Annual Report 2017

Inverloch & District Financial Enterprises Limited

ABN 13 117 672 590

Inverloch & District **Community Bank**® Branch

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Chairman's report

For year ending 30 June 2017

The year in review

During the 2016/17 financial year, the company achieved steady, albeit gradual progress towards improved profitability. Although the Reserve Bank announced a further reduction in the cash rate of 25 Basis Points in August 2016, bringing the rate to a historically low rate of 1.5 percent. While the competition with other financial institutions was vigorous, improved Bendigo Bank product offerings and more competitive rates contributed to improved business for the company and the results achieved. As noted in the Operating and Financial Review the business in deposits has grown faster than loans with the imbalance now consisting of 66% and 34% respectively. In cash terms, this resulted in an increase in deposits of $6.67 million while loans improved only marginally at $481,000.

Overall the company achieved an increase in business of 5.7% with an improvement in profitability after tax of 37% compared with the previous year's results. Contributing to this result was an improvement in revenue of 4.1% while overall expenses only increased by 1.5%. A combination of improved trading results and proportionally less expenditure of 2.3% when compared with the prior year contributed to the profit for the year of $50,258 after income tax, or 7.3% on a turnover of $685,502. These improved results resulted in earnings per share of 6.7 cents.

Business development

During the forthcoming year the company will undertake a number of initiatives to promote business growth, including exploration of opportunities with Rural Bank, reviewing the operation of the Tarwin Lower agency and further engagement with community groups. As with previous years we will continue our focus on cost control, so as to ensure that we lock in profitability from business development initiatives and as the market picks up.

The Board

During the financial year, existing Directors continued to bring their experience and knowledge to bear in the governance and effective operation of the company. The Board notes that during the financial year one of the Directors elected at the 2016 Annual General Meeting, Kate Dwyer has found it necessary for family and career to resign from the Board. On behalf of the Board I acknowledge the contribution made by Kate during her short tenure. As with previous years I wish to place on record my appreciation for the dedication and hard work of all of our Directors, particularly those that Chair each of the Board Sub-Committees as well as our Treasurer Tristan Creed, without their efforts the community would be much poorer.

Community contributions

The company has a proud record of distributing capital, to enhance community infrastructure and contribute to the various activities and representative groups that make up the community. During the years since inception, the company is pleased to have contributed by way of charitable donations, grants and sponsorships to the support of the community as outlined in the table.

Community contributions	
Financial year	**Total**
2005/06	$363
2006/07	$8,552
2007/08	$30,402
2008/09	$31,363
2009/10	$60,403
2010/11	$65,095
2011/12	$29,440
2012/13	$55,488
2013/14	$24,850
2014/15	$45,246
2015/16	$81,022
2016/17	$23,191
Grand total	**$432,224**

*Note: Some annual totals included in the table above vary from those provided in previous years due to rounding and previous categorisation errors.

Chairman's report (continued)

The year to come and beyond

As noted in my report for last financial year, record low interest rates continue to affect the margin for our major offerings for loans and deposits, particularly so with the imbalance between loan and deposit products as noted earlier in this report. We will continue to seek ways of offsetting this imbalance through a focus on developing loan opportunities and continuing our focus on other products, particularly the new offerings developed by Bendigo Bank.

Our community connections continue to be our major point of difference in the market compared with our competitors and we must constantly seek to capitalise this in all our business dealings. While the Gippsland Marketing Cluster has undertaken some preliminary marketing initiatives, we look forward to any opportunities that may flow from this important initiative across our shared customer base. We acknowledge the importance of the local municipal authorities of Bass Coast and South Gippsland Shires and regional philanthropic organisations in the region and will continue our involvement in determining optimal community assets and services.

The branch team

During the year the Branch Manager, Cheryl Clasby has undertaken a number of initiatives to make herself and the business products available through Bendigo Bank known to community members and business alike. Cheryl's strong background in local banking operations is a decided advantage and she is working to ensure that the branch team are best placed to deliver banking products and services to our community. During the year we also welcomed a number of new members of the branch team and we look forward to their contribution and that of our ongoing members, providing valued service to customers throughout the year. The Board acknowledges the high-level service that is provided to our customers through staff dedication and professionalism and appreciates their endeavours.

Our shareholders

Without shareholders investing in the formation of the company, the outcomes achieved to date would not have been possible. The Board and I appreciate that shareholders require some reward for their forbearance during the formative years for the company and in the previous calendar year; accordingly, in considering the business results for the past year the Board believe that a dividend should be distributed again in this year.

Our community

The Inverloch & District **Community Bank**® Branch continues to be well supported by the community and this is evidenced by the number of customers currently serviced by the branch. The Board still believe that there is potential for further growth of customer numbers and will strive to raise the level of awareness about the **Community Bank**® concept and the benefits that can be achieved for community infrastructure and growth.

Alan Gostelow
Chairman

Manager's report

For year ending 30 June 2017

It is with great pleasure that I present my Branch Manager's report for the year ending 30 June 2017 on behalf of Inverloch & District **Community Bank**® Branch.

It has been a challenging year with tighter lending regulations and customers paying down debt while interest rates remain at their historic lowest levels. Despite this trend, we continue to look for opportunities to grow the business in all areas. We ended the year with a $7.01 million increase in our total footings, placing us at $104.65 million and surpassing our target.

