Annual Report 2016

Hillston & District Financial Services Limited

ABN 44 107 725 977

Contents

Chairman's report

For year ending 30 June 2016

Well what a year we have had, with all the rain and now floods coming down our river. I can't ever remember a year with so much rain, it has definitely been plentiful. Now that it is October, I hope it stops for a while, so they can sow the cotton and summer crops and then it would be good to see a dry grain harvest.

The **Community Bank**® network have given back over $148 million into their local communities. But with the way Bendigo Bank are cutting our income rates, I cannot see this continuing in the future. Our income has been cut by over $80,000 per year, which is a big loss to our community and shareholders. This means that there will be less money paid back to our shareholder dividends and given out as community grants. We were told each branch would not lose any income and would be compensated for the first three years, starting from 1 July 2016.

Our Branch Manager Paul Lenon along with all our staff Vicki, Julie, Charone, Grace, Kylie and Kelly are doing a fantastic job and have grown our balance to over $90 million on our books. Also our Agri Manger, Mark Hatley can be thanked for that as well. All I can say is we have to keep growing our branch so we can give back to our community and shareholders, which is what our **Community Bank**® branch is all about.

On a brighter note, we have given out some significant grants since starting our **Community Bank**® branch and hopefully there will be a lot more to come. Some of the most substantial grants given out to date include:

- Hillston Outdoor Gym & Run Track $25,000
- Hay Public School P&C Association $3,500
- Hillston Sports Pavillion $20,000
- Lake Cargelligo Children Centre $5,000
- Hillston Skate Park $10,000.

We are certain to pay a dividend to our shareholders this financial year and this should be an ongoing yearly occurrence.

Our agency in Hay has been very well received and is now going to become a Community Service Centre, which is like a sub branch with three people employed. Paul will provide more detail in his Managers' report.

I would like to thank all of our Directors for all their time and effort that they have put in throughout the year. I would like to welcome Marg Booth to our Board of Directors, Marg is also a Director on the Western Riverina Board as well. Marg resides in Hay, so it will be very beneficial to our **Community Bank**® company to have input from there. I would like to thank Marg very much for all the travel and time she puts in.

Finally, I would like to thank all of our customers and shareholders, without you all we wouldn't have our **Community Bank**® branch.

Graeme May

Graeme May
Chairman

Manager's report

For year ending 30 June 2016

It has now been four years and six months since my commencement as Branch Manager of Hillston & District **Community Bank**® Branch. Over this period of time the branch has continued to grow both in deposits and lending with the last financial year actual growth being $10.981 million against a budget of $12.760 million being a total book of $85.813 million as at 30 June 2016.

I believe this is another excellent result following on from a very successful 2014/15 financial year. The next 12 months I anticipate the Hillston & District **Community Bank**® Branch book to exceed $100 million being a book increase of $65 million over the last six years.

The last 12 months has seen the opening of a **Community Bank**® agency in Condobolin under the agency principals Western Plains Regional Development Inc. The agency is performing well and I would like to thanks all of the staff and especially Anne Coffey who was the driving force behind this venture.

The Lake Cargelligo agency continues to grow with a number of new consumer and business loans written.

Linda Hague, Manager of Lower Lachlan Community Services (our Agent), has seen the success over the last 12 months and is extremely motivated next year to work in closer with myself on a number of projects to keep the ball rolling with the end goal being a Sub branch in the near future. I would like to thank Linda, Chris, Rebecca, Leanne and Georgia for their help over the past 12 months.

The Board of the Western Riverina Community Financial Services Pty Ltd has approved the opening of a new Customer Service Centre in Hay with a planned opening date of 1 February 2016. This banking model is a lower establishment cost compared to a branch and will see three staff employed and full time opening hours five days a week.

We would like to thanks the agency principals David and Janet Low as well as their staff from the Hay Newsagency for all their help over the last 12 months.

Kelly Hewitt has been a great asset to the team as the School Based Trainee and her two years is nearly coming to an end.

I would like to thank the staff, Vicki, Grace, Charone, Kylie and Kelly who have been very supportive with the continued growth of the branch. The staff are the face of the branch and I commend them on their efforts during the year.

Mark Hately our Rural Bank Agri Manager has had some great results over the last six months and our Rural Bank Book is growing rapidly and this is the market where we can see our major growth coming from.

The success of the **Community Bank**® branch relies on the support of our customers and with your continued support I am confident that the results of your **Community Bank**® branch will continue to improve dramatically over the next few years.

