

**KULIN COMMUNITY FINANCIAL SERVICES LIMITED**

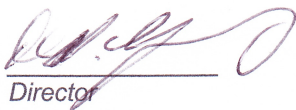
**ABN 49 088 885 438**

**Financial report for the year ended 30 June 2016**

**C O N T E N T S**

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Directors' Declaration
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*This is annexure A of \_\_\_\_\_ pages referred  
to in Form 388: Copy of financial  
statements and reports*

  
Director

DEREK YOUNG

Dated this 26<sup>th</sup> day of October 2016

# **KULIN COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 49 088 885 438**

## **Financial report for the year ended 30 June 2016**

### **DIRECTORS' REPORT**

Your Directors present their report, together with the financial statements of the Company for the financial year ended 30 June 2016.

#### **Directors**

The names of Directors in office at any time during or since the end of the year are:

##### *Derek Harvey Young*

Position:	Chairperson
Occupation:	Self-employed Farmer
Background Information:	Farmer for twenty eight years
Interest in shares and options:	1,500 shares (direct)

##### *Robin James McInnes*

Position:	Non-Executive Director
Occupation:	Retired
Background Information:	Employed by the Water Corporation for thirty three years
Interest in shares and options:	7,501 shares (direct), 7,100 shares (indirect)

##### *Gregory Hadlow – Retired May 2016*

Position:	Non-Executive Director
Occupation:	Chief Executive Officer – Shire of Kulin
Background Information:	Employed by Western Australian Local Government for thirty five years
Interest in shares and options:	601 shares (direct), 400 shares (indirect)

##### *Graeme John Robertson*

Position:	Non-Executive Director
Occupation:	Self-employed farmer for thirty six years
Background Information:	Inaugural Chairperson for Kulin Community Financial Services commenced 1999 - 2005
Interest in shares and options:	5,001 shares (direct), 1,000 shares (indirect)

##### *Henry John Hodgson*

Position:	Non-Executive Director
Occupation:	Self-employed farmer
Background Information:	Farmer for four years
Interest in shares and options:	1,500 shares (direct), 1,500 shares (indirect)

##### *Brad Smoker*

Position:	Non-Executive Director
Occupation:	Farmer
Background Information:	Farming background
Interest in shares and options:	Nil

#### **Company Secretary**

*J McInnes*

## KULIN COMMUNITY FINANCIAL SERVICES LIMITED

ABN 49 088 885 438

### Financial report for the year ended 30 June 2016

#### Directors meetings attended

During the financial year, 11 meetings of directors (including committees of directors) were held. Attendances by each Director during the year were as follows:

Names of Directors	Directors' Meetings	
	Number eligible to attend	Number attended
Gregory Hadlow	9	6
Robin James McInnes	11	9
Graeme John Robertson	11	8
Derek Harvey Young	11	11
Henry John Hodgson	11	8
Brad Smoker	11	10

#### Principal activity and review of operations

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

#### Operating results

The profit of the Company after providing for income tax amounted to \$32,607.

#### Dividends paid or recommended

The proposed 2015 dividend of \$16,446 was paid during the year. There were no other dividends proposed for the year ended 30 June 2016.

#### Financial position

The net assets of the Company have increased from \$351,284 as at 30 June 2015 to \$367,445 as at 30 June 2016, which is an improvement on prior year due to the operating performance of the Company.

The directors believe the Company is in a stable financial position.

#### Significant changes in state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the financial year under review, not otherwise disclosed in these financial statements.

#### After balance date events

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

#### Future developments

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

#### Options

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

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

## KULIN COMMUNITY FINANCIAL SERVICES LIMITED

ABN 49 088 885 438

### Financial report for the year ended 30 June 2016

#### Indemnifying officers or auditor

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

#### Environmental issues

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

#### Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

#### Corporate governance

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

- a) Director approval of operating budgets and monitoring of progress against these budgets;
- b) Ongoing Director training; and
- c) Monthly Director meetings to discuss performance and strategic plans.

The Company has not appointed a separate audit committee due to the size and nature of operations. The normal functions and responsibilities of an audit committee have been assumed by the Board.

