Annual Report 2017

Hawkesbury Community Financial Services Limited

ABN 97 099 838 463

North Richmond and Richmond Community Bank® Branches

Hawkesbury Community Financial Services Limited
ABN: 97 099 838 463

Financial Report

For the year ended 30 June 2017

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Don Shaddick
Chairman's Report

I am happy to report on the progress of Hawkesbury Community Financial Services Limited (the company) during the year ended 30 June 2017.

Results
In the 2016/17 financial year, the company experienced a growth in banking business of $5.317 million and it is pleasing to note that our young Richmond branch is showing good growth. The financial result can in great part be attributed to the commitment of our Manager, Tony Weller and his excellent staff and to the loyalty of our customers. The Board is pleased to announce that it has approved a final fully franked dividend of 15 cents per share and this will be paid in December 2017.

Changes to financial model
The new Revenue Share Model which was introduced from 1 July 2016 has, so far, proved favourable to the company.

Community
The Board's commitment to provide benefits to the Hawkesbury community continues. We have managed to assist many local sporting, educational and cultural organisations to provide improved facilities for their members and the members of the community they also serve. The ability of the company to maintain these benefits to such organisations is attributable to our customers who continue to (as Bendigo Bank's new promotion has it) 'Be the Change'.

Staff
Much of the success in developing our business is attributable to our staff. Their commitment to the Community Bank® ethos , their loyalty and the friendly service they provide to all our customers is our greatest asset.

The Board values the assistance given by all staff and in particular those filling the following positions:

• Our Manager, Tony Weller acts as Chair of the Community Relations Committee assessing requests for grants.
• Kellie Scholte provides support to the Company Secretary in taking minutes of Board meetings and with various administrative tasks.
• Liz Griffiths makes a valuable contribution in assisting the Treasurer and attending to payment of accounts.

Tony and Chris continue to divide their time between North Richmond and Richmond and support Gail who oversees the Richmond branch and continues her endeavours to attract new customers.

Directors
As you know, our Directors serve on a voluntary basis. They devote much time and effort to their various roles on the Board and each contributes his/her own experience, flair and expertise to the matters which concern the Board.

Trevor Hitchcock
Regrettably, Trevor Hitchcock, one of the founding Directors of our company, who has also served as Treasurer and Chairman of the company is retiring. Trevor's contribution to the company over the many years he has served is immeasurable. I have in previous reports expressed my sincere gratitude to Trevor for his mentorship and repeat it here. We shall greatly miss Trevor's perspicacity and wisdom. Although Trevor is retiring from the Board, he and his wife Bobbie are remaining in the Hawkesbury. We wish them both a long, healthy and happy retirement.

The Future
Your Directors are committed to the further development of the business. Hand in hand with our dedicated and friendly staff we continue this task in order to benefit the Hawkesbury community through grants, sponsorships and donations. We thank you shareholders for your support. If you think the Community Bank® branches can in any way assist you with banking or financial products, please don't hesitate to discuss your needs with our staff. Please remember that this is your Community Bank® company. Its prosperity is your prosperity. If the opportunity arises, please recommend your bank to your friends and associates. Every new customer is of value and is another who can 'Be the Change'.

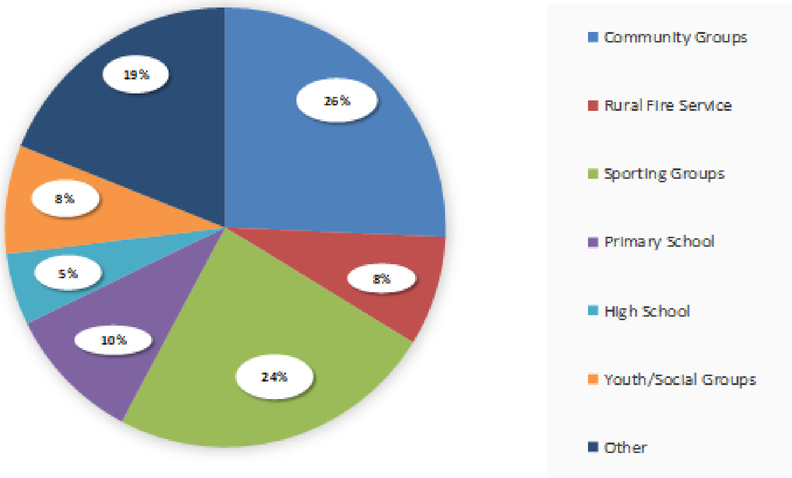
Don Shaddick
Chairman

Tony Weller
Manager's Report

Once again it is time to celebrate another successful year of North Richmond & Districts Community Bank® Branch and Richmond branch. As always we strived to exceed in service and provide a competitive product to assist our customers grow their wealth through either investments or lending.