To those who are not yet customers but would like to be, give us a go and see how we compare I am always available to see you.

Paul Lenon
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2016

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

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

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

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

The statistics are impressive:

- More than $148 million in community contributions returned to local communities
- 1,900 Directors
- 1,500 staff
- More than $38 million in shareholder dividends.

Yes, these figures are staggering.

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

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

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

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

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

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

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

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

On behalf of Bendigo Bank, thank you.

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

Robert Musgrove
Executive Community Engagement

Directors' report

For the financial year ended 30 June 2016

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

Directors

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

Graeme May - Non-executive Director

Experience and expertise	Appointed 23 January 2004.
Other current Directorships	Owner - Hillston Tyre Service.
Former Directorships in last 3 years	Nil.
Special responsibilities	Nil.

Michael Brettschneider - Non-executive Director

Experience and expertise	Appointed 25 January 2010. Local primary producer, school bus operator and qualified mechanic.
Other current Directorships	Nil.
Former Directorships in last 3 years	Nil.
Special responsibilities	Nil.

Graeme Lyons - Non-executive Director

Experience and expertise	Appointed 27 August 2013. Chartered Accountant.
Other current Directorships	Principle - Pinnacle HPC Accountants.
Former Directorships in last 3 years	Nil.
Special responsibilities	Nil.

Natasha Mahy - Non-executive Director

Experience and expertise	Appointed 27 August 2013. Resigned 19 April 2016.
Other current Directorships	Nil.
Former Directorships in last 3 years	Nil.
Special responsibilities	Secretary.

Sally Redpath - Non-executive Director

Experience and expertise	Appointed 30 April 2012.
Other current Directorships	Proprietor - Hasslefree Secretarial.
Former Directorships in last 3 years	Nil.
Special responsibilities	Nil.

Peter Storrier - Non-executive Director

Experience and expertise	Appointed 21 November 2007.
Other current Directorships	Proprietor - Hillston Hardware.
Former Directorships in last 3 years	Nil.
Special responsibilities	Nil.

Directors (continued)

Tanya Ellis - Non-executive Director

Experience and expertise	Appointed 16 May 2015. Diploma Ag Business.
Other current Directorships	Proprietor - Westgate Irrigation Contractors Pty Ltd.
Former Directorships in last 3 years	Nil.
Special responsibilities	Nil.

Cassandra Sheridan - Non-executive Director

Experience and expertise	Appointed 29 June 2012. Resigned 12 November 2015.
Other current Directorships	Healthy Hillston Project Officer. Murrumbidgee Medicare Local Limited.
Former Directorships in last 3 years	Nil.
Special responsibilities	Nil.

Paula Knight - Non-executive Director

Experience and expertise	Appointed 16 February 2016.
Other current Directorships	Facility Manager Aged Care.
Former Directorships in last 3 years	NIL.
Special responsibilities	Nil.

Margaret Booth - Non-executive Director

Experience and expertise	Appointed 15 March 2016.
Other current Directorships	Administration Office - Part time.
Former Directorships in last 3 years	NIL.
Special responsibilities	Nil.

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

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

Directors' meetings

Attendances by each Director during the year were as follows:

	Board meetings	
Director	**A**	**B**
Graeme May	7	7
Michael Brettschneider	7	6
Graeme Lyons	7	7
Natasha Mahy	4	4
Sally Redpath	7	5
Peter Storrier	7	4
Tanya Ellis	7	5
Cassandra Sheridan	2	0
Paula Knight	3	2
Margaret Booth	2	2

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

Company Secretary

There has been no secretary appointed since the resignation of Natahsa Mahy on the 19 April 2016.

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 $32,980 (2015 profit: $14,988), which is a 120% increase as compared with the previous year.

Dividends

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

No dividend has been declared or paid for the year ended 30 June 2016.

Options

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

Significant changes in the state of affairs

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

Events subsequent to the end of the reporting period

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

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor

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

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

Directors' report (continued)

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 9 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 Hillston.

