

Kentish

Financial Services Limited

Financial Statements

as at

30 June 2016

Kentish Financial Services Limited
ABN 47 609 243 923
Directors' Report

Your directors submit the financial statements of the company for the financial year ended 30 June 2016.

Directors

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

Adrian Crowther

Chairman
Occupation: Chairman of Stewards, Racing Integrity Tas.
(Appointed 11 November 2015)

Deborah Baldock

Treasurer
Occupation: Customer Service Officer, Justice of the P
(Appointed 11 November 2015)

John Duncan Sinclair

Company Secretary
Occupation: Owner of local accommodation resort
(Appointed 11 November 2015)

Douglas George Begg

Director
Occupation: Manager of local printing company
(Appointed 11 November 2015)

Lesley Begg

Director
Occupation: Editor of local printing company
(Appointed 11 November 2015)

Justin Stewart Carman

Director
Occupation: Manager of local accommodation resort
(Appointed 11 November 2015)

Shayn William Harkness

Director
Occupation: Small Business owner
(Appointed 11 November 2015)

Timothy Bruce Wilson

Director
Occupation: Librarian, Deputy Mayor of Kentish
(Appointed 11 November 2015)

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

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

Company Secretary

John Duncan Sinclair was appointed as Company Secretary on 25 November 2015. John operates a local accommodation resort. His past experience includes 34 years in banking across various roles, including managing the credit department of a major South African Merchant Bank.

Principal Activities

The company was incorporated on 11 November 2015 with a view to raising sufficient equity to enable a franchised **Community Bank®** branch of Bendigo & Adelaide Bank Limited to be established in Sheffield, Tasmania. The principal activities undertaken since incorporation were the issuance of a prospectus and the raising of capital.

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

Operating results

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

Year ended
30 June 2016
\$
-1,931

Dividends

The directors recommend that no dividend be paid for the current year.

Significant changes in the state of affairs

In April 2016 the company issued a prospectus for the issue of capital, with the purpose of establishing a franchised **Community Bank®** branch of Bendigo & Adelaide Bank Limited in Sheffield.

Events since the end of the financial year

The company signed a franchise agreement with Bendigo and Adelaide Bank Limited in July 2016. Following the issue of the prospectus, minimum capital requirements of \$600,000 were exceeded, and the prospectus was closed in October 2016 with capital of \$725,651 having been raised. The company has reached an in-principle agreement for the lease of suitable premises for a branch in Sheffield, with a formal lease expected to be signed shortly. The company has also appointed a branch manager, and made offers of employment to suitable candidates.

Kentish Financial Services Limited
ABN 47 609 243 923
Directors' Report

Likely developments

Having raised sufficient capital and closed the prospectus, the company is expected to open a franchised **Community Bank®** branch of Bendigo & Adelaide Bank Limited in Sheffield, and begin providing banking services to the community, in December 2016.

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

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

Indemnification and insurance of directors and officers

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

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	
	<u>Eligible</u>	<u>Attended</u>
Adrian Crowther (Appointed 11 November 2015)	23	22
Deborah Baldock (Appointed 11 November 2015)	23	23
John Duncan Sinclair (Appointed 11 November 2015)	23	21
Douglas George Begg (Appointed 11 November 2015)	23	16
Lesley Begg (Appointed 11 November 2015)	23	21
Justin Stewart Carman (Appointed 11 November 2015)	23	21
Shayn William Harkness (Appointed 11 November 2015)	23	23
Timothy Bruce Wilson (Appointed 11 November 2015)	23	19

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*.

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 5.

Signed in accordance with a resolution of the board of directors at Sheffield, Tasmania on 25th October 2016.



Adrian Crowther, Chairman

Auditor's Independence Declaration

To the directors of Kentish Financial Services Limited


I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001;
and
- (b) no contraventions of any applicable code of professional conduct

in relation to our audit for the year ended 30 June 2016.