To date the donations and sponsorships now total over $1.5 million and the Board's decision to open Richmond branch over three years ago has given us the opportunity to assist more organisations within the Hawkesbury community.

As can be seen in the below graph representing the donations/sponsorships over the previous 12 months we try to spread the available funds across as many community organisations as possible.



We had a change of a few staff with Emma and Julie leaving the organisation. This gave an opportunity to employ two new staff - Shannan and Cindi-Joy - who joined our other excellent staff - Christine, Gail, Kellie, Liz, Joanne, Vicki, Sue, Rebecca, Lisa and Kristy - who all aim to provide the best service in the Hawkesbury.

This is only achievable with the great support of our volunteer Board of Directors Don, Trevor, Bill, Rowan, Shayne, Craig, David and Lyndal. Their continual support and guidance ensures the branches continue to grow and provide benefits to the community.

As with any business we are only able to prosper and grow by having customers. To this end I must say a big thanks to all our valued clients who can see the personal and community benefits of banking with the local Community Bank® branch.

Tony Weller
Manager

The Directors present their report of the company for the financial year ended 30 June 2017.

Directors

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

Trevor George Hitchcock	
Position	Non-executive Director and Audit Committee Member
Professional qualifications	Ieng(CEI), MIET, FAICD
Experience and expertise	Previous director in the UK and South Africa and Australia of: Kilippon Electricals, C.A Weidmuller, Quality Electrical Distributors.

Thomas Craig Bennett	
Position	Non-executive Director, Company Secretary and Audit Committee Member.
Professional qualifications	Graduate of AICD and Associate of Corporate Governance Institute.
Experience and expertise	Former Chairman of an industrial company and extensive experience in financial and risk management in global investment banking in Australia and overseas. Previous Director and Chairman of APC Socotherm Pty Ltd.

William John Kerr	
Position	Non-executive Director, Chair of the HR Committee and Member of the Community Relations Committee and Scholarship Committee.
Professional qualifications	He has a Bachelor of Science (Hon. Microbiology) from the University of Guelph, Canada; a Master of Science (Immunology) from the University of Manitoba, Canada; and an MBA (dux) from the University of Western Sydney; as well as certificates in a wide variety of other management disciplines.
Experience and expertise	With a scientific background and over 35 years in a variety of Australian and International senior corporate, consulting and academic roles, Bill has over 20 years direct experience in the Medical Technology and Pharmaceutical sector (Sandoz, Baxter, Pharmacia; Canada, USA, Australia + many other client countries). He has also been a respected international lecturer in Strategic Management, International Business, Marketing Management, Operations Management and Competitive Intelligence (Australia, China, Hong Kong, Sri Lanka, Malaysia). He has undertaken more than 70 business evaluations and facilitated more than 55 funded research collaborations and has documented links with more than 200 companies and research organisations. Bill has been a Director of Hawkesbury Community Financial Services since 2009. President of the Bowen Mountain Association Inc.

Donald John Shaddick	
Position	Non-executive Director and Chairman of Hawkesbury Community Financial Services Limited and Member of the Audit Committee and Community Relations Committee.
Professional qualifications	DipLaw (SAB), AccSpec, Bus Law
Experience and expertise	Legal Practitioner for 43 years. Former Director of Richmond Golf Club.

Shayne Ryan	
Position	Non-executive Director and Chairman of the Premises Committee and Scholarship Committee and Member of the Community Relations Committee and HR Committee.
Professional qualifications	Nil
Experience and expertise	20 Years experience in general management.

Rowan Parker	
Position	Non-executive Director and Assistant Chairman of Hawkesbury Community Financial Services Limited, Chairman of the Audit Committee, Social Media and Public Relations and Member of the Community Relations Committee.
Professional qualifications	Bachelor of Business (Finance)
Experience and expertise	Experience in business systems, information technology, website design and software development.

David Palamara	
Position	Non-executive Director and Treasurer of Hawkesbury Community Financial Services Limited, Member of the Audit Committee and Community Relations Committee.
Professional qualifications	Nil
Experience and expertise	Senior finance and general management roles of medium sized businesses. Currently providing business management advice as a consultant to similar sized businesses.