#### Non-audit services

The Board is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

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

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2016:

Taxation services:	\$6,500
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### REMUNERATION REPORT

This report details the nature and amount of remuneration for key management person of the Company, and for the Executives receiving the highest remuneration.

#### a) Names and positions

<i>Name</i>	<i>Position</i>
Derek Harvey Young	Non-Executive Director / Chairperson
Robin James McInnes	Non-Executive Director
Brad Smoker	Non-Executive Director
Gregory Hadlow	Non-Executive Director
Graeme John Robertson	Non-Executive Director
Henry John Hodgson	Non-Executive Director

# KULIN COMMUNITY FINANCIAL SERVICES LIMITED

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## Financial report for the year ended 30 June 2016

### b) Remuneration of Directors

No Director of the company receives remuneration for services as a Company Director.

### c) Options provided as remuneration and shares issued on exercise of such options

No options were provided as remuneration or shares issued on exercise of options.

### d) Option Holdings

No options over ordinary shares in the Company are held by any Director of the Company or other key management personnel, including their personally related parties.

### e) Shareholdings

Number of ordinary shares held by key management personnel

<i>Directors</i>	<b>Ordinary Shares</b>			
	<i>Balance at beginning of period</i>	<i>Purchased during the period</i>	<i>Other changes</i>	<i>Balance at end of period</i>
Derek Harvey Young	1,500	-	-	1,500
Robin James McInnes	14,601	-	-	14,601
Gregory Hadlow	1,001	-	-	1,001
Graeme Robertson	6,001	-	-	6,001
Henry John Hodgson	3,000	-	-	3,000
Brad Smoker	-	-	-	-
	<b>26,103</b>	<b>-</b>	<b>-</b>	<b>26,103</b>

**KULIN COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 49 088 885 438**

**Financial report for the year ended 30 June 2016**

**Auditor's Independence Declaration**

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* for the year ended 30 June 2016 is included within the financial statements.

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

Director

 DEREK HARVIE YOUNG

Dated this

26<sup>th</sup> day of October 2016

**RSM Australia Partners**

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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Kulin Community Financial Services Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

A stylized, handwritten-style 'RSM' logo.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink, appearing to read 'David Wall'.

DAVID WALL  
Partner

Perth, WA  
Dated: 28 October 2016

**KULIN COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 49 088 885 438**

**Financial report for the year ended 30 June 2016**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2016**

		<b>2016</b>	<b>2015</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
Revenue	2	534,656	539,041
Employee benefits expense		(310,701)	(309,458)
Depreciation and amortisation expense		(9,418)	(11,245)
Other expenses	3	<u>(167,851)</u>	<u>(172,523)</u>
Profit before income tax		46,686	45,815
Income tax expense	4	<u>(14,079)</u>	<u>(15,532)</u>
<b>Profit for the year</b>		<b><u>32,607</u></b>	<b><u>30,283</u></b>
<b>Other comprehensive income</b>		<b><u>-</u></b>	<b><u>-</u></b>
<b>Total comprehensive income for the year attributable to members</b>		<b><u>32,607</u></b>	<b><u>30,283</u></b>

The accompanying notes form part of these financial statements



# KULIN COMMUNITY FINANCIAL SERVICES LIMITED

ABN 49 088 885 438

## Financial report for the year ended 30 June 2016

### STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	2016 \$	2015 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	280,000	258,989
Trade and other receivables	6	1,390	1,406
Other current assets	7	4,741	4,647
<b>TOTAL CURRENT ASSETS</b>		<b>286,131</b>	<b>265,042</b>
<b>NON-CURRENT ASSETS</b>			
Receivables	6	100,000	100,000
Plant and equipment	8	40,765	47,536
Intangible assets	9	6,581	8,581
Deferred tax asset	21	13,532	15,467
Other non-current assets	7	200	200
<b>TOTAL NON-CURRENT ASSETS</b>		<b>161,078</b>	<b>171,784</b>
<b>TOTAL ASSETS</b>		<b>447,209</b>	<b>436,826</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	31,211	32,904
Short-term provisions	11	24,116	29,375
Current tax liability	21	5,677	5,619
<b>TOTAL CURRENT LIABILITIES</b>		<b>61,004</b>	<b>67,898</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term provisions	11	18,760	17,644
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>18,760</b>	<b>17,644</b>
<b>TOTAL LIABILITIES</b>		<b>79,764</b>	<b>85,542</b>
<b>NET ASSETS</b>		<b>367,445</b>	<b>351,284</b>
<b>EQUITY</b>			
Issued capital	12	322,663	322,663
Retained earnings		44,782	28,621
<b>TOTAL EQUITY</b>		<b>367,445</b>	<b>351,284</b>