Graeme May

Graeme May
Director

Dated: 27 September 2016

Auditor's independence declaration

Richmond
Sinnott &
Delahunty
Chartered Accountants

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28th September 2016

The Directors
Hillston & District Financial Services Limited
1 Brolga Place
COLEAMBALLY NSW 2707

Dear Directors

To the Directors of Hillston & District 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 2016 there has been no contraventions of:

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

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

P. P. Delahunty
Partner
Richmond Sinnott & Delahunty

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

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

Financial statements

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

	Notes	2016 $	2015 $
Revenue	2	627,785	583,036
Expenses			
Employee benefits expense	3	(331,196)	(320,615)
Depreciation and amortisation	3	(27,747)	(27,479)
Administration and general costs		(100,393)	(88,227)
Finance costs	3	(5,208)	(8,068)
Bad and doubtful debts expense	3	(452)	(72)
Rental expense		(6,047)	(6,154)
IT costs		(15,856)	(15,918)
Other expenses		(61,090)	(54,905)
Operating profit before charitable donations and sponsorships		**79,796**	**61,598**
Charitable donations and sponsorships		(16,592)	(33,908)
Profit before income tax		**63,204**	**27,690**
Income tax expense	4	(30,224)	(12,702)
Profit for the year		**32,980**	**14,988**
Other comprehensive income		-	-
Total comprehensive income for the year		**32,980**	**14,988**
Profit attributable to members of the company		32,980	14,988
Total comprehensive income attributable to members of the company		**32,980**	**14,988**

Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share		5.33	2.42

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2016

	Notes	2016 $	2015 $
Assets			
Current assets			
Cash and cash equivalents	5	10,080	16,519
Trade and other receivables	6	60,939	53,625
Financial assets	7	24,107	28,781
Other assets	8	4,994	3,666
Total current assets		**100,120**	**102,591**
Non-current assets			
Property, plant and equipment	9	236,936	236,470
Intangible assets	10	43,101	56,712
Deferred tax assets	4	134,038	164,262
Total non-current assets		**414,075**	**457,444**
Total assets		**514,195**	**560,035**
Liabilities			
Current liabilities			
Trade and other payables	11	85,841	101,181
Borrowings	12	123,701	133,202
WRCFS Interest	13	124,126	145,553
Provisions	14	53,407	51,691
Total current liabilities		**387,075**	**431,627**
Non-current liabilities			
Borrowings	12	63,212	97,494
Provisions	14	3,778	-
Total non-current liabilities		**66,990**	**97,494**
Total liabilities		**454,065**	**529,121**
Net assets		**60,130**	**30,914**
Equity			
Issued capital	15	618,830	618,830
Reserves	16	(3,764)	-
Accumulated losses	17	(554,936)	(587,916)
Total equity		**60,130**	**30,914**

The accompanying notes form part of these financial statements.

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

	Note	Issued capital $	Retained earnings $	Reserves $	Total equity $
Balance at 1 July 2014		618,830	(581,245)	-	37,585
Profit for the year		-	14,988		14,988
Total comprehensive income for the year		**-**	**-**	**-**	**-**
Transactions with owners, in their capacity as owners					
Dividends paid or provided	26	-	(21,659)		(21,659)
Balance at 30 June 2015		**618,830**	**(587,916)**	**-**	**30,914**
Balance at 1 July 2015		618,830	(587,916)	-	30,914
Profit for the year		-	32,980	(3,764)	29,216
Total comprehensive income for the year		**-**	**-**	**-**	**-**
Transactions with owners, in their capacity as owners					
Dividends paid or provided	26	-	-	-	-
Balance at 30 June 2016		**618,830**	**(554,936)**	**(3,764)**	**60,130**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2016

	Notes	2016 $	2015 $
Cash flows from operating activities			
Receipts from customers		679,316	577,726
Payments to suppliers and employees		(602,816)	(508,809)
Dividends received		2,282	2,130
Interest received		88	1,728
Borrowing Costs		(5,208)	(8,068)
Net cash provided by operating activities	**18b**	**73,662**	**64,707**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		3,273	-
Proceeds from sale of investments		-	38,419
Purchase of property, plant and equipment		(19,074)	(41,960)
Purchase of investments		910	-
Purchase of intangible assets		-	(3,809)
Net cash flows used in investing activities		**(14,891)**	**(7,350)**
Cash flows from financing activities			
Proceeds from borrowings		16,296	12,910
Repayment of borrowings		(52,788)	(59,754)
Net movement in WRCFS investment		(21,427)	(18,004)
Dividends paid		-	(21,659)
Net cash used in financing activities		**(57,919)**	**(86,507)**
Net decrease in cash held		**852**	**(29,150)**
Cash and cash equivalents at beginning of financial year		(97,846)	(68,696)
Cash and cash equivalents at end of financial year	**18a**	**(96,994)**	**(97,846)**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2016

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

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

The financial statements were authorised for issue by the Directors on 27 September 2016.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