Lyndell Spence	
Position	Non-executive Director and member of the HR Committee, Community Relations Committee and Scholarship Committee.
Professional qualifications	Bachelor of Commerce
Experience and expertise	Human Resources Officer

John McFarlane	**Resigned 22 November 2016**
Position	Member of the Audit Committee, Premises Committee and Scholarship Committee
Professional qualifications	BSc (Hons Mathematics), M.Stats, FAPI
Experience and expertise	40 years' experience as an academic and consultant to the public and private sectors primarily in the areas of property, investment and quality assurance. Currently Associate Professor, School of Computing, Engineering and Mathematics at Western Sydney University. Previously Associate Dean, College of Business at Western Sydney University

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

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

Directors' meetings

Attendances by each Director during the year were as follows:

	Board meetings		Audit Committee meetings	
Director	**A**	**B**	**A**	**B**
Trevor George Hitchcock	11	10	2	2
Craig Bennett	11	10	2	2
William John Kerr	11	9	N/A	N/A
Donald John Shaddick	11	11	2	2
Shayne Ryan	11	10	N/A	N/A
Rowan Parker	11	11	2	2
David Palamara	11	9	2	2
Lyndell Spence	11	5	N/A	N/A
John McFarlane resigned 22/11/16	5	5	N/A	N/A

A - The number of meetings eligible to attend.
B - The number of meetings attended.
N/A - not a member of that committee.

Company Secretary

Craig Bennett has been the Company Secretary of Hawkesbury Community Financial Services Limited since 2016.

Craig's qualifications and experience include Graduate of AICD and Associate of Corporate Governance Institute. Former Chairman of an industrial company and extensive experience in financial and risk management in global investment banking in Australia and overseas.

Principal activities

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

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

Review of operations

The profit of the company for the financial year after provision for income tax was $251,462 (2016 profit: $69,805), which is a 260% increase as compared with the previous year.

Dividends

Dividends paid or declared since the start of the financial year.

A fully franked final dividend of 14 cents per share was declared and paid during the year for the year ended 30 June 2016. No dividend has been declared or paid for the year ended 30 June 2017 as yet.

Options

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

Significant changes in the state of affairs

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

Events subsequent to the end of the reporting period

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

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor

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

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

Proceedings on behalf of company

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

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set at page 6 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Signed in accordance with a resolution of the Board of Directors at Hawkesbury Community Financial Services on the 4th September 2017.

Don Shaddick
Director

rsd Audit
Level 2, 10-16 Forest Street
Bendigo, Victoria
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6 September 2017

The Directors
Hawkesbury Community Financial Services Limited
PO Box 340
NORTH RICHMOND NSW 2754

Dear Directors

To the Directors of Hawkesbury Community Financial Services Limited

Auditor's Independence Declaration under section 307C of the Corporations Act 2001

I declare that to the best of my knowledge and belief, during the year ended 30 June 2017 there has been no contraventions of:

(i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

P. P. Delahunty
Partner
Richmond Sinnott & Delahunty

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAWKESBURY COMMUNITY FINANCIAL SERVICES LIMITED

Opinion

We have audited the financial report of Hawkesbury Community Financial Services Limited, which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion:

(a) the financial report of Hawkesbury Community Financial Services Limited is in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the company's financial position as at 30 June 2017 and of its performance for the year then ended; and

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

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements related to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and out auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. On connection with our audit of the financial report, our responsibility is to reads the other information, and in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility 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. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsible to those risks, and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness if the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt in the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Auditor's Opinion

In our opinion, the remuneration report of Hawkesbury Community Financial Services Limited, for the year ended 30 June 2017 complies with s 300A of the *Corporations Act 2001.*

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

P. P. Delahunty
Partner
Dated at Bendigo, 6 September 2017

Hawkesbury Community Financial Services Limited
ABN 97 099 838 463
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2017

	Note	2017 $	2016 $
Revenue	2	1,690,397	1,338,053
Expenses			
Employee benefits expense	3	(795,357)	(798,374)
Depreciation and amortisation	3	(70,250)	(56,963)
Finance costs	3	(3,379)	(3,973)
Bad and doubtful debts expense	3	(1,881)	(2,083)
Administration and general costs		(144,894)	(134,250)
Occupancy expenses		(94,958)	(90,401)
IT expenses		(58,686)	(56,636)
Other expenses		(47,557)	(44,172)
		(1,216,962)	(1,186,852)
Operating profit before charitable donations and sponsorships		**473,435**	**151,201**
Charitable donations and sponsorships		(120,181)	(81,051)
Profit before income tax		**353,254**	**70,150**
Income tax expense	4	(101,792)	(345)
Profit for the year		**251,462**	**69,805**
Other comprehensive income		-	-
Total comprehensive income for the year		**251,462**	**69,805**
Profit attributable to members of the company		251,462	69,805
Total comprehensive income attributable to members of the company		**251,462**	**69,805**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share	18	40.23	11.17

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

Hawkesbury Community Financial Services Limited
ABN 97 099 838 463
Statement of FInancial Position
as at 30 June 2017

