating activities was $46,828.

The positive cash inflow from operations and the profit indicates the strategies put in place by the Board to control cash outflows and grow the banking business are starting to have positive results.

However, whilst the risk is lower, there remains concerns over the viability of the Community Bank as a going concern into the future if negative conditions return, including reduced banking business, cost blow-outs and worsening general economic conditions. The company continues to mitigate cash flow risk by having in place an overdraft facility with Bendigo and Adelaide Bank Limited of up to $230,000 to provide immediate working capital.

Recommendation

We encourage the Directors to continue to closely monitor the performance of the Keith Community Bank to ensure the Bank Manager is enrolling sufficient new customers and banking business to maintain, and exceed if possible, the 2019 and 2020 cash flows set by the Board.

Continued dialogue with Bendigo and Adelaide Bank Limited is recommended to ensure their ongoing support and to meet any responsibilities imposed by the franchise agreement.

Management comments

Branch performance is monitored monthly by the Board with a focus on business activity, including lending applications and settlements, and work in progress in all areas across our business.

An invitation is extended to Bendigo Bank representatives to attend monthly Board meetings. This gives us an opportunity to provide feedback and request follow up of information for issues that directly affect our business and the wider Community Bank® network.

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2. Deferred Tax Asset Recognition	L

Observation

The specific requirements of AASB 112 *Income Taxes* require the recognition of any deferred tax asset only when it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

Currently no deferred tax asset has been recognised in the financial statements on the tax losses and deductible temporary differences.

Implications

We agree the deferred tax asset should not be recognised at this early stage of operations.

At such time the conditions are met to recognise a deferred tax asset, there will be a positive impact on the accumulated losses by the amount of the net deferred tax asset.

Recommendation

The Directors need to satisfy themselves annually on the sufficient probability of future taxable profits to utilise against the tax losses.

This can be performed by reviewing the budgets and forecasts against actual performance to determine and monitor how closely they are being met.

We recommend, once operations improve and actual profits are made over a continued period of time, the Directors consider the recognition of the deferred tax asset.

Management Comments

With the appointment of Jason Seidel, Galpins, as our non-Director Treasurer, we have access to professional Accounting advise in relation to our deferred tax position, how to best monitor and review this and how this affects our financial position.

Our Finance Committee meets monthly to monitor and review our financial position.

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3. New Accounting Standards	L

Appendix A provides a summary of standards issued not yet adopted within Australia.

The next few years will see the adoption of major new standards, which will significantly impact most entities. They will fundamentally change the current approach to accounting for revenue, leases, and financial instruments.

ASIC have highlighted the disclosures about the impact of the new standards as a key area of focus in their financial reporting surveillance.

These standards are likely to impact more than just the finance team – for example contracts may need to be re-written, management bonus structures altered, bank covenants renegotiated, and profit targets re-considered.

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Appendix A – Standards Issued not yet adopted

Standard	Title	Key Requirements	Application Date periods beginning on or after	Further information (see hyperlink)
AASB 15	Revenue from Contracts with Customers	Replaces all existing standards on revenue, and establishes a five-step process for revenue recognition: • Identify the contract with a customer • Identify the performance obligations in the contract • Determine the transaction price • Allocate the transaction price to the performance obligations • Recognise revenue when the performance obligation is met. AASB 15 is likely to lead to greater deferral of revenue, and a significant implementation challenge in assessing the performance obligations inherent in contracts.	1 January 2018	Financial Insight – Applying AASB 15 in practice
AASB 16	Leases	A comprehensively revamped lease accounting model, which largely ends the previous distinction between operating and finance leases: • All leases greater than 12 months must be recognised on balance sheet as a lease liability and a related right to use asset, based on the present value of future lease payments • A new requirement to consider renewal options which are reasonably likely to be exercised when calculating the lease term • The expenses related to leases will appear in the income statement as interest on the lease liability and depreciation on the right-to-use asset – not as a rental expense • No significant change for accounting by lessors	1 January 2019	Financial Insight – a new approach to lease accounting and The effects of the new leasing standard are wider than you might think

Standard	Title	Key Requirements	Application Date periods beginning on or after	Further information (see hyperlink)
AASB 9	*Financial Instruments*	Replacing the existing AASB 139, AASB 9 contains multiple significant changes to financial instrument accounting • A simplified approach to the classification of financial assets, based on the entity's business model. Items held for collection of contractual cash flows will be at amortised cost. All other items would be at fair value through the income statements, other than investments in equity instruments not held for trading, for which gains and losses can be shown in other comprehensive income. • A new impairment model based on expected credit losses, which is likely to result in the earlier recognition of impairment in some instances A simplified approach to hedge accounting, with less prescriptive testing requirements, based on whether the hedging instrument is effective in achieving the entity's hedging objectives.	1 January 2018	
Interpretation 23	Uncertainty over Income Tax Treatments	Provides guidance for the accounting treatment when there is uncertainty over the appropriate income tax treatment of an item within the financial statements • The accounting should be determined on the assumption that the tax authority will examine the transaction and has access to all relevant information • The entity must estimate the most likely outcome, or range of outcomes, and recognise tax and deferred tax based on that estimate	1 January 2019	Financial Insight – Interpretation 23: Uncertainty over income tax treatments

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