The accompanying notes form part of these financial statements

**KULIN COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 49 088 885 438**

**Financial report for the year ended 30 June 2016**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2016**

	<b>Issued Capital</b>	<b>Retained Earnings</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2014</b>	322,663	(1,662)	321,001
Total comprehensive income for the year	-	30,283	30,283
<b>Subtotal</b>			
Dividends paid or provided for	-	-	-
<b>Balance at 30 June 2015</b>	<b>322,663</b>	<b>28,621</b>	<b>351,284</b>
 <b>Balance at 1 July 2015</b>	 322,663	 28,621	 351,284
Total comprehensive income for the year	-	32,607	32,607
<b>Subtotal</b>			
Dividends paid or provided for	-	(16,446)	(16,446)
<b>Balance at 30 June 2016</b>	<b>322,663</b>	<b>44,782</b>	<b>367,445</b>

The accompanying notes form part of these financial statements

**KULIN COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 49 088 885 438**

**Financial report for the year ended 30 June 2016**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2016**

	<b>Note</b>	<b>2016</b>	<b>2015</b>
		<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		529,801	580,916
Payments to suppliers and employees		(485,875)	(484,655)
Interest received		4,874	4,487
Income tax paid		(12,086)	(9,074)
Net cash provided by operating activities	13	<u>36,714</u>	<u>91,674</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(647)	(12,546)
Purchase of intangible assets		-	(10,000)
Net cash used in investing activities		<u>(647)</u>	<u>(22,546)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		(15,056)	-
Net cash used in financing activities		<u>(15,056)</u>	<u>-</u>
Net increase in cash held		21,011	69,128
Cash and cash equivalents at beginning of financial year		<u>258,989</u>	<u>189,861</u>
<b>Cash and cash equivalents at end of financial year</b>	<b>5</b>	<b><u>280,000</u></b>	<b><u>258,989</u></b>

The accompanying notes form part of these financial statements

# KULIN COMMUNITY FINANCIAL SERVICES LIMITED

ABN 49 088 885 438

## NOTES TO THE FINANCIAL STATEMENTS

### Financial report for the year ended 30 June 2016

#### 1. Statement of significant accounting policies

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

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

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

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

##### (a) Income tax

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

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

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

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

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

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

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

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

# KULIN COMMUNITY FINANCIAL SERVICES LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

### Financial report for the year ended 30 June 2016

#### (b) Plant and equipment

Plant and equipment are measured on the cost basis.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

#### Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the company commencing from the time the asset is held ready for use.

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

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Plant and equipment	10% - 20%

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

#### (c) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in 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 year.

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.

# KULIN COMMUNITY FINANCIAL SERVICES LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2016

### (d) Financial instruments

#### Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

#### Derecognition

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

#### Classification and Subsequent Measurement

##### *i. Financial assets at fair value through profit or loss*

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

##### *ii. 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.

##### *iii. 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 Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

##### *iv. Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

##### *v. Financial Liabilities*

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

# **KULIN COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 49 088 885 438**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Financial report for the year ended 30 June 2016**

#### **Derivative instruments**

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

The Company does not hold any derivative instruments.

#### **Fair value**

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

#### **Impairment**

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

#### **Financial Guarantees**

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the Company gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The Company has not issued any financial guarantees.

#### **(e) Impairment of assets**

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

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

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

#### **(f) Intangibles**

##### **Franchise fee**

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

#### **(g) Employee benefits**

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

# KULIN COMMUNITY FINANCIAL SERVICES LIMITED

ABN 49 088 885 438

## NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2016

**(h) Provisions**

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

**(i) Cash and cash equivalents**

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

**(j) Revenue and other income**

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

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

**(k) Borrowing costs**

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

All other borrowing costs are recognised in income in the period in which they are incurred.