	Note	2017 $	2016 $
Assets			
Current assets			
Cash and cash equivalents	5	339,501	292,769
Trade and other receivables	6	151,866	135,638
Financial assets	7	876,355	625,000
Total current assets		**1,367,722**	**1,053,407**
Non-current assets			
Property, plant and equipment	8	448,791	486,443
Intangible assets	9	5,403	38,001
Deferred tax assets	4	31,714	25,640
Total non-current assets		**485,908**	**550,084**
Total assets		**1,853,630**	**1,603,491**
Liabilities			
Current liabilities			
Trade and other payables	10	76,565	67,278
Current tax liability	4	101,383	14,982
Borrowings	12	22,998	25,985
Provisions	13	95,035	83,857
Total current liabilities		**295,981**	**192,102**
Non-current liabilities			
Borrowings	12	23,222	47,498
Provisions	13	15,741	9,166
Total non-current liabilities		**38,963**	**56,664**
Total liabilities		**334,944**	**248,766**
Net assets		**1,518,686**	**1,354,725**
Equity			
Issued capital	14	625,009	625,009
Retained earnings	15	818,677	654,716
Reserves	17	75,000	75,000
Total equity		**1,518,686**	**1,354,725**

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

Hawkesbury Community Financial Services Limited
ABN 97 099 838 463
Statement of Changes in Equity
for the year ended 30 June 2017

	Note	Issued capital $	Retained earnings $	Reserves $	Total equity $
Balance at 1 July 2015		625,009	672,412	75,000	1,372,421
Profit / Loss for the year		-	69,805	-	69,805
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		**-**	**69,805**	**-**	**69,805**
Transactions with owners, in their capacity as owners					
Shares issued during the year		-	-	-	-
Dividends paid or provided	16	-	(87,501)	-	(87,501)
Balance at 30 June 2016		**625,009**	**654,716**	**75,000**	**1,354,725**
Balance at 1 July 2016		625,009	654,716	75,000	1,354,725
Profit / Loss for the year		-	251,462	-	251,462
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		**-**	**251,462**	**-**	**251,462**
Transactions with owners, in their capacity as owners					
Shares issued during the year		-	-	-	-
Dividends paid or provided	16	-	(87,501)	-	(87,501)
Balance at 30 June 2017		**625,009**	**818,677**	**75,000**	**1,518,686**

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

Hawkesbury Community Financial Services Limited
ABN 97 099 838 463
Statement of Cash Flows
for the year ended 30 June 2017

	Note	2017 $	2016 $
Cash flows from operating activities			
Receipts from customers		1,821,825	1,420,260
Payments to suppliers and employees		(1,400,940)	(1,309,025)
Interest paid		(3,495)	(3,973)
Interest received		18,108	18,345
Income tax paid		(22,647)	-
Net cash provided by operating activities	19b	**412,851**	**125,607**
Cash flows from investing activities			
Purchase of investments		(251,355)	(32,946)
Purchase of intangible assets		-	(20,274)
Net cash flows used in investing activities		**(251,355)**	**(53,220)**
Cash flows from financing activities			
Proceeds from borrowings		-	36,000
Repayment of borrowings		(27,263)	(23,475)
Dividends paid		(87,501)	(87,501)
Net cash used in financing activities		**(114,764)**	**(74,976)**
Net increase / (decrease) in cash held		**46,732**	**(2,589)**
Cash and cash equivalents at beginning of financial year		292,769	295,358
Cash and cash equivalents at end of financial year	19a	**339,501**	**292,769**

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

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

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

The financial statements were authorised for issue by the Directors on 4th September 2017.

1. Summary of significant accounting policies

(a) Basis of preparation

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

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, were applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

Economic dependency

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

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

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

1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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

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

(b) Impairment of assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

(c) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(d) New and amended accounting policies adopted by the company

There are no new and amended accounting policies that have been adopted by the company this financial year.

(e) Comparative figures

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

1. Summary of significant accounting policies (continued)

(f) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

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

Fair value assessment of non-current physical assets

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

Employee benefits provision

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

Income tax

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

Impairment

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

1. Summary of significant accounting policies (continued)

(g) New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company.

The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in the future reporting periods is set below:

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

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking ‘expected loss’ impairment model and a substantially-changed approach to hedge accounting.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

a) Financial assets that are debt instruments will be classified based on:
(i) the objective of the entity’s business model for managing the financial assets; and
(ii) the characteristics of the contractual cash flows.

b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

c) Introduces a ‘fair value through other comprehensive income’ measurement category for particular simple debt instruments.

d) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

e) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

- the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI)
- the remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

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

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

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

1. Summary of significant accounting policies (continued)

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

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

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

(ii) AASB 15: *Revenue from Contracts with Customers* (applicable for annual reporting periods commencing on or after

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

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:
- identify the contract(s) with customers;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

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

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

When this Standard is first adopted for the year ending 30 June 2019, it is not expected that there will be a material impact on the transactions and balances recognised in the financial statements.

(iii) AASB 16: *Leases* (applicable for annual reporting periods commencing on or after 1 January 2019).