Our overall funds under management position is:

- Loan Portfolio $35.915 million
- Deposit Portfolio $68.735 million
- Total Footing $104.65 million

To my staff Kath, Simone, Robyn and Danita, I say a "big thank" you for their professional service and dedication throughout the year. We've had a few changes this year. We say goodbye to Emma and wish her well in her career change as she takes up a position at the Wonthaggi branch, Denise who has retired and Sarah who has returned to her career in horticulture. We welcomed aboard Simone, Robyn and Danita and they are now very much part of our team. The staff are the face of our **Community Bank**® branch and their commitment and enthusiasm ensures that we continue to be successful.

I wish to extend my thanks to our Chairman Alan Gostelow and the Board of Directors who continue to work diligently on a volunteer basis to make sure that the business remains strong and that it continues to provide benefits to our local communities.

From a **Community Bank**® branch perspective, our success relies on the support that we get from our community. With you supporting your local **Community Bank**® branch, we achieve great things together. Our investors, supporters and customers are our greatest advocates in encouraging others to come join and share in the **Community Bank**® branch success in our area.

Cheryl Clasby
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2017

As we approach 20 years since the first **Community Bank®** branch opened its doors, it's timely to reflect on the role of our network's 70,000-strong shareholders and its army of nearly 2,000 passionate local Directors.

As a group of people you are a powerful force that continues to influence change both locally and nationally.

United for a shared purpose in your communities, you are making big things happen beyond the delivery of great banking products and services; you're creating jobs, helping businesses to thrive, solving problems and achieving outcomes that will make your communities better places to live and do business.

Amongst other things, you are providing hundreds of thousands of people in communities around Australia with new opportunities to:

- Play sport in new **Community Bank®** funded centres.
- Continue their education thanks to a **Community Bank®** scholarship.
- Seek treatment in hospitals closer to home with equipment funded through a **Community Bank®** grant.
- Reap the environmental benefits of **Community Bank®** funded solar panels and LED lighting, and
- Access mental health services for teenage children with a service supported by a local **Community Bank®** branch.

In fact, since the model's inception your investment in local communities exceeds $165 million and that figure continues to grow every year. This amount excludes the significant co-investment on key projects that many companies have obtained from Government and other parties.

Nationally our voices are increasingly being heard, and our collaborative approach recognised and celebrated.

Representing us all at a recent forum at Canberra's Parliament House, Bendigo Bank's Managing Director and Chairman reinforced the significance of the **Community Bank®** model's achievements and called for regulatory change that would help us compete in a crowded and ever-evolving banking sector. Just two months later, the Federal Government announced a levy on Australia's biggest banks that is set to re-level the playing field as we've regularly advocated for.

But for us this is more than a levy. The Turnbull Government's announcement recognises the importance of customers having access to a robust, competitive and customer-focused banking sector. On this note Bendigo Bank was recently recognised as the banking provider of choice in the annual Mozo People's Choice Awards. Better yet, out of 110 banking providers nationally, we were the only bank recognised in all eight banking categories – and were rated the leading bank in six of those eight categories.

This is an extraordinary achievement for you and our bank. Not only does it demonstrate that, in the eyes of our customers, we are doing something right – it very clearly outlines that together we can continue to achieve results.

As we've long known, the more successful our customers are, the stronger our communities become. In this regard the **Community Bank®** model enables these outcomes for customers and communities, as increasingly recognised by more and more Australians.

So thank you for your investment in your local **Community Bank®** company, for your ongoing contribution and support, tireless advocacy and continued commitment to building strong local communities. Without this, our **Community Bank®** branches would be just another bank.

Robert Musgrove
Executive Engagement Innovation

Directors' report

For the financial year ended 30 June 2017

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

Directors

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

Alan Keith Gostelow

Chairman

Company Director & Business Consultant

Ex-Army Officer and senior manager of several businesses, as well as CEO for three Companies. Graduate Diplomas in Business Administration and Health Administration as well as Company Directors Diploma. Former Company Secretary for three Companies. Currently Community Advisor for Bendigo and Adelaide Bank Limited. Former Director, Chair of the Governance Committee and member of the Audit Committee for Phillip Island Nature Parks. Former member of Several Rotary Clubs and Former Chairman of the Powerboat Division, Yachting Victoria.

Special responsibilities: Finance Audit & Governance and Business Development & Marketing Committees

Interest in shares: 501

Tristan Andrew Creed

Treasurer

Accountant

Chartered Accountant & Tax Agent. Director of Feathertop Business Services. Director of Imporex Pty Ltd. Bachelor of Business (Accountancy). Graduate Diploma (CA).

Special responsibilities: Finance Audit & Governance and Business Development & Marketing Committees

Interest in shares: 4,000

Maxwell Alexander Warlow

Deputy Chairperson

Retired

Qualifications: FCPA CA. Experience: Former Board Member of CPA Victoria, Former Board Member Athletics Essendon Inc (including chairperson, Deputy Chair, Treasurer, Secretary) currently athletics coach - Athletics Essendon Inc. Skills: Formerly (now retired) indirect taxation consultant - producing advice on sales tax, payroll tax, GST.

Special responsibilities: Chairperson - Finance Audit & Governance Committee.

Interest in shares: Nil

Domenic Anthony Brusamarello

Director

Self Employed Manager

Fourteen Years State Electricity Commission, Two Years Restaurateur, Ten Years President Inverloch Tourism Association, Four Years President Inverloch Food & Wine Fest, Four Years Leadership Group Member Inverloch Community Planning, twenty-one Years Owner Operator Inverloch Supermarket.