**(l) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

**(m) Comparative figures**

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

**(n) Critical accounting estimates and judgments**

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key estimates — Impairment

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

No impairment has been recognised in respect of intangibles for the year ended 30 June 2016. Should the projected turnover figures be materially outside of budgeted figures incorporated in value-in-use calculations, an impairment loss would be recognised up to the maximum carrying value of intangibles at 30 June 2016 amounting to \$6,581.



**KULIN COMMUNITY FINANCIAL SERVICES LIMITED****ABN 49 088 885 438****NOTES TO THE FINANCIAL STATEMENTS****Financial report for the year ended 30 June 2016****(o) New Accounting Standards for Application in Future Periods**

At the date of this financial report the following standards, which may impact the Company in the period of initial application, have been issued but are not yet effective:

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
AASB 2014-4	Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset, and to clarify that revenue is generally presumed to be an inappropriate basis for that purpose.	1 January 2016	The entity will adopt this standard from 1 January 2016 but there is no expected impact on the entity.
AASB 9	Financial Instruments	This Standard supersedes both AASB 9 (December 2010) and AASB 9 (December 2009) when applied. It introduces a “fair value through other comprehensive income” category for debt instruments, contains requirements for impairment of financial assets, etc.	1 January 2018	The entity will adopt this standard from 1 January 2018 but there is no expected impact on the entity.
AASB 2014-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)	Consequential amendments arising from the issuance of AASB 9	1 January 2018	The entity will adopt this standard from 1 January 2018 but there is no expected impact on the entity.

**(p) Authorisation for financial report**

The Financial report was authorised for issue on 26 October 2016 by the Board of Directors.

**KULIN COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 49 088 885 438**

**NOTES TO THE FINANCIAL STATEMENTS**

**Financial report for the year ended 30 June 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>2. Revenue</b>		
Franchise margin income	529,657	534,554
Interest revenue	4,999	4,487
	<b>534,656</b>	<b>539,041</b>
<b>3. Expenses</b>		
Advertising and marketing	6,270	19,341
ATM leasing and running costs	7,330	9,078
Bad debts	1,419	35
Community sponsorship and donations	22,731	11,028
Freight and postage	12,342	13,174
Insurance	10,649	10,727
IT leasing and running costs	18,986	18,027
Motor vehicle costs	17,125	22,170
Occupancy running costs	11,653	16,432
Printing and stationery	7,907	5,215
Rental on business premises	12,364	12,364
Other operating expenses	39,075	34,932
	<b>167,851</b>	<b>172,523</b>
Remuneration of the auditors of the Company		
Audit services	8,665	8,590
Other services	6,500	6,500
	<b>15,165</b>	<b>15,090</b>

**KULIN COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 49 088 885 438**

**NOTES TO THE FINANCIAL STATEMENTS**

**Financial report for the year ended 30 June 2016**

	2016 \$	2015 \$
<b>4. Income tax expense</b>		
a. The components of tax expense comprise:		
Current tax	12,144	13,080
Deferred tax (Note 21)	1,162	651
Prior years adjustments	-	1,801
Change in tax rate (Note 21)	773	-
	<u>14,079</u>	<u>15,532</u>
b. The prima facie tax on profit before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit before income tax at 28.5% (2015: 30%)	13,306	13,745
Add:		
Tax effect of:		
— non-deductible depreciation and amortisation	-	-
— change in tax rate	773	-
— overprovision for income tax in prior years	-	1,801
Less:		
Tax effect of:		
— other income items	-	(14)
	<u>14,079</u>	<u>15,532</u>
Income tax attributable to the Company	<u>14,079</u>	<u>15,532</u>
<b>5. Cash and cash equivalents</b>		
Cash at bank and in hand	<u>280,000</u>	<u>258,989</u>
<i>Reconciliation of cash</i>		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	<u>280,000</u>	<u>258,989</u>

**KULIN COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 49 088 885 438**

**NOTES TO THE FINANCIAL STATEMENTS**

**Financial report for the year ended 30 June 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>6. Trade and other receivables</b>		
Current		
Trade debtors	150	290
Accrued Interest	1,240	1,116
	<u><b>1,390</b></u>	<u><b>1,406</b></u>
Non Current		
Loan receivable	<u><b>100,000</b></u>	<u><b>100,000</b></u>

**a. Provision For Impairment of Receivables**

Current trade and term receivables are non-interest bearing loans and generally on 30-day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is an objective evidence that an individual trade or term receivable is impaired. These amounts have been included in the other expenses item.