AASB 16:
- replaces AASB 117 Leases and some lease-related Interpretations;
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases;
- provides new guidance on the application of the definition of lease and on sale and lease back accounting;
- largely retains the existing lessor accounting requirements in AASB 117; and
- requires new and different disclosures about leases.

The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

2. Revenue

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank LImited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

The entity applies the revenue recognition criteria set out below to each separately identifiable sales transaction in order to reflect the substance of the transaction.

Rendering of services
The entity generates service commissions on a range of products issued by the Bendigo and Adelaide Bank Limited. The revenue includes upfront and trailing commissions, sales fees and margin fees.

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

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

	2017	**2016**
	$	**$**
Revenue		
- service commissions	1,672,289	1,319,708
	1,672,289	1,319,708
Other revenue		
- interest received	18,108	18,345
	18,108	18,345
Total revenue	**1,690,397**	**1,338,053**

3. Expenses

Operating expenses
Operating expenses are recognised in profit or loss on an accurals basis, which is typically upon utilisation of the service or at the date upon which the entity becomes liable.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised leased assets, but excluding freehold land, is depreciated over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

3. Expenses (continued)

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

Class of asset	*Rate*	*Method*
Buildings	2.5%	SL
Leasehold improvements	2.5% - 25%	SL
Plant and equipment	2.5% - 25%	SL
Motor vehicles	12.5%	SL

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

	2017	2016
	$	$
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	674,974	683,862
- superannuation costs	70,248	74,686
- other costs	50,135	39,826
	795,357	798,374
Depreciation and amortisation		
Depreciation		
- plant and equipment	24,913	22,472
- leasehold improvements	2,833	2,833
- buildings	9,906	9,906
	37,652	35,211
Amortisation		
- franchise fees	4,720	3,134
- establishment costs	27,878	18,618
	32,598	21,752
Total depreciation and amortisation	70,250	56,963
Finance costs		
- Interest paid	3,379	3,973
Bad and doubtful debts expenses	1,881	2,083
Auditors' remuneration		
Remuneration of the Auditor, Richmond, Sinnott & Delahunty, for:		
- Audit or review of the financial report	7,400	4,600
- Taxation services	500	550
- Share registry services	5,316	3,033
	13,216	8,183

4. Income tax

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

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

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

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred income tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

	2017 $	2016 $
a. The components of tax expense comprise:		
Current tax expense	107,867	25,433
Deferred tax expense / (income) relating	(4,295)	7,605
Recoupment of prior year tax losses	-	(10,451)
Under / (over) provision of prior years	(1,780)	(22,242)
	101,792	**345**
b. Prima facie tax payable		
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 27.5% (2016: 28.5%)	97,145	19,993
Add tax effect of:		
- Under / (over) provision of prior years	(1,780)	(22,242)
- Change in company tax rates	962	-
- Non-deductible expenses	5,465	2,504
Income tax attributable to the entity	**101,792**	**255**
The applicable weighted average effective tax rate is	28.82%	0.49%
c. Current tax liability		
Current tax relates to the following:		
Current tax liabilities		
Opening balance	14,982	-
Recoupment of income tax losses	-	(10,451)
Current tax	107,867	25,433
Income tax payments	(21,466)	-
	101,383	**14,982**

4. Income tax (continued)

	2017 $	2016 $
d. Deferred tax asset		
Deferred tax relates to the following:		
Deferred tax assets balance comprises:		
Accruals	1,251	59
Employee provisions	30,463	25,581
	31,714	**25,640**
Deferred tax liabilities balance comprises:		
Accrued income	-	-
Property, plant & equipment	-	-
	-	-
Net deferred tax asset	**31,714**	**25,640**
e. Deferred income tax (revenue)/expense included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	(2,454)	7,605
(Decrease) / increase in deferred tax liabilities	(60)	-
Under / (over) provision prior years	(1,780)	(22,242)
	(4,294)	**(14,637)**

5. Cash and cash equivalents

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

	2017 $	2016 $
Cash at bank and on hand	339,501	292,769
	339,501	**292,769**

6. Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provision for doubtful debts. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. A provision for doubtful debts is established when ther eis objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the assets carrying amount and the present value of estimated cash flows, discounted at the effective interest rate. The amount of the provision is recognised on profit or loss.

	2017 $	2016 $
Current		
Trade receivables	151,866	135,638
	151,866	**135,638**

Credit risk

The main source of credit risk relates to a concentration of trade receivables owing by Bendigo and Adelaide Bank Limited, which is the source of the majority of the company's income.

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

6. Trade and other receivables (continued)

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be high credit quality.