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

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

Economic dependency

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

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

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

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

- Advice and assistance in relation to the design, layout and fit out of the **Community Bank®** branch;
- Training for the Branch Managers and other employees in banking, management systems and interface protocol;
- Methods and procedures for the sale of products and provision of services;
- Security and cash logistic controls;
- Calculation of company revenue and payment of many operating and administrative expenses;

Note 1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Economic dependency (continued)

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

(b) Income tax

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

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

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

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

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

(c) Fair value of assets and liabilities

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

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

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

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

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

(d) Property, plant and equipment

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

Note 1. Summary of significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Property

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

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

Plant and equipment

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

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

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

Depreciation

The depreciable amount of all fixed assets including buildings 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.

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

Class of asset	**Rate**	**Method**
Buildings	2.5%	PC
Property improvements	2.5%	DV & PC
Plant and equipment	2.5% - 40%	DV & PC
Motor vehicles	25% - 30%	DV

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.

Note 1. Summary of significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Depreciation (continued)

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

(e) Leases

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

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

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

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

(f) Impairment of assets

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

(g) Goods and services tax (GST)

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

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

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

(h) Employee benefits

Short-term employee benefits

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

Note 1. Summary of significant accounting policies (continued)

(h) Employee benefits (continued)

Short-term employee benefits (continued)

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.

(i) Intangible assets

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

(j) Cash and cash equivalents

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

(k) Revenue and other income

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

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

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

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

(l) Investments and other financial assets

(i) Classification

The company classifies its financial assets in the following categories:

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

Note 1. Summary of significant accounting policies (continued)

(l) Investments and other financial assets (continued)

(i) Classification (continued)

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

Financial assets at fair value through profit or loss

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

Loans and receivables

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

Held to maturity investments

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

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

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

Available for sale financial asset

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

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

(ii) Measurement

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

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

Note 1. Summary of significant accounting policies (continued)

(l) Investments and other financial assets (continued)

(ii) Measurement (continued)

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

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

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

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

(iii) Impairment

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

Assets carried at amortised cost

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

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

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.

Note 1. Summary of significant accounting policies (continued)

(l) Investments and other financial assets (continued)

(iii) Impairment (continued)

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

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

(iv) Derecognition

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

(m) Trade and other receivables

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

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. A provision for doubtful debts is established when 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.

(n) Trade and other payables

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

(o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently 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.

(p) Borrowing costs

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

(q) Contributed equity

Ordinary shares are classified as equity.

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

Note 1. Summary of significant accounting policies (continued)

(r) Dividends

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

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

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

(t) Comparative figures

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

(u) Earnings per share

Basic earnings per share

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

(v) New accounting standards for application in future periods

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

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

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

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

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

a) Financial assets that are debt instruments will be classified based on:

(i) the objective of the entity's business model for managing the financial assets; and

(ii) the characteristics of the contractual cash flows.

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

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.

Note 1. Summary of significant accounting policies (continued)

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

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

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

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

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

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

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

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

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

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

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with customers;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

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

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

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

Note 1. Summary of significant accounting policies (continued)

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

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

AASB 16:

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

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

(w) Critical accounting estimates and judgements

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

<u>Estimation of useful lives of assets</u>

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.

<u>Fair value assessment of non-current physical assets</u>

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.

<u>Employee benefits provision</u>

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.

<u>Income tax</u>

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.

<u>Impairment</u>

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

Notes to the financial statements (continued)

	2016 $	2015 $

Note 2. Revenue

Revenue		
- services commissions	624,861	577,672
	624,861	**577,672**
Other revenue		
- interest received	88	1,728
- other revenue	2,836	3,636
	2,924	**5,364**
Total revenue	**627,785**	**583,036**

Note 3. Expenses

Profit before income tax inculdes the following specific expenses:		
Employee benefits expense		
- wages and salaries	286,702	279,630
- superannuation costs	39,001	34,863
- other costs	5,493	6,122
	331,196	**320,615**
Depreciation and amortisation		
Depreciation		
- plant and equipment	3,511	3,965
- buildings	2,712	2,712
- property improvements	1,186	831
- motor vehicles	6,727	8,629
	14,136	**16,137**
Amortisation		
- intangible assets	13,611	11,342
Total depreciation and amortisation	**27,747**	**27,479**
Finance costs		
- Interest paid	5,208	8,068
Bad and doubtful debts expenses	452	72
(Gain) / Loss on disposal of property, plant and equipment	1,199	-