Special responsibilities: Business & Marketing Committee

Interest in shares: 5,000

Directors' report (continued)

Directors (continued)

Susan Joy Ruffin

Director

Lawyer

BA (Honours) LLB

Special responsibilities: Finance Audit & Governance Committee

Interest in shares: Nil

Trevor Andrew Dando

Secretary

Civil Engineer

Civil Engineer, Program Manager Design - Bass Coast Shire Council, Current Director - Tadcorp Enterprises Pty Ltd, Current Director - Rovert Corporation Pty Ltd, Current Director - Ash Hill Corporation Pty Ltd, Current Director / Secretary - Inverloch Surf Life Saving Club Ltd. Qualifications include: Bachelor of Civil Engineering, Advanced Diploma of Management, Diploma of Leadership, Certificate IV in Property Services (Real Estate), Certificate IV in Finance & mortgage Broking, Graduate of Australian Institute of Company Directors. Trevor is also an Honorary Justice of the Peace.

Special responsibilities: Chair of Business Development & Marketing Committee

Interest in shares: Nil

Alisha Dee Gilliland

Director (Appointed 29 July 2016)

Local Government

Graduate Diploma Management (Technology Management) - Deakin University. Bachelor Health Science (Complementary Medicine) - Charles Sturt University. Bachelor Applied Science (Environmental Health) - Swinburne University.

Special responsibilities: Nil

Interest in shares: Nil

Kate Anthea Dwyer

Director (Appointed 29 July 2016 and Resigned 19 June 2017)

Consultant

Bachelor of Education (Maths and P.E) at Deakin University. Masters of Business Administration at Charles Sturt University. Worked as a secondary school teacher for six years before joining the not for profit community sector. Was the Executive Officer of the Bass Coast Community Foundation between 2010 and 2016. Recently started own consulting business helping community organisations, schools and local government with project development, funding submissions and feasibility studies. Kate is an active member of the Leongatha Golf Club and Inverloch Kongwok Football Netball Club. Kate is very involved with Inverloch Primary School annual fair and has served as President of the Inverloch Pre-school committee.

Special responsibilities: Nil

Interest in shares: 1,000

Suzette Anna-Lynne Moyle

Director (Resigned 5 October 2016)

HR Consultant

Diploma of Business (Administration), Diploma of Human Resources, Advanced Diploma of Management, Certificate IV in Frontline Management.

Special responsibilities: Nil

Interest in shares: Nil

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

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

Company Secretary

The company secretary is Trevor Dando. Trevor was appointed to the position of secretary on 5 October 2016 following the resignation of Suzette Moyle.

Trevor is a civil engineer and Company Secretary on two Boards and Director on five Boards. His qualifications include a Bachelor of Civil Engineering, Diploma of Leadership, Advanced Diploma of Management and is a graduate of the Australian Institute of Company Directors.

Suzette's experience and expertise included Diploma of Business (Administration), Diploma of Human Resources, Advanced Diploma of Management and Certificate IV in Frontline Management.

Principal Activities

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

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

Operating results

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

Year ended 30 June 2017 $	Year ended 30 June 2016 $
50,258	36,704

Operating and financial review

The Company is a franchisee of Bendigo & Adelaide Bank Limited providing financial products and services to individuals, businesses and organisations throughout the local area via the Inverloch & District **Community Bank®** Branch. While the Branch offers the full suite of Bendigo & Adelaide Bank products and services, margin earnings from firstly loans and then deposits are the predominant contributor to Company results.

The profit result for the Company for the 2016/17 Financial Year improved over that of the prior year by 37%. Business at the completion of the period at $104.65M exceeded budget; however, Income ($) per $M of Business per Month improved marginally with average of $522 compared with results for 2015/16 with average income of $504. The improvement in results, for the year-end earnings before interest and tax (EBIT) of $71,048 and a margin of 10.4% compared with $52,597 and a margin of 8% for the previous year contributed to an overall result $4.91K and 7.4% above budget.

The business market for the Company remains challenging and issues commented upon for the prior two Financial Years continue to persist. The Company continues to endure historically low cash rates set by the Reserve Bank that have resulted in a corresponding decline in interest paid on deposit accounts, continuing the trend of lower than anticipated margins for this product group. The Company continues to encourage staff to actively pursue new customers and product offerings to offset the intense competition from major financial service providers in the market place.

The Company's base business segments of lending and deposits contribute the major proportion of earnings; however, business achieved for these products during the year has increased the imbalance of the book, where deposits make up 66%, while loans have declined from previous years at 34%.

Operating and financial review (continued)

Financial Position

The Company continued to improve profitability for the 2016/17 Financial Year and as a result, the Financial Position of the Company has also improved and remains relatively strong. For the forthcoming year it is anticipated that further focus on Funds Transfer Pricing as the basis of margin calculation by Bendigo Bank will continue with the trend of improved business returns for the forthcoming year.

The cash position of the Company improved for the reporting year by $50,218 for a year end balance of $598,744. Net assets at the end of the period were $745,595 or $24,008 more than the corresponding period for the prior year. This can be attributed to the operating profit of $50,258 for the 2016/17 Financial Year.