	Gross amount	Not past due	Past due but not impaired			Past due and impaired
			< 30 days	31-60 days	> 60 days	
2017	**$**	**$**	**$**	**$**	**$**	**$**
Trade receivables	151,866	151,866	-	-	-	-
Total	**151,866**	**151,866**	**-**	**-**	**-**	**-**
2016						
Trade receivables	135,638	135,638	-	-	-	-
Total	**135,638**	**135,638**	**-**	**-**	**-**	**-**

7. Financial assets

Classification of financial assets

The company classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables,
- held to maturity investments, and
- available for sale assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

Financial assets at fair value through profit or loss

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

Loans and receivables

This category is the most relevant to the company. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the period end, which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

7. Financial assets (continued)

Classification of financial assets (continued)

Held to maturity investments

The group classifies investments as held-to-maturity if:

- they are non-derivative financial assets
- they are quoted in an active market
- they have fixed or determinable payments and fixed maturities
- the group intends to, and is able to, hold them to maturity.

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

Available for sale financial asset

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

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

Measurement of financial assets

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

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

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

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

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method.*

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discount estimated future cash payments or receipts over the expected life (or where this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in the profit or loss.

7. Financial assets (continued)

Impairment of financial assets

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Assets classified as available for sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

	2017 $	2016 $
Held to maturity financial assets		
Term deposits	876,355	625,000
	876,355	625,000

8. Property, plant and equipment

Property

Freehold land and buildings are carried at their fair value (refer note 1 (X)), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

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

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

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

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

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

	2017 $	2016 $
Land		
At fair value	107,500	107,500
Buildings		
At fair value	321,866	321,866
Less accumulated depreciation	(134,934)	(125,028)
	186,932	196,838
Leasehold improvements		
At cost	56,667	56,667
Less accumulated depreciation	(10,339)	(7,506)
	46,328	49,161
Plant and equipment		
At cost	288,532	288,532
Less accumulated depreciation	(180,501)	(155,588)
	108,031	132,944
Total property, plant and equipment	**448,791**	**486,443**

8. Property, plant and equipment (continued)

Movements in carrying amounts

Land		
Balance at the beginning of the reporting period	107,500	107,500
Balance at the end of the reporting period	107,500	107,500
Buildings		
Balance at the beginning of the reporting period	196,838	206,744
Depreciation expense	(9,906)	(9,906)
Balance at the end of the reporting period	186,932	196,838
Leasehold improvements		
Balance at the beginning of the reporting period	49,161	51,994
Depreciation expense	(2,833)	(2,833)
Balance at the end of the reporting period	46,328	49,161
Plant and equipment		
Balance at the beginning of the reporting period	132,944	122,470
Additions	-	32,946
Depreciation expense	(24,913)	(22,472)
Balance at the end of the reporting period	108,031	132,944
Total property, plant and equipment		
Balance at the beginning of the reporting period	486,443	488,708
Additions	-	32,946
Depreciation expense	(37,652)	(35,211)
Balance at the end of the reporting period	**448,791**	**486,443**

9. Intangible assets

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

	2017 $	2016 $
Franchise fee		
At cost	14,918	14,918
Less accumulated amortisation	(14,161)	(9,441)
	757	5,477
Preliminary expenses		
At cost	83,042	83,042
Less accumulated amortisation	(78,396)	(50,518)
	4,646	32,524
Total intangible assets	**5,403**	**38,001**

9. Intangible assets (continued)

Movements in carrying amounts

Franchise fee		
Balance at the beginning of the reporting period	5,477	5,230
Additions	-	3,381
Amortisation expense	(4,720)	(3,134)
Balance at the end of the reporting period	757	5,477
Preliminary expenses		
Balance at the beginning of the reporting period	32,524	34,249
Additions	-	16,893
Amortisation expense	(27,878)	(18,618)
Balance at the end of the reporting period	4,646	32,524
Total intangible assets		
Balance at the beginning of the reporting period	38,001	39,479
Additions	-	20,274
Amortisation expense	(32,598)	(21,752)
Balance at the end of the reporting period	**5,403**	**38,001**

10. Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

	2017 $	2016 $
Current		
Unsecured liabilities:		
Trade creditors	30,882	32,134
GST liabilities	45,683	35,144
	76,565	**67,278**

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

11. Financial liabilities

Financial liabilities include trade payables, other creditors, loans from third parties and loans from or other amounts due to related entities. Financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Financial liabilities are initially measured at fair value plus transaction costs, except where the instrument is classified as "fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

12. Borrowings

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

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

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

	2017 $	2016 $
Current		
Secured liabilities		
Bank loan	22,998	25,985
	22,998	**25,985**
Non-current		
Secured liabilities		
Bank loan	23,222	47,498
	23,222	**47,498**
Total borrowings	**46,220**	**73,483**

(a) Bank loans
The company has a mortgage loan which is subject to normal terms and conditions. The current interest rate is 6.15%. This loan has been created to fund the North Richmond Branch and is secured by same.