Synectic Audit & Assurance Pty Ltd



Benjamin Coull
Director

Date: 25 October 2016

Kentish Financial Services Limited
ABN 47 609 243 923
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2016

	Notes	2016 \$
Revenue from ordinary activities	3	1,473
General administration expenses		(4,174)
		<hr/>
Profit before income tax benefit		(2,701)
Income tax benefit	4	770
		<hr/>
Profit after income tax benefit		(1,931)
		<hr/>
Total comprehensive income for the year		(1,931)
		<hr/> <hr/>

Kentish Financial Services Limited
ABN 47 609 243 923
Balance Sheet
as at 30 June 2016

	Notes	2016 \$
ASSETS		
Current Assets		
Cash and cash equivalents	5	363,111
Trade and other receivables	6	1,360
Total Current Assets		<u>364,471</u>
Non-Current Assets		
Deferred tax asset	4	770
Total Non-Current Assets		<u>770</u>
Total Assets		<u>365,241</u>
LIABILITIES		
Current Liabilities		
Trade and other payables	7	14,955
Funds held in trust relating to capital raising		346,934
Borrowings	8	5,273
Total Current Liabilities		<u>367,162</u>
Total Liabilities		<u>367,162</u>
Net Assets		<u><u>(1,921)</u></u>
Equity		
Issued capital	9	10
Accumulated losses	10	(1,931)
Total Equity		<u><u>(1,921)</u></u>

Kentish Financial Services Limited
ABN 47 609 243 923
Statement of Changes in Equity
for the year ended 30 June 2016

	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2015	-	-	-
Total comprehensive income for the year	-	(1,931)	(1,931)
Transactions with owners in their capacity as owners:			
Shares issued during period	10	-	10
Balance at 30 June 2016	10	(1,931)	(1,921)

Kentish Financial Services Limited
ABN 47 609 243 923
Statement of Cash Flows
for the year ended 30 June 2016

	Notes	2016 \$
Cash flows from operating activities		
Cash receipts in the course of operations		1,473
Payments to suppliers and employees		(5,534)
Net cash provided by/(used in) operating activities	11	<u>(4,061)</u>
Cash flows from financing activities		
Proceeds from capital raising		361,899
Net cash used in financing activities		<u>361,899</u>
Net increase/(decrease) in cash held		357,838
Cash and cash equivalents at the beginning of the financial year		-
Cash and cash equivalents at the end of the financial year	5(a)	<u><u>357,838</u></u>

Kentish Financial Services Limited
ABN 47 609 243 923
Notes to the Financial Statements
for the year ended 30 June 2016

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

The following amendments to accounting standards issued by the Australian Accounting Standards Board (AASB) became mandatorily effective for accounting periods beginning on or after 1 July 2015, and are therefore relevant for the current financial year.

- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality.
- AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent.

None of the 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 2015, materially affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

The following accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) become effective in future accounting periods.

- | | Effective for annual reporting periods beginning on or after |
|---|--|
| • AASB 9 Financial Instruments, and the relevant amending standards. | 1 January 2018 |
| • AASB 15 Revenue from Contracts with Customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15. | 1 January 2018 |
| • AASB 16 Leases | 1 January 2019 |
| • AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations. | 1 January 2016 |
| • AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation. | 1 January 2016 |
| • AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants. | 1 January 2016 |

Kentish Financial Services Limited
ABN 47 609 243 923
Notes to the Financial Statements
for the year ended 30 June 2016

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Application of new and amended accounting standards (continued)

	Effective for annual reporting periods beginning on or after
• AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements.	1 January 2016
• AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.	1 January 2018
• AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle.	1 January 2016
• AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101.	1 January 2016
• AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception.	1 January 2016
• AASB 2016-1 Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses.	1 January 2017
• AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107.	1 January 2017

The company has not elected to apply any accounting standards or interpretations before their mandatory operative date for the annual reporting period beginning 1 July 2015. Therefore the abovementioned accounting standards or interpretations have no impact on amounts recognised in the current period or any prior period.

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).

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.

Kentish Financial Services Limited
ABN 47 609 243 923
Notes to the Financial Statements
for the year ended 30 June 2016

Note 1. Summary of significant accounting policies (continued)

Income 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) 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.

e) 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.

f) Payment terms

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

g) Borrowings

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

h) 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.

i) 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.

j) 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.