	2016 $	2015 $

Note 3. Expenses (continued)

Auditors' remuneration

Remuneration of the Auditor for:		
- Audit of the financial report - Richmond Sinnott & Delahunty	5,280	5,120
	5,280	**5,120**

Note 4. Income tax

	2016 $	2015 $
a. The components of tax expense comprise:		
Current tax expense	-	-
Deferred tax expense	(790)	(1,836)
Recoupment of prior year tax losses	23,576	14,538
Under / (over) provision of prior years	7,438	-
	30,224	**12,702**
b. Prima facie tax payable		
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 28.5% (2015: 30%)	18,013	8,307
Add tax effect of:		
- Under / (over) provision of prior years	7,438	-
- Non-deductible expenses and timing differences	4,773	4,395
Income tax attributable to the entity	**30,224**	**12,702**
The applicable weighted average effective tax rate is	47.82%	45.87%
c. Current tax receivable		
Current tax relates to the following:		
Current tax assets		
Opening balance	639	497
Income tax paid/(received)	(639)	(497)
Current tax	685	639
Under / (over) provision prior years	-	-
	685	**639**

	2016 $	2015 $
Note 4. Income tax (continued)		
d. Deferred tax asset		
Deferred tax relates to the following:		
Deferred tax assets balance comprises:		
Employee provisions	16,298	15,507
Unused tax losses	117,740	148,755
Net deferred tax asset	**134,038**	**164,262**
e. Deferred income tax expense included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	(790)	(1,836)
(Decrease) / increase in deferred tax liabilities	-	-
Under / (over) provision prior years	-	-
	(790)	**(1,836)**

Note 5. Cash and cash equivalents

	2016 $	2015 $
Cash at bank and on hand	80	80
Short-term bank deposits	10,000	16,439
	10,080	**16,519**

The effective interest rate on short-term bank deposits was 2.45% (2015: 3.2%); these deposits have an average maturity of 92 days.

Note 6. Trade and other receivables

Current

	2016 $	2015 $
Trade receivables	60,233	52,802
Other receivables	21	184
ATO Refund	685	639
	60,939	**53,625**

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.

Note 6. Trade and other receivables (continued)

Credit risk (continued)

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

			Past due but not impaired			
	Gross amount $	Past due and impaired $	< 30 days $	31-60 days $	> 60 days $	Not past due $
2016						
Trade receivables	60,233	-	-	-	-	60,233
Other receivables	21	-	-	-	-	21
Total	**60,254**	**-**	**-**	**-**	**-**	**60,254**
2015						
Trade receivables	52,802	-	-	-	-	52,802
Other receivables	184	-	-	-	-	184
Total	**52,986**	**-**	**-**	**-**	**-**	**52,986**

	2016 $	2015 $

Note 7. Financial assets

Available for sale		
Listed investments	24,107	28,781
	24,107	**28,781**

Note 8. Other assets

Prepayments	4,642	3,314
Security bond	352	352
	4,994	**3,666**

Note 9. Property, plant and equipment

Land		
At cost	36,000	36,000
Buildings		
At cost	108,466	108,466
Less accumulated depreciation	(9,006)	(6,294)
	99,460	**102,172**

	2016 $	2015 $
Note 9. Property, plant and equipment (continued)		
Property improvements		
At cost	51,330	49,054
Less accumulated depreciation	(4,731)	(3,545)
	46,599	**45,509**
Plant and equipment		
At cost	94,708	94,233
Less accumulated depreciation	(71,284)	(67,773)
	23,424	**26,460**
Motor vehicles		
At cost	64,855	60,323
Less accumulated depreciation	(33,402)	(33,994)
	31,453	**26,329**
Total property, plant and equipment	**236,936**	**236,470**
Movements in carrying amounts		
Land		
Balance at the beginning of the reporting period	36,000	36,000
Additions	-	-
Disposals	-	-
Depreciation expense	-	-
Balance at the end of the reporting period	**36,000**	**36,000**
Buildings		
Balance at the beginning of the reporting period	102,172	104,884
Additions	-	-
Disposals	-	-
Depreciation expense	(2,712)	(2,712)
Balance at the end of the reporting period	**99,460**	**102,172**
Property improvements		
Balance at the beginning of the reporting period	45,509	18,069
Additions	2,276	28,271
Disposals	-	-
Depreciation expense	(1,186)	(831)
Balance at the end of the reporting period	**46,599**	**45,509**

	2016 $	2015 $

Note 9. Property, plant and equipment (continued)