Business Strategies

To address the current stage of development of the business and in recognition of the current financial circumstances both in the economy and the observed impact upon the Bendigo profit share model, the Board has determined for the 2016-2021 Financial Years, the Company will focus upon five broad directions:

1. Strengthening our connection and level of engagement between important stakeholders and partners.
2. Strengthening our Directors role in our business structure and key customer and community segments.
3. Defining our future board skill and diversity mix and a structure that will deliver our Strategic Plan.
4. Focussing our business on the most profitable growth opportunities using our own local marketing plans.
5. Planning to achieve our future business performance expectations.

Future Prospects

The Company is cognisant that there are few options to expand operations to other locations due to the nature of population disaggregation in our rural area. However, the Company believes that there are opportunities to develop additional revenue through:

1. Acquiring additional customers through community links and a focus on local businesses.
2. Improving the range and number of products and services for each customer.
3. Developing and implementing strategies to improve customer uptake for the Agency.

The Company anticipates that current market conditions are likely to improve marginally during the forthcoming Financial Year. In this environment the Company will focus upon increasing the number of customers and the uptake of products and services, thereby further improving revenue flow and profitability. The Company achieved the strategic target of $100M of business in the 2016/2017 Financial Year and is clearly focussed on further improvement for the forthcoming Financial Year.

Remuneration report

Directors' remuneration

No Director receives remuneration for services as a Company Director or Committee Member.

There are no employees who are directly accountable and have responsibility for the strategic direction and operation management of the entity.

There are therefore no specified Executives whose remuneration requires disclosure.

Remuneration report (continued)

Transactions with directors

	$
Suzette Anna-Lynne Moyle received remuneration for administration services during the period under review.	750
Tristan Andrew Creed received remuneration for accounting services carried out by Feathertop Business Services.	15,535

Directors' shareholdings

	Balance at start of the year	Changes during the year	Balance at end of the year
Alan Keith Gostelow	501	-	501
Tristan Andrew Creed	4,000	-	4,000
Maxwell Alexander Warlow	-	-	-
Domenic Anthony Brusamarello	5,000	-	5,000
Susan Joy Ruffin	-	-	-
Trevor Andrew Dando	-	-	-
Alisha Dee Gilliland (Appointed 29 July 2016)	-	-	-
Kate Anthea Dwyer (Appointed 29 July 2016 & Resigned 19 June 2017)[1]	-	-	-
Suzette Anna-Lynne Moyle (Resigned 5 October 2016)	-	-	-

[1] Kate Dywer was appointed and resigned during the financial year. Kate's shareholdings were 1,000.

Community Bank® Directors' Privileges Package

The board has adopted the **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 **Community Bank**® branch at Inverloch. There is no requirement to own BEN 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 by the directors from the Directors' Privilege Package are $nil for the year ended 30 June 2017 (2016: $nil).

Dividends

	Year ended 30 June 2017	
	Cents	$
Dividends paid in the year	3.5	26,250

Significant changes in the state of affairs

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Indemnification and insurance of directors and officers

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

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

Directors' meetings

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

	Board Meetings Attended		Committee Meetings Attended			
			Business Development & Marketing		Finance, Audit and Governance	
	A	B	A	B	A	B
Alan Keith Gostelow	11	10	10	8	1	1
Tristan Andrew Creed	11	10	10	8	1	1
Maxwell Alexander Warlow	11	8	-	-	1	1
Domenic Anthony Brusamarello	11	5	10	4	-	-
Susan Joy Ruffin	11	7	-	-	1	-
Trevor Andrew Dando	11	8	10	8	-	-
Alisha Dee Gilliland*	11	7	-	-	-	-
Kate Anthea Dwyer**	10	8	9	8	-	-
Suzette Anna-Lynne Moyle***	2	-	2	-	1	-

A - eligible to attend
B - number attended

* Appointed 29 July 2016
** Appointed 29 July 2016 and resigned 19 June 2017
*** Resigned 5 October 2016

Proceedings on behalf of the company

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

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

Directors' report (continued)

Non audit services

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

The board of directors has considered the position, in accordance with the advice received from the finance, audit and governance committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

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

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 13.

Signed in accordance with a resolution of the board of directors at Inverloch, Victoria on 23 August 2017.

Alan Keith Gostelow,
Chairman

Auditor's independence declaration

Partners in success

Chartered Accountants

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

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Inverloch & District Financial Enterprises Limited

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

i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 23 August 2017

David Hutchings
Lead Auditor

Taxation | Audit | Business Services

Financial statements

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

	Notes	2017 $	2016 $
Revenue from ordinary activities	4	685,502	658,779
Employee benefits expense		(342,694)	(334,752)
Charitable donations, sponsorship, advertising and promotion		(51,136)	(51,436)
Occupancy and associated costs		(68,715)	(64,128)
Systems costs		(16,552)	(19,245)
Depreciation and amortisation expense	5	(20,896)	(21,819)
Finance costs	5	(1,905)	(1,284)
General administration expenses		(114,461)	(114,802)
Profit before income tax expense		**69,143**	**51,313**
Income tax expense	6	(18,885)	(14,609)
Profit after income tax expense		**50,258**	**36,704**
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		**50,258**	**36,704**

Earnings per share		**¢**	**¢**
Basic earnings per share	21	6.70	4.89

The accompanying notes form part of these financial statements.