13. Provisions

Short-term employee benefits
Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The liability for annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

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

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

	2017 $	2016 $
Current		
Employee benefits	95,035	83,857
Non-current		
Employee benefits	15,741	9,166
Total provisions	**110,776**	**93,023**

14. Share capital

Ordinary shares are classified as equity.

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

	2017 $	2016 $
625,009 Ordinary shares fully paid	625,009	625,009
Less: Equity raising costs	-	-
	625,009	**625,009**
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	625,009	625,009
Shares issued during the year	-	-
At the end of the reporting period	**625,009**	**625,009**

14. Share capital (continued)

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

Capital management

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

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

(i) the Distribution Limit is the greater of:
  (a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
  (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

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

Capital management (continued)

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

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

15. Retained earnings

	2017 $	2016 $
Balance at the beginning of the reporting period	654,716	672,412
Profit after income tax	251,462	69,805
Dividends paid	(87,501)	(87,501)
Balance at the end of the reporting period	**818,677**	**654,716**

16. Dividends paid or provided for on ordinary shares

Dividends paid or provided for during the year		
final fully franked ordinary dividend of 14 cents per share (2016:14c) franked at the tax rate of 27.5% (2016: 28.5%).	87,501	87,501

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

17. Reserves

The reserves represent undistributable gains recognised on the revaluation of non-current assets.

	2017 $	2016 $
Asset revaluation reserve		
Balance at the beginning of the reporting period	75,000	75,000
Fair value movements during the period	-	-
Balance at the end of the reporting period	**75,000**	**75,000**

18. Earnings per share

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

	2017 $	2016 $
Basic earnings per share (cents)	40.23	11.17
Earnings used in calculating basic earnings per share	251,462	69,805
Weighted average number of ordinary shares used in calculating basic earnings per share.	625,009	625,009

19. Statement of cash flows

(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:

	2017 $	2016 $
Cash and cash equivalents (Note 5)	339,501	292,769
As per the Statement of Cash Flow	**339,501**	**292,769**

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

	2017 $	2016 $
Profit after income tax	251,462	69,805
Non-cash flows in profit		
- Depreciation	37,652	35,211
- Amortisation	32,598	21,752
- Bad debts	1,881	2,083
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(18,109)	(31,458)
- (Increase) / decrease in deferred tax asset	(6,074)	(14,637)
- Increase / (decrease) in trade and other payables	9,287	8,012
- Increase / (decrease) in current tax liability	86,401	14,982
- Increase / (decrease) in provisions	17,753	19,857
Net cash flows from / (used in) operating activities	**412,851**	**125,607**

20. Key management personnel and related party disclosures

(a) Key management personnel

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

No director of the company receives remuneration for services as a company director committee member. There are no executives within the company whose remuneration is required to be disclosed.

(b) Other related parties

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

(c) Transactions with key management personnel and related parties

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

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

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

The Hawkesbury Community Financial Services Limited has not accepted the Bendigo and Adelaide Bank Limited's **Community Bank®** Directors Privileges package. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits.

(d) Key management personnel shareholdings

The number of ordinary shares in Hawkesbury Community Financial Services Limited held by each key management

	2017	2016
Trevor George Hitchcock	11,001	11,001
Craig Bennett	5,000	5,000
William John Kerr	-	-
Donald John Shaddick	5,000	5,000
Shayne Ryan	-	-
Rowan Parker	500	500
David Palamara	-	-
Lyndell Spence	-	-
John McFarlane	7,500	5,500
	29,001	27,001

There was no movement, other than the purchase of 2,000 shares by John McFarlane, in key management personnel shareholdings during the year. Each share held has a paid up value of $1 and is fully paid.

(e) Other key management transactions

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

21. Events after the reporting period

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

22. Contingent liabilities and contingent assets

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

23. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company

24. Commitments

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the Statement of Financial Position.

	2017 $	2016 $
Payable:		
- no later than 12 months	46,494	42,987
- between 12 months and five years	7,799	61,291
- greater than five years	-	-
Minimum lease payments	54,293	104,278

The property is a non-cancellable lease with a five-year term, with rent payable monthly in advance and with set 4% increases each year.

25. Company details

The registered office and principle place of business is Shop 7 & 8 Riverview St, North Richmond, NSW 2758

26. Fair value measurements

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

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

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

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

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

The company measures and recognises the following assets at fair value on a recurring basis after initial recognition:

- freehold land and buildings

The company does not subsequently measure any liabilities at fair value on a non-recurring basis.