	2016 $	2015 $
Plant and equipment		
Balance at the beginning of the reporting period	26,460	29,198
Additions	475	1,227
Disposals	-	-
Depreciation expense	(3,511)	(3,965)
Balance at the end of the reporting period	**23,424**	**26,460**
Motor vehicles		
Balance at the beginning of the reporting period	26,329	22,496
Additions	16,368	12,658
Disposals	(4,517)	-
Depreciation expense	(6,727)	(8,825)
Balance at the end of the reporting period	**31,453**	**26,329**
Total property, plant and equipment		
Balance at the beginning of the reporting period	236,470	210,647
Additions	19,119	42,156
Disposals	(4,517)	-
Depreciation expense	(14,136)	(16,333)
Balance at the end of the reporting period	**236,936**	**236,470**

Note 10. Intangible assets

	2016 $	2015 $
Franchise fee		
At cost	68,056	68,054
Less accumulated amortisation	(24,955)	(11,342)
	43,101	**56,712**
Movements in carrying amounts		
Franchise fee		
Balance at the beginning of the reporting period	56,712	-
Additions	-	68,054
Disposals	-	-
Amortisation expense	(13,611)	(11,342)
Balance at the end of the reporting period	**43,101**	**56,712**

	2016 $	2015 $

Note 11. Trade and other payables

	2016 $	2015 $
Current		
Unsecured liabilities:		
Trade creditors	63,491	72,540
Other creditors and accruals	13,991	19,304
GST Payable	8,359	9,337
	85,841	**101,181**

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

Note 12. Borrowings

	2016 $	2015 $
Current		
Unsecured liabilities		
Bank overdraft	**107,074**	**114,365**
Secured liabilities		
Bank loan	2,020	1,883
Chattel mortgage	14,607	16,954
	123,701	**133,202**
Non-current		
Secured liabilities		
Bank loans	63,212	97,494
	63,212	**97,494**

(a) Bank overdraft and bank loans

The company has an overdraft facility of $130,700 which is subject to normal commercial terms and conditions.

The company has a $4 term loan which is currently interest only at a rate of 4.285%pa (2015: 4.22%pa) and is secured by a general security deed.

The company has a $65,232 term loan which is subject to normal terms and conditions. The current interest rate is 7.29%pa (2015: 7.29%pa). This loan is secured by the mortgage over the land & buildings.

The chattel mortgage is Hillston & District Financial Services Limited's share of Western Riverina Community Financial Services liability, which is secured by a charge over the motor vehicle and a company guarantee.

	2016 $	2015 $

Note 13. WRCFS interest

	2016 $	2015 $
WRCFS Partner Distribution	(60,133)	(114,569)
WRCFS Employee adjustment to period ending 31/12/13	(9,377)	(9,378)
40% WRCFS Net Assets 30 June 16 $136,539 (2015: $47,747)	(54,616)	(19,099)
Asset revaluation Increment/Decrement	-	(2,507)
Interest WRCFS Joint Venture	**(124,126)**	**(145,553)**

This balance represents the company's share of the net amount of assets and liabilities of Western Riverina Community Financial Services Partnership.

Note 14. Provisions

	2016 $	2015 $
Current		
Employee benefits	53,407	51,691
Non-current		
Employee benefits	3,778	-
Total provisions	**57,185**	**51,691**

Note 15. Share capital

	2016 $	2015 $
618,830 Ordinary shares fully paid	618,830	618,830
	618,830	**618,830**
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	618,830	618,830
Shares issued during the year	-	-
At the end of the reporting period	**618,830**	**618,830**

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.

Note 15. Share capital (continued)

Capital management (continued)

(i) the Distribution Limit is the greater of:

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

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

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

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

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

	2016 $	2015 $
Note 16. Reserves		
Available for sale reserve		
Balance at the beginning of the reporting period	-	-
Fair value movements during the period	(3,764)	-
Balance at the end of the reporting period	**(3,764)**	**-**
Note 17. Accumulated losses		
Balance at the beginning of the reporting period	(587,916)	(581,245)
Profit/(loss) after income tax	32,980	14,988
Dividends paid	-	(21,659)
Balance at the end of the reporting period	**(554,936)**	**(587,916)**
Note 18. Statement of cash flows		
(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:		
Cash and cash equivalents (Note 5)	10,080	16,519
Less bank overdraft (Note 12)	(107,074)	(114,365)
As per the Statement of Cash Flow	**(96,994)**	**(97,846)**