Balance Sheet
as at 30 June 2017

	Notes	2017 $	2016 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	598,744	548,526
Trade and other receivables	8	34,919	44,594
Current tax asset	11	-	9,791
Total Current Assets		**633,663**	**602,911**
Non-Current Assets			
Property, plant and equipment	9	64,718	69,591
Intangible assets	10	86,150	99,736
Total Non-Current Assets		**150,868**	**169,327**
Total Assets		**784,531**	**772,238**
LIABILITIES			
Current Liabilities			
Trade and other payables	12	30,989	25,614
Current tax liabilities	11	2,596	-
Borrowings	13	-	5,718
Total Current Liabilities		**33,585**	**31,332**
Non-Current Liabilities			
Borrowings	13	-	15,361
Deferred tax liabilities	11	5,351	3,958
Total Non-Current Liabilities		**5,351**	**19,319**
Total Liabilities		**38,936**	**50,651**
Net Assets		**745,595**	**721,587**
Equity			
Issued capital	14	729,547	729,547
Retained earnings/(Accumulated losses)	15	16,048	(7,960)
Total Equity		**745,595**	**721,587**

The accompanying notes form part of these financial statements.

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

	Issued capital $	Retained earnings/ (Accumulated Losses) $	Total equity $
Balance at 1 July 2015	**729,547**	**(44,664)**	**684,883**
Total comprehensive income for the year	-	36,704	36,704
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2016	**729,547**	**(7,960)**	**721,587**
Balance at 1 July 2016	**729,547**	**(7,960)**	**721,587**
Total comprehensive income for the year	-	50,258	50,258
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(26,250)	(26,250)
Balance at 30 June 2017	**729,547**	**16,048**	**745,595**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2017

	Notes	2017 $	2016 $
Cash flows from operating activities			
Receipts from customers		731,512	709,967
Payments to suppliers and employees		(637,244)	(646,755)
Interest received		13,067	16,116
Interest paid		(1,905)	(1,284)
Income taxes paid		(5,105)	(7,722)
Net cash provided by operating activities	**16**	**100,325**	**70,322**
Cash flows from investing activities			
Payments for property, plant and equipment		(2,778)	(1,648)
Payments for intangible assets		-	(67,781)
Net cash used in investing activities		**(2,778)**	**(69,429)**
Cash flows from financing activities			
Proceeds from borrowings		-	25,000
Repayment of borrowings		(21,079)	(3,921)
Dividends paid		(26,250)	-
Net cash provided by/(used in) financing activities		**(47,329)**	**21,079**
Net increase in cash held		**50,218**	**21,972**
Cash and cash equivalents at the beginning of the financial year		548,526	526,554
Cash and cash equivalents at the end of the financial year	**7(a)**	**598,744**	**548,526**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2017

Note 1. Summary of significant accounting policies

a) Basis of preparation

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

Compliance with IFRS

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

Critical accounting estimates

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

Historical cost convention

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

Comparative figures

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

Application of new and amended accounting standards

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

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

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

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

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

Economic dependency - Bendigo and Adelaide Bank Limited

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

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

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

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

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

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

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

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

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

b) Revenue

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

Revenue calculation

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

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

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Core banking products

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

Margin

Margin is arrived at through the following calculation:

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

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

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

Commission

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

Fee income

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

Discretionary financial contributions

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

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

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

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

Ability to change financial return

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

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Ability to change financial return (continued)

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

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

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

Monitoring and changing financial return

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

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

c) Income tax

Current tax

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

Deferred tax

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

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

c) Income tax (continued)

Deferred tax (continued)

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

Current and deferred tax for the period

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

d) Employee entitlements

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

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

e) Cash and cash equivalents

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

f) Trade receivables and payables

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

g) Property, plant and equipment

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

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

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

- leasehold improvements 40 years
- plant and equipment 2.5 - 40 years

Note 1. Summary of significant accounting policies (continued)

h) Intangibles

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

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

i) Payment terms

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

j) Borrowings

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

k) Financial instruments

Recognition and initial measurement

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

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

Derecognition

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

Classification and subsequent measurement

(i) Loans and receivables

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

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iii) Financial liabilities

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

Impairment

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

Note 1. Summary of significant accounting policies (continued)

l) Leases

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

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

m) Provisions

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

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

n) Contributed equity

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

o) Earnings per share

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

p) Goods and Services Tax

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

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

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

Note 2. Financial risk management

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

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

Note 2. Financial risk management (continued)

(i) Market risk

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

(ii) Price risk

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

(iii) Credit risk

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

(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

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

(vi) Capital management

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

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

The distribution limit is the greater of:

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

(b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the franchisee over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

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

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

Note 3. Critical accounting estimates and judgements

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

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

Note 3. Critical accounting estimates and judgements (continued)

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

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

Taxation

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

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

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

Estimation of useful lives of assets

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

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired branch/agency at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

The calculations require the use of assumptions.

