Annual Report 2017

Mansfield & District Community Enterprises Ltd

ABN 92 124 069 914

Mansfield & District **Community Bank**® Branch

Contents

Chairman's report

For year ending 30 June 2017

I am pleased to present the Chairman's report for 2017.

The year has seen continued success for Mansfield & District **Community Bank**® Branch. At the end of the financial year our footings (total business) stood at approx. $110 million, a modest increase on the previous year ($107 million).

The results of Mansfield & District Community Enterprises Limited as a company continued in the strongly positive vein enjoyed over several years now. Profit before income tax expense was $117,113, and this is after community contributions of over $64,000 during the year. Our net assets have continued to grow, and at 30 June 2017 totalled $616,651, with significant cash balances on hand.

One very important milestone achieved during the year was moving to a position of positive accumulated profits (after adjustment for dividends paid) for the first time. This means that the losses suffered during our establishment phase, and as a result of the effects of the Global Financial Crisis, which occurred shortly after our establishment, have now been fully recovered. This milestone has been reached while at the same time returning more than $400,000 in community contributions to Mansfield and District. Getting to this position has been a key aim of the Board. Now is an important opportunity to reset our strategic objectives. Our financial strength enables us to reinvest in our business where necessary (for example our recent branch renovations which increase our capacity to service our customers), and we are in a strong position as we set new directions in relation to capital management, budgeting, dividend policy and community contributions.

The Board continues to juggle competing demands, seeking to find a balance between endeavouring to reward our shareholders, contributing much needed funds to our community, and growing the 'business' of banking. Financial success, as measured in our progress toward restoring our initial capital base, does provide us with options that we haven't previously had, and we look forward to discussing this with our shareholders in the year ahead.

Soon after the end of the financial year we celebrated our tenth anniversary. We opted to celebrate this with a variety of small events and competitions for our shareholders, customers and community alike to show our appreciation for their initial support in establishing our branch, and for their continued support over the last ten years. This has enabled us to maximize the funds available for distribution to our community and to our shareholders.

As usual, credit for our continued success is due to the contributions of our key stakeholders - our shareholders, our customers, our branch staff, our franchise partner Bendigo and Adelaide Bank Limited, and our community.

The Board is pleased that it has once again been able to provide a modest return to shareholders for the sixth year in a row. Our strong financial position has allowed Directors to thank our shareholders on the occasion of our tenth anniversary with a special 10th anniversary dividend of 2 cents per share on top of an annual dividend of 4 cents per share. This means that to date we have been able to declare some $195,000 in dividends, including $45,000 to be paid in October 2017.

I'd like to particularly thank Board members that contribute significant time, energy and expertise to the task of managing the company. At the last Annual General Meeting we farewelled Marian Dowling and Noel Willaton who had contributed in excess of a combined two decades of exceptional service (perhaps blood, sweat and tears would be an apt term) to set our **Community Bank**® branch on the right path. Newer Directors Toby Permezel, Nicole Nally and Sarah Brennan have made significant contributions to the Board in a short period. It is unfortunate for our company and community that both Toby and Sarah have recently moved away from the area and so resigned from the Board. However, I am pleased to report that a recent campaign to recruit new Directors has led to several well-qualified community members putting themselves forward for consideration.

Chairman’s report (continued)

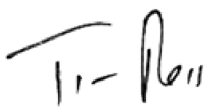
Part of the balance the Board seeks is between supporting the workings of the local branch, and the contribution we can make to the wider **Community Bank**® family. Mansfield Directors have done this through engagement at a regional, state and federal level. Of particular note is the part that our Marketing & Communications Coordinator Katie Moore has played representing our region in marketing at a state level. We are also pleased that our longest standing Director Haley Tudor-Harrop successfully stood for a seat on the **Community Bank**® National Council, and is already making a significant contribution.

A special mention goes to our dedicated branch team, led by Matthew Currie, who contribute their time and talents to both the branch and the local community. On behalf of the Board, I thank them for their contribution to the company and their continued service to our customers and community.

Once again, I express the hope that our shareholders are able to take some pride in the achievements of the bank established with their capital; pride in providing a growing and distinctive banking business, pride in the local young (and not so young) people who have been employed by the bank, pride that their bank is able to provide tangible assistance in helping to build and strengthen our community.