(a) Fair value hierarchy

AASB 13: *Fair value measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

Fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

26. Fair value measurements (continued)

Valuation techniques

The company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the company are consistent with one or more of the following valuation approaches:

- *Market approach:* valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach:* valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach:* valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the company's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

	30 June 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Recurring fair value measurements				
Non-financial assets				
Freehold land	-	107,500	-	107,500
Buildings	-	186,932	-	186,932
Total non-financial assets recognised at fair value on a recurring basis	-	294,432	-	294,432

	30 June 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Recurring fair value measurements				
Non-financial assets				
Freehold land	-	107,500	-	107,500
Buildings	-	196,838	-	196,838
Total non-financial assets recognised at fair value on a recurring basis	-	304,338	-	304,338

There were no transfers between Levels for assets measured at fair value on a recurring basis during the reporting period (2016: no transfers).

26. Fair value measurements (continued)

(b) Valuation techniques and inputs used to measure Level 2 fair values

Description	Fair value at 30 June 2017 $	Description of valuation techniques	Inputs used
Freehold land	107,500	Market approach using recent observable market data for similar properties	Valuation
Buildings	196,838	Market approach using recent observable market data for similar properties	Valuation

(i) The fair value of freehold land and buildings is determined at least every three years based on valuations by an independent valuer. At the end of each intervening period, the Directors review the independent valuation and, when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data and discounted cash flow methodologies.

There were no changes during the period in the valuation techniques used by the company to determine Level 2 fair values.

27. Financial risk management

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 an Audit Committee which reports regularly to the Board.

Specific financial risk exposure and management

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

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

	Note	2017 $	2016 $
Financial assets			
Cash and cash equivalents	5	339,501	292,769
Trade and other receivables	6	151,866	135,638
Financial assets	7	876,355	625,000
Total financial assets		**1,367,722**	**1,053,407**
Financial liabilities			
Trade and other payables	10	30,882	32,134
Borrowings	12	46,220	73,483
Total financial liabilities		**77,102**	**105,617**

(a) Credit risk

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

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

Credit risk exposures

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

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

27. Financial risk management (continued)

(a) Credit risk (continued)

None of the assets of the company are past due (2016: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

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

(b) Liquidity risk

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

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

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

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis:

30 June 2017	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
Cash and cash equivalents	0.19%	339,501	339,501	-	-
Trade and other receivables	0.00%	151,866	151,866	-	-
Financial assets	6.00%	876,355	876,355	-	-
Total anticipated inflows		1,367,722	1,367,722	-	-
Financial liabilities					
Trade and other payables	0.00%	30,882	30,882	-	-
Borrowings	0.32%	46,220	22,998	23,222	-
Total expected outflows		77,102	53,880	23,222	-
Net inflow / (outflow) on financial instruments		**1,290,620**	**1,313,842**	**(23,222)**	**-**

27. Financial risk management (continued)

(b) Liquidity risk (continued)

30 June 2016	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
Cash and cash equivalents		292,769	292,769	-	-
Trade and other receivables		135,638	135,638	-	-
Financial assets	2.6%	625,000	625,000	-	-
Total anticipated inflows		1,053,407	1,053,407	-	-
Financial liabilities					
Trade and other payables		32,134	32,134	-	-
Borrowings	6.25%	73,483	16,007	57,476	-
Total expected outflows		105,617	48,141	57,476	-
Net inflow / (outflow) on financial instruments		**947,790**	**1,005,266**	**(57,476)**	**-**

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

(c) Market risk

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

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

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

Sensitivity analysis

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

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

Year ended 30 June 2017	Profit $	Equity $
+/- 1% in interest rates (interest income)	12,159	12,159
+/- 1% in interest rates (interest expense)	(462)	(462)
	11,696	**11,696**

27. Financial risk management (continued)

(c) Market risk (continued)

Year ended 30 June 2016

+/- 1% in interest rates (interest income)	9,178	9,178
+/- 1% in interest rates (interest expense)	(735)	(735)
	8,443	8,443

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

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Fair values

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

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

	2017		2016	
	Carrying amount $	Fair value $	Carrying amount $	Fair Value $
Financial assets				
Cash and cash equivalents (i)	339,501	339,501	292,769	292,769
Trade and other receivables (i)	151,866	151,866	135,638	135,638
Financial assets	876,355	876,355	625,000	625,000
Total financial assets	**1,367,722**	**1,367,722**	**1,053,407**	**1,053,407**
Financial liabilities				
Trade and other payables (i)	30,882	30,882	32,134	32,134
Borrowings	46,220	46,220	73,483	73,483
Total financial liabilities	**77,102**	**77,102**	**105,617**	**105,617**

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.

Hawkesbury Community Financial Services Limited
ABN 97 099 838 463
Directors' Declaration

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

1. The financial statements and notes, as set out on pages 7 to 40 are in accordance with the Corporations Act 2001 and:

   (i) comply with Australian Accounting Standards which, as stated in accounting policy Note 1(a) to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

   (ii) give a true and fair view of the company's financial position as at 30 June 2017 and of the performance for the year ended on that date;

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

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

Don Shaddick
Director

Signed at Hawkesbury Community Financial Services on 4th September 2017.

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