Kentish Financial Services Limited
ABN 47 609 243 923
Notes to the Financial Statements
for the year ended 30 June 2016

Note 2. Financial risk management

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

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

(i) Market risk

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

(ii) Price risk

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

(iii) Credit risk

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

(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

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

(vi) Capital management

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

Note 3. Revenue from ordinary activities

	2016	2015
	\$	\$
Operating activities:		
- services commissions	-	-
- other revenue	1,473	-
Total revenue from operating activities	<u>1,473</u>	<u>-</u>
Total revenue from ordinary activities	<u>1,473</u>	<u>-</u>

Note 4. Income tax expense

The components of tax expense comprise:

- Future income tax benefit attributable to losses	770	-
	<u>770</u>	<u>-</u>

The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax expense as follows

Operating loss	(2,701)	-
Prima facie tax expense/(benefit) on loss from ordinary activities at 28.5%	(770)	-
Add tax effect of:		
- non-deductible expenses	-	-
- timing difference expenses	-	-
	<u>(770)</u>	<u>-</u>
Future income tax losses	770	-

Kentish Financial Services Limited
ABN 47 609 243 923
Notes to the Financial Statements
for the year ended 30 June 2016

Note 5. Cash and cash equivalents	2016	2015
	\$	\$
Cash at bank and on hand	363,111	-
	<u>363,111</u>	<u>-</u>

Note 5.(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		363,111	-
Bank overdraft	13	(5,273)	-
		<u>357,838</u>	<u>-</u>

Note 6. Trade and other receivables

Current:

Other receivables and accruals	1,360	-
	<u>1,360</u>	<u>-</u>

Note 7. Trade and other payables

Current:

	2016	2015
	\$	\$
Trade creditors	(3,300)	-
Other creditors and accruals	(11,655)	-
	<u>(14,955)</u>	<u>-</u>

Note 8. Borrowings

Current:

Bank overdrafts	(5,273)	-
	<u>(5,273)</u>	<u>-</u>

Note 9. Contributed equity

10 ordinary shares fully paid	10	-
	<u>10</u>	<u>-</u>

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).

Kentish Financial Services Limited
ABN 47 609 243 923
Notes to the Financial Statements
for the year ended 30 June 2016

Note 9. Contributed equity (continued)

(c) *Transfer*

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

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

Prohibited shareholding interest

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

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

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

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

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

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

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

Note 10. Accumulated losses	2016	2015
	\$	\$
Balance at the beginning of the financial year	-	-
Net loss from ordinary activities after income tax	(1,931)	-
Balance at the end of the financial year	<u>(1,931)</u>	<u>-</u>

Note 11. Statement of Cash Flows

Reconciliation of loss from ordinary activities after tax to net cash provided by/(used in) operating activities

Profit from ordinary activities after income tax	(1,931)	-
Non cash items:		
- depreciation	-	-
- amortisation	-	-
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(1,360)	-
- (increase)/decrease in deferred tax asset	(770)	-
Net cash flows used in operating activities	<u>(4,061)</u>	<u>-</u>

Note 12. Auditor's remuneration

Amounts received or due and receivable by the auditor of the company for:

- audit and review services	2,000	-
	<u>2,000</u>	<u>-</u>

Kentish Financial Services Limited
ABN 47 609 243 923
Notes to the Financial Statements
for the year ended 30 June 2016

Note 13. Director and related party disclosures

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

Note 14. Key Management Personnel Disclosures

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

Note 15. 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 16. 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 17. Segment reporting

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

Note 18. 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
251 Newbed Road
RAILTON TAS 7305

Principal Place of Business
44 Main Street
SHEFFIELD TAS 7306

Kentish Financial Services Limited
ABN 47 609 243 923
Directors' Declaration

In accordance with a resolution of the directors of Kentish Financial Services 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 2016 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.

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

A handwritten signature in dark ink, appearing to read 'Adrian Crowther', written over a horizontal line.

Adrian Crowther, Chairman

Signed on the 25th October 2016.

Independent Auditor's Report

To the Members of Kentish Financial Services Limited

Report on the Audit of the Financial Report

We have audited the financial report of Kentish Financial Services Limited (the Company), which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

Opinion

In our opinion the accompanying financial report of Kentish Financial Services Limited is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

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. 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 opinion.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the 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 to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in

accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

The word "Synectic" written in a cursive, handwritten style.
Synectic Audit & Assurance Pty Ltd

A handwritten signature in black ink, appearing to read "Benjamin Coul".
Benjamin Coul
Director

Date: 25 October 2016