There is no provision for impairment of receivables.

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>7. Other assets</b>		
Current		
Prepayments	<u><b>4,741</b></u>	<u><b>4,647</b></u>
Non current		
Shares in Bendigo Bank	<u><b>200</b></u>	<u><b>200</b></u>

**KULIN COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 49 088 885 438**

**NOTES TO THE FINANCIAL STATEMENTS**

**Financial report for the year ended 30 June 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>8. Plant and equipment</b>		
Fittings and Equipment		
Cost	94,518	93,871
Accumulated depreciation	(66,219)	(61,355)
	<u><b>28,299</b></u>	<u><b>32,516</b></u>
Leasehold Improvements		
Cost	46,241	46,241
Accumulated depreciation	(33,775)	(31,221)
	<u><b>12,466</b></u>	<u><b>15,020</b></u>
Total Property, Plant & Equipment	<u><b>40,765</b></u>	<u><b>47,536</b></u>

*Reconciliation of the carrying value for each class of plant and equipment are set out below:*

*Fittings and Equipment*

Balance at the beginning of the year	32,516	26,661
Additions	647	12,546
Depreciation expense	(4,864)	(6,691)
	<u><b>28,299</b></u>	<u><b>32,516</b></u>
Carrying amount at the end of the year		

*Leasehold Improvements*

Balance at the beginning of the year	15,020	17,574
Additions	-	-
Depreciation expense	(2,554)	(2,554)
	<u><b>12,466</b></u>	<u><b>15,020</b></u>
Carrying amount at the end of the year		

# KULIN COMMUNITY FINANCIAL SERVICES LIMITED

ABN 49 088 885 438

## NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2016

	2016	2015
	\$	\$
<b>9. Intangible assets</b>		
Franchise fee		
Cost	10,000	10,000
Accumulated amortisation	(3,419)	(1,419)
	<u>6,581</u>	<u>8,581</u>
Pursuant to a five year franchise agreement with Bendigo and Adelaide Bank Ltd, the Company operates a branch of Bendigo and Adelaide Bank Ltd, providing a core range of banking products and services.		
<b>10. Trade and other payables</b>		
Trade creditors and accruals	13,450	20,135
GST payable	8,879	6,281
PAYG payable	8,882	6,488
	<u>31,211</u>	<u>32,904</u>
<b>11. Provisions</b>		
Current		
Provision for employee entitlements	<u>24,116</u>	<u>29,375</u>
Non current		
Provision for employee entitlements	<u>18,760</u>	<u>17,644</u>
Number of employees at year end	<u>5</u>	<u>5</u>
<b>12. Equity</b>		
328,910 (2014: 328,910) fully paid ordinary shares	328,910	328,910
Cost of raising equity	(6,247)	(6,247)
	<u>322,663</u>	<u>322,663</u>

# KULIN COMMUNITY FINANCIAL SERVICES LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2016

	2016 \$	2015 \$
<b>13. Cash flow information</b>		
a. Reconciliation of cash flow from operations with profit after tax		
Profit after tax	32,607	30,283
Depreciation and amortisation	9,418	11,245
<i>Movement in assets and liabilities</i>		
Receivables	17	46,362
Other assets	(95)	55
Payables	(3,083)	(5,925)
Deferred tax asset	1,935	650
Provisions	(4,143)	3,196
Current tax liability	58	5,808
Net cash provided by operating activities	<b>36,714</b>	<b>91,674</b>
b. Credit Standby Arrangement and Loan Facilities		
The Company does not operate a bank overdraft facility or have any loan facilities.		
<b>14. Related party transactions</b>		
The related parties have not entered into a transaction with the Company during the financial years ended 30 June 2015 and 30 June 2016.		
<b>15. Leasing commitments</b>		
Non-cancellable operating lease commitment contracted for but not capitalised in the financial statements		
Payable		
No longer than 1 year	13,506	13,113
Longer than 1 year but not longer than 5 years	-	13,506
	<b>13,506</b>	<b>26,619</b>