Impairment of assets

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

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

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

Note 3. Critical accounting estimates and judgements (continued)

Impairment of assets (continued)

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

	2017 $	2016 $

Note 4. Revenue from ordinary activities

	2017 $	2016 $
Operating activities:		
- gross margin	528,669	399,469
- services commissions	58,847	137,300
- fee income	55,714	56,205
- market development fund	27,500	50,000
Total revenue from operating activities	**670,730**	**642,974**
Non-operating activities:		
- interest received	14,772	15,805
Total revenue from non-operating activities	**14,772**	**15,805**
Total revenues from ordinary activities	**685,502**	**658,779**

Note 5. Expenses

	2017 $	2016 $
Depreciation of non-current assets:		
- plant and equipment	3,594	3,924
- leasehold improvements	3,716	3,937
Amortisation of non-current assets:		
- franchise agreement	2,264	2,326
- franchise renewal fee	11,322	11,632
	20,896	**21,819**
Finance costs:		
- interest paid	**1,905**	**1,284**
Bad debts	**239**	**415**
Loss on disposal of non-current assets	**341**	**-**

	2017 $	2016 $

Note 6. Income tax expense

The components of tax expense comprise:		
- Current tax	17,620	10,381
- Movement in deferred tax	1,393	4,001
- Adjustment to deferred tax to reflect change to tax rate in future periods	-	(144)
- Recoupment of prior year tax losses	-	2,853
- Under/(Over) provision of tax in the prior period	(128)	(2,482)
	18,885	**14,609**
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows		
Operating profit	69,143	51,313
Prima facie tax on profit from ordinary activities at 27.5% (2016: 28.5%)	19,014	14,624
Add tax effect of:		
- non-deductible expenses	94	129
- timing difference expenses	(1,488)	(1,519)
	17,620	**13,234**
Movement in deferred tax	1,393	4,001
Adjustment to deferred tax to reflect change of tax rate in future periods	-	(144)
Under/(Over) provision of income tax in the prior year	(128)	(2,482)
	18,885	**14,609**

Note 7. Cash and cash equivalents

Cash at bank and on hand	8,744	18,526
Term deposits	590,000	530,000
	598,744	**548,526**
Note 7.(a) Reconciliation to cash flow statement		
The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:		
Cash at bank and on hand	8,744	18,526
Term deposits	590,000	530,000
	598,744	**548,526**

	2017 $	2016 $

Note 8. Trade and other receivables

	2017 $	2016 $
Trade receivables	20,347	15,063
Prepayments	9,275	25,940
Other receivables and accruals	5,297	3,591
	34,919	**44,594**

Note 9. Property, plant and equipment

	2017 $	2016 $
Leasehold improvements		
At cost	114,583	114,583
Less accumulated depreciation	(64,879)	(61,163)
	49,704	**53,420**
Plant and equipment		
At cost	53,511	51,838
Less accumulated depreciation	(38,497)	(35,667)
	15,014	**16,171**
Total written down amount	**64,718**	**69,591**
Movements in carrying amounts:		
Leasehold improvements		
Carrying amount at beginning	53,420	57,357
Additions	-	-
Disposals	-	-
Less: depreciation expense	(3,716)	(3,937)
Carrying amount at end	**49,704**	**53,420**
Plant and equipment		
Carrying amount at beginning	16,171	18,447
Additions	2,778	1,648
Disposals	(341)	-
Less: depreciation expense	(3,594)	(3,924)
Carrying amount at end	**15,014**	**16,171**
Total written down amount	**64,718**	**69,591**

	2017 $	2016 $
Note 10. Intangible assets		
Franchise fee		
At cost	32,867	32,867
Less: accumulated amortisation	(24,425)	(22,161)
	8,442	**10,706**
Renewal processing fee		
At cost	114,337	114,337
Less: accumulated amortisation	(72,129)	(60,807)
	42,208	**53,530**
Goodwill on purchase of agency		
At cost	**35,500**	**35,500**
Total written down amount	**86,150**	**99,736**

Note 11. Tax

	2017 $	2016 $
Current:		
Income tax payable/(refundable)	**2,596**	**(9,791)**
Non-Current:		
Deferred tax assets		
- accruals	1,073	976
	1,073	**976**
Deferred tax liability		
- accruals	1,457	988
- property, plant and equipment	4,967	3,946
	6,424	**4,934**
Net deferred tax liability	**(5,351)**	**(3,958)**
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	**1,393**	**4,228**

Note 12. Trade and other payables

	2017 $	2016 $
Trade creditors	11,114	432
Other creditors and accruals	19,875	25,182
	30,989	**25,614**

	2017 $	2016 $

Note 13. Borrowings

Current:		
Bank loans	**-**	**5,718**
Non-Current:		
Bank loans	**-**	**15,361**

The bank loan was paid out in June 2017. Interest was recognised at an average rate of 10.85%.

Note 14. Contributed equity

750,010 ordinary shares fully paid (2016: 750,010)	750,010	750,010
Less: equity raising expenses	(20,463)	(20,463)
	729,547	**729,547**

Rights attached to shares

(a) Voting rights

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

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

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

(b) Dividends

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

(c) Transfer

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

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

Note 14. Contributed equity (continued)

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the “10% limit”).
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the “close connection test”).
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the “base number test”). The base number is 187. As at the date of this report, the company had 203 shareholders.

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

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

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

The National Stock Exchange (NSX) has advised that in its view the prohibited shareholding provisions are appropriate and equitable but the ‘base number test’ is not, as a result the base number clause does not operate whilst the company remains listed on the NSX.