We look forward to continuing to serve the Mansfield and district community in the year ahead.

Yours sincerely,



Tim Ross
Chairman

Manager's report

For year ending 30 June 2017

It is with pleasure that I submit the Branch Manager's report for the Mansfield & District **Community Bank**® Branch.

The 2016/17 financial year has shown some good outcomes for the Mansfield & District **Community Bank**® Branch. We ended the financial year with total business of $109.8 million. This reflects growth of $2.3 million on last year's results. While this result wasn't where we had hoped to be, it is still a strong result in the current competitive environment. The branch also grew its customer numbers to 2,307 which is about an 8.6% increase for the financial year. This shows that we are just as relevant as ever, and our community really supports us. This year also saw some really strong results in the areas of insurance and superannuation. These two areas are really important as it allows us to diversify our income stream, and not rely so heavily on lending growth.

The strength of the **Community Bank**® model, and the point of difference that this provides, is one of the reasons that we have been able to achieve these strong results, assist our local groups and clubs, and help to support community events and projects. We believe that our success is closely linked to the success of our communities.

In the past 12 months the Mansfield & District **Community Bank**® Branch has continued to support the Bonnie Doon Football Netball Club, Mansfield Arts Council and the Jamieson Autumn Festival. We have also provided funding to build a sensory garden at Mansfield Primary School, new uniforms for the Mansfield Basketball Association and provided funds to Up2Us Landcare to support National Tree Planting Day. We have also worked in conjunction with Up2Us Landcare and Mansfield CWA to bring the Boomerang Bag program to life. This program aims to make Mansfield plastic bag free. These are all very worthwhile causes.

The staff at the branch once again organised Mansfield's Million Paws Walk which raised much needed funds for the RSPCA. It was our biggest turnout yet, and we are really proud of the funds we have been able to raise over the past few years.

The branch team of Jess, Julia, Stevie and Leanne have continued their fantastic work from last year. Our customers tell us that they love the service that our staff provide. They should be proud of what they have helped to achieve.

The branch staff couldn't have achieved all of this alone. We had wonderful support from our Regional Bendigo and Adelaide Bank support team of Mark Brown (Regional Manager), Kendall Beattie (Regional Community Manager), Brian O'Keefe (Risk & Compliance Manager), and Chris Patullo (People Operations Manager). Thank you for your ongoing help and support.

Thank you to our Board of Directors who provide fantastic guidance for our local team. The direction they have set will see the Mansfield & District **Community Bank**® Branch continue to maintain our strong community focus and ensure we remain a relevant banking choice in our community.

Most of all I would like to thank our shareholders, our individual customers and the local businesses and groups that choose to bank with the Mansfield & District **Community Bank**® Branch. It is because of you that we are able to provide the support that we do to the local community.

On behalf of the branch staff thank you for your continued support. We look forward to seeing you in the branch sometime throughout the year.

Thank you

Branch Manager.

Bendigo and Adelaide Bank report

For year ending 30 June 2017

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

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

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

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

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

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

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

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

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

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

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

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

Robert Musgrove
Executive Engagement Innovation

Directors' report

For the financial year ended 30 June 2017

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

Directors

The following persons were Directors of Mansfield & District Community Enterprises Limited during or since the end of the financial year up to the date of this report:

Timothy John Ross

Position: Chairperson

Professional qualifications: Accountant

Experience and expertise: Former Director & Hon Treasurer, Beolite Village Ltd, Former Independent Member, Mansfield Shire Audit Committee, Accountant (Public Practice)

Marian Louise Dowling

Position: Vice Chairman (Resigned 8 November 2016)

Professional qualifications: Horticultural Consultant/Small Farmer

Experience and expertise: Associate degree in Urban Horticulture, UOM. Previous occupations Electoral Officer, Vic State Member of Parliament, Property Officer Delatite Shire Council, Assistant Company Secretary Potter Warburg (previously Potter Partners), Graduate of Alpine Valleys Community Leadership Program, Rural Women's Governance Program and the Community Landcare & Agriculture Leadership Program, Founding Chair Mansfield District Ambulance Auxilliary, Mansfield Relay for Life; Volunteer Cancer Council Daffodil Club, Friends of Burnley Gardens; Past Committee Member: Merrijig Community Hall, Merrijig Rodeo Association, Mansfield District Racing Club, Hume Regional Strategy Working Group, Capable & Cohesive Communities Working Group. Steering Committee Mansfield & District **Community Bank**® Branch.