**KULIN COMMUNITY FINANCIAL SERVICES LIMITED****ABN 49 088 885 438****NOTES TO THE FINANCIAL STATEMENTS****Financial report for the year ended 30 June 2016**

	2016 \$	2015 \$
<b>16. Dividends</b>		
Distributions paid	<u>16,446</u>	<u>-</u>
a. Balance of franking account at beginning of year for franking credits arising from:	83,093	74,019
- payment of provision for income tax	12,085	9,073
- dividends paid	<u>(7,048)</u>	<u>-</u>
Balance of franking account at end of year	<u>88,130</u>	<u>83,093</u>

**17. Financial risk management**

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans, bills and leases.

The directors' overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

**a. Financial risk management policies**

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for Company operations.

The Company does not have any derivative instruments at 30 June 2016.

**b. Financial risk exposures and management**

The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

*i. Interest rate risk*

Interest rate risk is managed with a mixture of fixed and floating rate debt.

*ii. Liquidity risk*

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

*iii. Credit risk*

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

There are no material amounts of collateral held as security at 30 June 2016.

The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

Credit risk is managed reviewed regularly by the Board of Directors. It arises from exposures to customers as well as through deposits with financial institutions.

The Board of Directors monitors credit risk by actively assessing the rating quality and



# KULIN COMMUNITY FINANCIAL SERVICES LIMITED

ABN 49 088 885 438

## NOTES TO THE FINANCIAL STATEMENTS

### Financial report for the year ended 30 June 2016

liquidity of counter parties:

- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and
- customers that do not meet the company's strict credit policies may only purchase in cash or using recognised credit cards.

The trade receivables balances at 30 June 2016 and 30 June 2015 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

#### c. Financial instrument composition and maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the statement of financial position.

#### 2016

		Variable	Fixed			
	Weighted Average Effective Interest Rate	Floating Interest Rate	Within 1 Year	Within 1 to 5 Years	Non Interest Bearing	Total
<i>Financial Assets</i>						
Cash and cash equivalents	0.01%	87,384	-	-		87,384
Investments	2.61%	192,616	-	-		192,616
Loans and receivables		-	-	-	101,390	101,390
<b>Total Financial Assets</b>		<b>280,000</b>	<b>-</b>	<b>-</b>	<b>101,390</b>	<b>381,390</b>
<i>Financial Liability</i>						
Trade and other payables		-	-	-	31,211	31,211
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>31,211</b>	<b>31,211</b>

# KULIN COMMUNITY FINANCIAL SERVICES LIMITED

ABN 49 088 885 438

## NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2016

2015

		Variable	Fixed			
	Weighted Average Effective Interest Rate	Floating Interest Rate	Within 1 Year	Within 1 to 5 Years	Non Interest Bearing	Total
<i>Financial Assets</i>						
Cash and cash equivalents	0.01%	71,248	-	-	-	71,248
Investments	3.16%	187,741	-	-	-	187,741
Loans and receivables		-	-	-	101,406	101,406
<b>Total Financial Assets</b>		<b>258,989</b>	<b>-</b>	<b>-</b>	<b>101,406</b>	<b>360,395</b>
<i>Financial Liability</i>						
Trade and other payables		-	-	-	32,904	32,904
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>32,904</b>	<b>32,904</b>

2016  
\$

2015  
\$

Trade and sundry payables are expected to be paid  
as followed:

Less than 6 months 31,211 32,904

### d. Net Fair Values

The net fair values of investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the Company intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

Fair values are materially in line with carrying values.

### e. Sensitivity Analysis

#### i. Interest Rate Risk

The Company has performed a 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 these risks.