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

	2017 $	**2016 $**
Note 15. Retained earnings/(Accumulated losses)		
Balance at the beginning of the financial year	(7,960)	(44,664)
Net profit from ordinary activities after income tax	50,258	36,704
Dividends paid or provided for	(26,250)	-
Balance at the end of the financial year	**16,048**	**(7,960)**

Note 16. Statement of cash flows

	2017 $	2016 $
Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities		
Profit from ordinary activities after income tax	50,258	36,704
Non cash items:		
- depreciation	7,310	7,861
- amortisation	13,586	13,958
- loss on disposal of non-current assets	341	-
Changes in assets and liabilities:		
- (increase)/decrease in receivables	9,675	(16,294)
- (increase)/decrease in other assets	9,791	2,929
- increase/(decrease) in payables	5,375	21,206
- increase/(decrease) in current tax liabilities	3,989	3,958
net cash flows provided by operating activities	**100,325**	**70,322**

Note 17. Leases

	2017 $	2016 $
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments:		
- not later than 12 months	43,278	42,648
- between 12 months and 5 years	119,014	159,930
	162,292	**202,578**

The branch premises lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance. The current lease expires on 25 March 2021, with options for two future terms of five years each, to be exercised three months prior to the expiry date.

Note 18. Auditor’s remuneration

	2017 $	2016 $
Amounts received or due and receivable by the auditor of the company for:		
- audit and review services	5,500	5,250
- share registry services	2,210	1,800
- non audit services	3,066	2,400
	10,776	**9,450**

Note 19. Director and related party disclosures

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

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

	2017 $	2016 $
Transactions with Key Management Personnel		
Suzette Anna-Lynne Moyle received remuneration for administration services during the period under review.	750	6,093
Tristan Andrew Creed received remuneration for accounting services carried out by Feathertop Business Services.	15,535	15,535

	2017	2016
Key Management Personnel Shareholdings		
Ordinary shares fully paid	9,501	9,501
Key Management Personnel appointed and resigned during the period	1,000	-

Detailed shareholding disclosures are provided in the remuneration report, included as part of the directors' report.

Note 20. Dividends paid or provided

	2017 $	2016 $
a. Dividends paid during the year		
Current year dividend		
100% franked dividend - 3.5 cents (2016: Nil cents) per share	**26,250**	**-**
The tax rate at which dividends have been franked is 27.5% (2016: 30%).		
b. Franking account balance		
Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	12,521	957
- franking credits/(debits) that will arise from payment/(refund) of income tax as at the end of the financial year	2,596	(47)
- franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	-	-
Franking credits available for future financial reporting periods:	**15,117**	**910**
- franking debits that will arise from payment of dividends proposed or declared before the financial report was authorised for use but not recognised as a distribution to equity holders during the period	-	-
Net franking credits available	**15,117**	**910**

Notes to the financial statements (continued)

	2017 $	2016 $
Note 21. Earnings per share		
(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	50,258	36,704

	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	750,010	750,010

Note 22. Events occurring after the reporting date

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

Note 23. Contingent liabilities and contingent assets

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

Note 24. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank®** services in Inverloch, Victoria pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 25. Registered office/Principal place of business

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

Registered Office	**Principal Place of Business**
16C Williams Street Inverloch Vic 3996	16C Williams Street Inverloch Vic 3996

Note 26. Financial instruments

Financial Instrument Composition and Maturity Analysis

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

	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
Financial instrument	**2017 $**	**2016 $**	**2017 $**	**2016 $**	**2017 $**	**2016 $**	**2017 $**	**2016 $**	**2017 $**	**2016 $**	**2017 %**	**2016 %**
Financial assets												
Cash and cash equivalents	8,744	18,526	590,000	530,000	-	-	-	-	-	-	2.63	2.81
Receivables	-	-	-	-	-	-	-	-	20,347	15,063	N/A	N/A
Financial liabilities												
Interest bearing liabilities	-	-	-	5,718	-	15,361	-	-	-	-	10.85	6.04
Payables	-	-	-	-	-	-	-	-	11,114	432	N/A	N/A

Net Fair Values

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

Credit Risk

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

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

Interest Rate Risk

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

Sensitivity Analysis

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

Note 26. Financial instruments (continued)

Sensitivity Analysis (continued)

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

	2017 $	2016 $
Change in profit/(loss)		
Increase in interest rate by 1%	5,987	5,274
Decrease in interest rate by 1%	(5,987)	(5,274)
Change in equity		
Increase in interest rate by 1%	5,987	5,274
Decrease in interest rate by 1%	(5,987)	(5,274)

Directors' declaration

In accordance with a resolution of the directors of Inverloch & District Financial Enterprises Limited, we state that:

In the opinion of the directors:

(a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:

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

  (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

(c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

This declaration is made in accordance with a resolution of the board of directors.

Alan Keith Gostelow,
Chairman

Signed on the 23rd of August 2017.

Independent audit report

Partners in success
Chartered Accountants
61 Bull Street, Bendigo 3550
PO Box 454, Bendigo 3552
03 5443 0344
afsbendigo.com.au

Independent auditor's report to the members of Inverloch & District Financial Enterprises Limited

Report on the audit of the financial statements

Our opinion
In our opinion, the financial report of Inverloch & District Financial Enterprises Limited is in accordance with the *Corporations Act 2001*, including:

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

What we have audited
Inverloch & District Financial Enterprises Limited's (the company) financial report comprises the:

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

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

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

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

Other information
The company usually prepares an annual report that will include the financial statements, directors' report and declaration and our independence declaration and audit report (the financial report). The annual report may also include "other information" on the entity's operations and financial results and financial position as set out in the financial report, typically in a Chairman's report and Manager's report, and reports covering governance and shareholder matters.
The directors are responsible for the other information. The annual report is expected to be made available to us after the date of this auditor's report.