	2016 $	2015 $

Note 18. Statement of cash flows (continued)

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

	2016 $	2015 $
Profit after income tax	32,980	14,988
Non-cash flows in profit		
- Depreciation	14,136	16,137
- Amortisation	13,611	11,342
- Bad debts	452	72
- Net (profit) / loss on disposal of property, plant & equipment	1,199	-
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(7,929)	(1,524)
- (increase) / decrease in prepayments and other assets	(1,165)	-
- (Increase) / decrease in deferred tax asset	30,224	12,702
- Increase / (decrease) in trade and other payables	(15,340)	4,869
- (Increase) /decrease in current tax receivable	-	-
- Increase / (decrease) in provisions	5,494	6,121
Net cash flows from / (used in) operating activities	**73,662**	**64,707**

(c) Credit standby arrangement and loan facilities

The company has a bank overdraft facility amounting to $130,700 (2015: $130,700). This may be terminated at any time at the option of the bank. At 30 June 2016, $107,074 of this facility was used (2015: $114,365). Variable interest rates apply to this overdraft facility.

Note 19. Earnings per share

	2016 $	2015 $
Basic earnings per share (cents)	5.33	2.42
Earnings used in calculating basic and diluted earnings per share	32,980	14,988
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share.	618,830	618,830

Note 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.

Notes to the financial statements (continued)

Note 20. Key management personnel and related party disclosures (continued)

(a) Key management personnel (continued)

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

(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.

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

Name of Related Party	Description of goods/services	Value $
Hillston Tyre Service	Motor vehicle tyres	1,170.40
Hillston Hardware	Fuel	1,638.53

(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.

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

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

(d) Key management personnel shareholdings

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

	2016	2015
Graeme May	8,000	8,000
Michael Brettschneider	2,000	2,000
Graeme Lyons	8,000	8,000
Natasha Mahy	-	-
Sally Redpath	500	500
Peter Storrier	2,000	2,000
Tanya Ellis	7,500	7,500
Cassandra Sheridan	1,000	1,000
Paula Knight	50	50
Margaret Booth	-	-

There was no movement in key management personnel shareholdings during the year. Each share held has a paid up value of $1 and is fully paid.

Note 20. Key management personnel and related party disclosures (continued)

(e) Other key management transactions

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

Note 21. Events after the reporting period

Other than detailed below there have been no events after the end of the financial year that would materially affect the financial statements.

The Bendigo & Adelaide Bank new Revenue Share Model has been implemented from 1 July 2016. The effect on revenue has been modelled. Such modelling indicates no material change to future revenues. The first actual results of the new Revenue Share Model, for the month of July 2016, was an overall reduction in revenue of 0.57%. This actual result is in line with the modelling previously prepared.

Note 22. Contingent liabilities and contingent assets

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

Note 23. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in two geographic areas being Hillston & Coleambally, NSW. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2015: 100%).

Note 24. Commitments

Operating lease commitments

	2016 $	2015 $
Non-cancellable operating leases contracted for but not capitalised in the Statement of Financial Position.		
Payable:		
- no later than 12 months	6,652	6,652
- between 12 months and five years	14,966	21,618
- greater than five years	-	-
Minimum lease payments	21,618	28,270

The property lease at 174 High Street, Hillston is a non-cancellable lease with a five year term, with rent payable monthly in advance and with CPI increases each year. Two options exists to renew the lease at the end of each term for an additional five year period each.

Note 25. Company details

The registered office and principle place of business is: 174 High Street, Hillston, NSW 2675

	2016 $	2015 $

Note 26. Dividends paid or provided for on ordinary shares

Dividends paid or provided for during the year		
There were no dividends declared or paid during the year (2015: 0.035 cents per share)	-	21,659

Note 27. Fair value measurements

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

- Listed investments

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.

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.

Note 27. Fair value measurements (continued)

(a) Fair value hierarchy (continued)

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:

	Note	30 June 2016			
		Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements					
Financial assets					
Listed Investments	7	24,107	-	-	24,107
Total financial assets recognised at fair value on a recurring basis		**24,107**	**-**	**-**	**24,107**

	Note	30 June 2015			
		Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements					
Financial assets					
Listed Investments	7	28,781	-	-	28,781
Total financial assets recognised at fair value on a recurring basis		**28,781**	**-**	**-**	**28,781**

There were no transfers between Levels for assets measured at fair value on a recurring basis during the reporting period (2015: no transfers).