#### ii. Interest Rate Sensitivity Analysis

At 30 June 2016, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

# KULIN COMMUNITY FINANCIAL SERVICES LIMITED

ABN 49 088 885 438

## NOTES TO THE FINANCIAL STATEMENTS

### Financial report for the year ended 30 June 2016

#### 2016

		-2 %		+ 2%	
	Carrying Amount \$	Profit \$	Equity \$	Profit \$	Equity \$
<i>Financial Assets</i>					
Cash and cash equivalents	280,000	(5,600)	(5,600)	5,600	5,600

#### 2015

		-2 %		+ 2%	
	Carrying Amount \$	Profit \$	Equity \$	Profit \$	Equity \$
<i>Financial Assets</i>					
Cash and cash equivalents	258,989	(5,180)	(5,180)	5,180	5,180

#### 18. Operating Segments

##### Types of products and services by segment

The Company operates in the financial services sector as a branch of Bendigo and Adelaide Bank Ltd in Western Australia.

##### Major customers

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

#### 19. Events after the balance sheet date

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

#### 20. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets at the reporting date.

# KULIN COMMUNITY FINANCIAL SERVICES LIMITED

ABN 49 088 885 438

## NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2016

	2016 \$	2015 \$
<b>21. Tax</b>		
<b>a. Liability</b>		
Current		
Income tax	<u>5,677</u>	<u>5,619</u>
<b>b. Assets</b>		
Deferred tax assets comprise:		
Provisions	12,220	14,106
Other	<u>1,312</u>	<u>1,361</u>
	<u><b>13,532</b></u>	<u><b>15,467</b></u>
<b>c. Reconciliations</b>		
<b>i. Gross Movements</b>		
The overall movement in the deferred tax account is as follows:		
Opening balance	15,467	16,117
Statement of comprehensive income	<u>(1,935)</u>	<u>(650)</u>
Closing balance	<u><b>13,532</b></u>	<u><b>15,467</b></u>
<b>ii. Deferred Tax Assets</b>		
The movement in deferred tax assets for each temporary difference during the year is as follows:		
<i>Provisions</i>		
Opening balance	14,106	10,222
Statement of comprehensive income	<u>(1,886)</u>	<u>3,884</u>
Closing balance	<u><b>12,220</b></u>	<u><b>14,106</b></u>
<i>Other</i>		
Opening balance	1,361	5,895
Statement of comprehensive income	<u>(49)</u>	<u>(4,534)</u>
Closing balance	<u><b>1,312</b></u>	<u><b>1,361</b></u>

**KULIN COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 49 088 885 438**

**NOTES TO THE FINANCIAL STATEMENTS**

**Financial report for the year ended 30 June 2016**

**22. Related party transactions**

There have been no related party transactions during the year.

**23. After balance date events**

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

**24. Company details**

The registered office and principal place of business of the Company is:

Shop 1, Lot 157 Bull Street

Kulin WA 6365

**KULIN COMMUNITY FINANCIAL SERVICES LIMITED**

**ABN 49 088 885 438**

**NOTES TO THE FINANCIAL STATEMENTS**

**Financial report for the year ended 30 June 2016**

**DIRECTORS' DECLARATION**

The Directors of the Company declare that:

1. the accompanying financial statements and notes are in accordance with the *Corporations Act 2001* and:
  - a. comply with Australian Accounting Standards; and
  - b. give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the Company;
2. the financial statements and notes thereto also comply with International Financial Reporting Standards, as disclosed in Note 1; and
3. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

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

Director

 DEREK HARVIE YOUNG

Dated this

26<sup>th</sup> day of October 2016

**RSM Australia Partners**

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**INDEPENDENT AUDITOR'S REPORT****TO THE MEMBERS OF****KULIN COMMUNITY FINANCIAL SERVICES LIMITED****Report on the Financial Report**

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

*Directors' Responsibility for the Financial Report*

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

*Auditor's Responsibility*

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

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

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

**THE POWER OF BEING UNDERSTOOD****AUDIT | TAX | CONSULTING**

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RSM Australia Partners ABN 36 965 185 036

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*Independence*

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

*Opinion*

In our opinion:

- (a) the financial report of Kulin Community Financial Services Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

**RSM**

RSM AUSTRALIA PARTNERS



David Wall  
Partner

Perth, WA  
Dated: 28 October 2016