Haley Kate Tudor-Harrop

Position: Director

Professional qualifications: Accountant

Experience and expertise: B.Bus(Acc), Chartered Accountant, GAICD. Elected member of the **Community Bank**® National Council, Ex-Director at Lake Mountain Resort Management Board, Ex-Director at MACE Inc.

Noel Francis Willaton

Position: Director (Term expired November 2016)

Professional qualifications: Primary Producer

Experience and expertise: Noel has had a varied career including 10 years as a Broadband Radio Technician followed by 10 years as Director of the family business in Transport and Concrete production in the Latrobe Valley, subsequently spending 30 years in that industry through various demergers and acquisitions. He performed numerous roles including Manager Concrete Production and Sales Latrobe Valley, Transport & Systems Manager Melbourne Metro Concrete, Project team Member on Software Systems Re-engineering in USA & Australia and IT Business Systems Analyst supporting Australia wide users of software developed for Concrete Technical Design, Concrete & Aggregate Dispatch and GPS Truck Tracking. Noel retired from Holcim Australia Ltd in June 2010 and now concentrates on cattle grazing and is an active partner in a local garden design business.

Directors (continued)

Geoffrey Doyle

Position: Director (Resigned 24 February 2017)

Professional qualifications: Retired

Experience and expertise: Private business owner/manager-promotional industry. General Manager Spotless services - Food Division. National sales & marketing manager, Spotless services Food/Textile Division, National training Manager. Secretary/Treasurer & Chair of various organisations including Kindergarten and volunteer groups. Post graduate Diploma Business, Diploma Marketing.

Janene Alice Ridley

Position: Director

Professional qualifications: Manager - Small Business

Experience and expertise: General Manger of Mount Terrible Wines Pty Ltd. Former CEO of Mansfield District Hospital. GAICD - Graduate Australian Institute of Company Director, MHSM - Masters of Health Services Management, BA - Bachelor or Arts, RN - Registered Nurse Division 1. Current member - Jamieson CFA - 41h Lieutenant & OHS Officer. Current member-Jamieson Floodwatch Program. Current member - Mansfield Musical & Dramatic Society (MMUDS).

Amy Lee Chandler

Position: Treasurer

Professional qualifications: Accountant

Experience and expertise: B.Bus (Acc) CPA. Accountant at Proactive Tax & Business Services. Previously employed at Langley McKimmie Chartered Accountants & Stephen Bates CPA. Previous Treasurer - Mansfield Football Netball Club and Woodend Hesket Football Netball Club.

Nicole Su-Yin Nally

Position: Director

Professional qualifications: Business Development and Regional Representative, Acquatic Informatics

Experience and expertise: A registered professional Engineer. Business Development and Regional Representative for Aquatic informatics. Past committee member Australian Water Association, Engineers Without Borders and Institute of Engineers Australia. MBA.

Toby Permezel

Position: Secretary

Professional qualifications: Solicitor

Experience and expertise: Bachelor of Science, Juris Doctor, Graduate Diploma of Legal Practice. Solicitor practicing in the following areas: wills and estates, commercial litigation, business/land transactions and leasing.

Sarah Brennan

Position: Director (Appointed 2 December 2016) (Resigned 4 August 2017)

Professional qualifications: Director

Experience and expertise: Sarah is Chair of MDBA, Chair Linden New Art, Secretary Tolmie Recreation Reserve Committee, Director Gravity Design and Committee member of Mansfield AgriTourism Alliance.

Peter Valerio

Position: Director (Appointed 4 August 2017)

Professional qualifications: Director

Experience and expertise: Marketing Strategy, Research & Strategic planning. Undertaken global marketing strategy work for a wide range of government and semi government bodies.