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

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

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

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2017. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Inverloch & District Financial Enterprises Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

There are no key audit matters to disclose for the 30 June 2017 audit.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report so that it gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibility for the audit of the financial report

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated: 23 August 2017

David Hutchings
Lead Auditor

NSX report

Inverloch & District Financial Enterprises Limited is a public company incorporated in Australia and listed on the National Stock Exchange of Australia (NSX).

In addition to information provided in accordance with statutory requirements (Corporations Act S314) of a Financial Report, Directors' Report and Auditors Report all NSX listed entities are obliged to report on a number of other items in accordance with NSX Listing Rule 6.9. Accordingly, the Directors of Inverloch & District Financial Enterprises Limited report on those items not included elsewhere in the Annual Report in the following paragraphs.

Shareholding

The following table shows the number of shareholders, broken into various categories showing the total number of shares held:

Size of holding	Number of shareholders	Number of shares held
1 to 1,000	102	64,853
1,001 to 5,000	73	224,253
5,001 to 10,000	20	191,100
10,001 to 100,000	8	269,804
100,001 and over	Nil	Nil
Total shareholders	**203**	**750,010**

Equity securities

Each of the above shareholders is entitled to 1 vote irrespective of the number of shares held.

There are no substantial shareholders (holding more than 5% of voting rights) as each shareholder is entitled to one vote. Normally holding more than 5% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the company.

There are 3 shareholders holding less than a marketable parcel of Shares ($500 in value).

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to $1 per share. There are no unquoted equity securities.

Ten largest shareholders

The following table shows the ten largest shareholders:

Shareholder	Number of ordinary shares	Percentage of ordinary shares
Cranbourne Discount Centre Pty Ltd, Forster Family Trust a/c	50,001	6.67%
South Coast Pty Ltd, Super Fund a/c	50,000	6.67%
Rosemary Brooks Pty Ltd, Rosies Super Fund a/c	48,000	6.40%
Broadbeach Developments Pty Ltd, Hall Family Super Fund a/c	30,001	4.00%
David Walsh & Vickie Balis, Walsh Family Super Fund a/c	30,001	4.00%
Coppelius P/L, Jeeralang Design Super Fund a/c	25,001	3.33%
Violet Beard	20,000	2.67%
Northern Suburbs Secretarial Services P/L Juleton a/c	16,800	2.24%
Elsie Enterprises Pty Ltd, APB super Fund a/c	10,000	1.33%
Elizabeth Mary McNamara	10,000	1.33%
	289,804	**38.64%**

NSX report (continued)

Registered office and principal administrative office

The registered office and the principal administrative office is located at:

16c Williams Street,
Inverloch VIC 3996
Phone: (03) 5674 2800

Security register

The Security register (Share register) is kept at:

AFS & Associates
61 Bull Street,
Bendigo VIC 3550
Phone: (03) 5443 0344

Company Secretary

The Company Secretary is Trevor Dando. Trevor was appointed to the position on 5 October 2016 after Suzette Moyle resigned from the Board. Trevor's experience and expertise includes Company Secretary on two Boards and Director on five Boards. His qualifications include a Bachelor of Civil Engineering, Diploma of Leadership, Advanced Diploma of Management and is a graduate of the Australian Institute of Company Directors.

Suzette Moyle had been the Company Secretary of Inverloch & District Financial Enterprises Limited for ten months and resigned on 5 October 2016. Suzette's experience and expertise includes Diploma of Business (Administration), Diploma of Human Resources, Advanced Diploma of Management and Certificate IV in Frontline Management.

Corporate governance

The company ascribes to the ASX Corporate Governance Council "Principles of Good Corporate Governance and Best Practice Recommendations" insofar as they apply to a small listed entity. In particular the company has established a Finance Audit & Governance Committee of the Board to fulfil its responsibilities to Bendigo and Adelaide Bank Limited, shareholders, customers and other stakeholders by exercising due care, diligence and skill.

In addition, the company has implemented various corporate governance practices, which include:

(a) The establishment of Finance Audit & Governance Committee. Members of the committee are: Max Warlow, Alan Gostelow, Tristan Creed, Susan Ruffin

(b) Director approval of operating budgets and monitoring of progress against these budgets;

(c) Ongoing Director Training; and

(d) Monthly Director Meetings to discuss performance and strategic plans.

Annexure 3A

There are no material differences between the information in the company's Annexure 3A and the information in the financial documents contained in this Annual Report.

Five-year summary of performance

		2012/13	2013/14	2014/15	2015/16	2016/17
Gross revenue	$	639,073	615,027	603,315	658,779	685,502
Net profit before tax	$	75,859	23,490	(9,202)	51,313	69,143
Total assets	$	742,263	714,444	689,291	772,338	784,531
Total liabilities	$	14,345	7,911	4’408	50,651	38,936
Shareholders funds	$	727,918	706,533	684,883	721,587	745,595
Earnings per share	$	7.04	2.15	(0.89)	4.89	6.70
Dividends per share	$	8.00	5.00	2.00	Nil	3.5
Net tangible assets per share	$	87.00	86.00	85.00	83.00	87.00
Price earnings ratio	$	12.78	41.86	(10.11)	14.31	10.44

Inverloch & District **Community Bank**® Branch
16C Williams Street, Inverloch VIC 3996
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Franchisee: Inverloch & District Financial Enterprises Limited
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