Note 28. Financial risk management

Financial risk management policies

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

Specific financial risk exposure and management

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

Note 28. Financial risk management (continued)

Specific financial risk exposure and management (continued)

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

	Note	2016 $	2015 $
Financial assets			
Cash and cash equivalents	5	10,080	16,519
Trade and other receivables	6	60,254	52,986
Financial assets	7	24,107	28,781
Total financial assets		**94,441**	**98,286**
Financial liabilities			
Trade and other payables	11	77,482	91,844
Borrowings	12	79,839	116,331
Bank overdraft	12	107,074	114,365
Total financial liabilities		**264,395**	**322,540**

(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.

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

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

(b) Liquidity risk

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

Note 28. Financial risk management (continued)

(b) Liquidity risk (continued)

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

In addition the company has an overdraft facility of $130,700 with Bendigo and Adelaide Bank Limited. The undrawn amount of this facility is $23,625 (2015: $15,365).

The table below reflects an undiscounted contractual maturity analysis for financial liabilities. The bank overdraft facility is subject to annual review, may be drawn at any time, and may be terminated by the bank without notice. Therefore the balance of the overdraft facility outstanding at year end could become repayable within 12 months.

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 2016	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
Cash and cash equivalents	2.45%	10,080	10,080	-	-
Trade and other receivables		60,254	60,254	-	-
Financial assets		24,107	24,107	-	-
Total anticipated inflows		**94,441**	**94,441**	**-**	**-**
Financial liabilities					
Trade and other payables		77,482	77,482	-	-
Borrowings	3%	79,839	14,656	-	65,183
Bank overdraft *		107,074	107,074	-	-
Total expected outflows		**264,395**	**199,212**	**-**	**65,183**
Net inflow / (outflow) on financial instruments		**(169,954)**	**(104,771)**	**-**	**(65,183)**

Note 28. Financial risk management (continued)

(b) Liquidity risk (continued)

30 June 2015	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
Cash and cash equivalents	3%	16,519	16,519	-	-
Trade and other receivables		52,986	52,986	-	-
Financial assets		28,781	28,781	-	-
Total anticipated inflows		**98,286**	**98,286**	**-**	**-**
Financial liabilities					
Trade and other payables		92,827	92,827	-	-
Borrowings	2%	116,331	18,837	97,494	-
Bank overdraft *		114,365	114,365	-	-
Total expected outflows		**323,523**	**226,029**	**97,494**	**-**
Net inflow / (outflow) on financial instruments		**(225,237)**	**(127,743)**	**(97,494)**	**-**

* 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, 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.

Note 28. Financial risk management (continued)

(c) Market risk (continued)

Sensitivity analysis (continued)

	Profit $	Equity $
Year ended 30 June 2016		
+/- 1% in interest rates (interest income)	342	342
+/- 1% in interest rates (interest expense)	(272)	(272)
	70	**70**
Year ended 30 June 2015		
+/- 1% in interest rates (interest income)	978	978
+/- 1% in interest rates (interest expense)	(774)	(774)
	204	**204**

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.

Note 28. Financial risk management (continued)

(d) Price risk (continued)

Fair values (continued)

	2016		2015	
	Carrying amount $	Fair value $	Carrying amount $	Fair Value $
Financial assets				
Cash and cash equivalents (i)	10,080	10,080	16,519	16,519
Trade and other receivables (i)	60,254	60,254	57,291	57,291
Financial assets	24,107	24,107	28,781	28,781
Total financial assets	**94,441**	**94,441**	**102,591**	**102,591**
Financial liabilities				
Trade and other payables (i)	77,482	77,482	101,181	101,181
Bank overdraft	107,074	107,074	114,365	114,365
Borrowings	79,839	79,839	116,331	116,331
Total financial liabilities	**264,395**	**264,395**	**331,877**	**331,877**

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

Directors' declaration

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

1. The financial statements and notes, as set out on pages 10 to 39 are in accordance with the Corporations Act 2001 and:

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

   (ii) give a true and fair view of the company's financial position as at 30 June 2016 and of the performance for the year ended on that date;

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

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

Graeme May

Graeme May
Director

Signed at Griffith on 27 September 2016.

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

Report on the Financial Report

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

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Auditor's Opinion

In our opinion:

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

  (i) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

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

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

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

P. P. DELAHUNTY
Partner

Dated at Bendigo, 28th of September 2016

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Hay Newsagency
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Condobolin agency
Western Plains Regional Development Inc
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ABN 62 152 289 391

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