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

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

Directors' report (continued)

Directors' meetings

Attendances by each Director during the year were as follows:

	Board meetings		Committee Meetings Attended					
			Development		Finance		Governance	
Director	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
Timothy John Ross	12	12	N/A	N/A	11	11	N/A	N/A
Marian Louise Dowling	5	4	4	4	N/A	N/A	N/A	N/A
Haley Kate Tudor-Harrop	12	11	N/A	N/A	N/A	N/A	4	4
Noel Francis Willaton	5	5	4	4	N/A	N/A	N/A	N/A
Geoffrey Doyle	8	6	7	6	N/A	N/A	N/A	N/A
Janene Alice Ridley	12	10	N/A	N/A	N/A	N/A	4	4
Amy Lee Chandler	12	12	N/A	N/A	11	9	N/A	N/A
Nicole Sun Nally	12	6	6	4	11	4	1	1
Toby Permezel	12	12	N/A	N/A	N/A	N/A	4	4
Sarah Brennan	6	5	6	5	N/A	N/A	N/A	N/A
Peter Valerio	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

Company Secretary

Toby Permezel has been the Company Secretary of Mansfield & District Community Enterprises Limited since November 2016.

Toby's qualifications and experience include Bachelor of Science, Juris Doctor, Graduate Diploma of Legal Practice, Solicitor practicing in the following areas: wills and estates, commercial litigation, business/land transactions and leasing.

Principal activities

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

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

Review of operations

The profit/loss of the company for the financial year after provision for income tax was $83,796 (2016 profit/loss: $46,814), which is a 79% increase as compared with the previous year.

Dividends

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

An unfranked final dividend of 4 cents per share was declared and paid during the year for the year ended 30 June 2017.

Options

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

Significant changes in the state of affairs

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

Events subsequent to the end of the reporting period

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

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor

The company has indemnified all Directors and the Manager in respect of liablities 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 lack of good faith. The company also has Directors and Officers insurance for the benefit of Officers of the company against any liability occurred by the Officer, which includes Officer's liability for legal costs, in or arising out of the conduct of the business of the company or in or arising out of the discharge of the Officer's duties.

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

Proceedings on behalf of company

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

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 11 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Remuneration report

Remuneration policy

There has been no remuneration policy developed as Director positions are held on a voluntary basis and Directors are not remunerated for their services.

Remuneration benefits and payments

Other than detailed below, 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. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Directors' report (continued)

Remuneration report (continued)

Equity holdings of key management personnel

The number of ordinary shares in the company held during the financial year and prior year by each Director and other key management personnel, including their related parties, are set out below:

Name	Balance at 30 June 2016	Net change in holdings	Balance at 30 June 2017
Directors			
Timothy John Ross	11,500	-	11,500
Marian Louise Dowling	2,501	-	2,501
Haley Kate Tudor-Harrop	5,003	500	5,503
Noel Francis Willaton	2,501	-	2,501
Geoffrey Doyle	-	-	-
Janene Alice Ridley	-	-	-
Amy Lee Chandler	1,000	-	1,000
Nicole Su-Yin Nally	3,000	-	3,000
Toby Permezel	-	-	-
Sarah Brennan	-	-	-
Peter Valerio	-	-	-

Signed in accordance with a resolution of the Board of Directors at Mansfield, Victoria on 30 September 2017.

Timothy John Ross
Chairman

Auditor's independence declaration

EVOLVE
ACCOUNTING SOLUTIONS
Successfully growing your financial future

Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001* to the Directors of Mansfield & District Community Enterprises Limited.

As Auditor of the Mansfield & District Community Enterprises Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

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

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

EVOLVE ACCOUNTING SOLUTIONS

Paul Best – Partner
Registered Company Auditor

211 Anstruther Street
Echuca VIC 3564

Date this 25th day of September, 2017.

BENDIGO
3 Kennedy Street, PO Box 1023, Bendigo VIC 3552
P: 03 5441 4966 • F: 03 5441 8654

ECHUCA
211 Anstruther Street, PO Box 336, Echuca, VIC, 3564
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Financial statements

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

	Notes	2017 $	2016 $
Revenue	2	792,528	747,627
Expenses			
Employee benefits expense	3	(340,586)	(346,067)
Charitable donations, sponsorships, advertising and promotion	3	(114,424)	(97,065)
Occupancy expenses		(67,123)	(68,343)
Systems costs		(20,340)	(21,439)
Depreciation and amortisation	3	(26,554)	(22,666)
Finance costs	3	(895)	(554)
Administration and general costs		(105,493)	(127,177)
		(675,415)	**(683,311)**
Profit before income tax expense		**117,113**	**64,316**
Income tax expense	4	(33,317)	(17,502)
Profit after income tax expense		**83,796**	**46,814**
Total comprehensive income for the year		**83,796**	**46,814**
Profit attributable to members of the company		83,796	46,814
Total comprehensive income attributable to members of the company		**83,796**	**46,814**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share	17	11.09	6.20

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

Statement of Financial Position
as at 30 June 2017

	Notes	2017 $	2016 $
Assets			
Current assets			
Cash and cash equivalents	5	547,794	447,721
Trade and other receivables	6	74,790	65,978
Other assets	7	4,575	9,157
Total current assets		**627,159**	**522,856**
Non-current assets			
Property, plant and equipment	8	97,893	78,279
Intangible assets	9	2,390	16,234
Deferred tax assets	4	89	4,424
Total non-current assets		**100,372**	**98,937**
Total assets		**727,531**	**621,793**
Liabilities			
Current liabilities			
Trade and other payables	10	39,093	35,063
Current tax liability	4	24,051	-
Borrowings	12	7,919	2,000
Provisions	13	16,021	15,750
Total current liabilities		**87,084**	**52,813**
Non-current liabilities			
Borrowings	12	16,395	-
Provisions	13	7,401	5,899
Total non-current liabilities		**23,796**	**5,899**
Total liabilities		**110,880**	**58,712**
Net assets		**616,651**	**563,081**
Equity			
Issued capital	14	729,800	729,800
Retained earnings / Accumulated losses	15	(113,149)	(166,719)
Total equity		**616,651**	**563,081**

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

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

	Note	Issued capital $	Accumulated losses $	Reserves $	Total equity $
Balance at 1 July 2015		729,800	(183,307)	-	546,493
Profit / Loss for the year		-	46,814	-	46,814
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		**-**	**46,814**	**-**	**46,814**
Transactions with owners, in their capacity as owners					
Shares issued during the year		-	-	-	-
Dividends paid or provided	16	-	(30,226)	-	(30,226)
Balance at 30 June 2016		**729,800**	**(166,719)**	**-**	**563,081**
Balance at 1 July 2016		729,800	(166,719)	-	563,081
Profit / Loss for the year		-	83,796	-	83,796
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		**-**	**83,796**	**-**	**83,796**
Transactions with owners, in their capacity as owners					
Shares issued during the year		-	-	-	-
Dividends paid or provided	16	-	(30,226)	-	(30,226)
Balance at 30 June 2017		**729,800**	**(113,149)**	**-**	**616,651**

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

Statement of Cash Flows
for the year ended 30 June 2017

	Notes	2017 $	2016 $
Cash flows from operating activities			
Receipts from customers		848,207	796,736
Payments to suppliers and employees		(715,578)	(718,612)
Interest paid		(896)	(554)
Interest received		10,896	10,012
Income tax paid		(4,931)	-
Net cash provided by / (used in) operating activities	**18b**	**137,698**	**87,582**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		10,000	-
Purchase of property, plant and equipment		(39,713)	(3,702)
Net cash flows from / (used in) investing activities		**(29,713)**	**(3,702)**
Cash flows from financing activities			
Proceeds from borrowings		28,720	-
Repayment of borrowings		(6,406)	(7,670)
Dividends paid		(30,226)	(30,226)
Net cash provided by / (used in) financing activities		**(7,912)**	**(37,896)**
Net increase / (decrease) in cash held		100,073	45,984
Cash and cash equivalents at beginning of financial year		447,721	401,737
Cash and cash equivalents at end of financial year	**18a**	**547,794**	**447,721**

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

Notes to the financial statements

For year ended 30 June 2017

These financial statements and notes represent those of Mansfield & District Community Enterprises Limited.

Mansfield & District Community Enterprises Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 30 September 2017.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

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

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

<u>Economic dependency</u>

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

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

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

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

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

Note 1. Summary of significant accounting policies (continued)

(b) Impairment of assets

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

(c) Goods and services tax (GST)

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

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

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

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

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

(e) Comparative figures

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

(f) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

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

Fair value assessment of non-current physical assets

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

Employee benefits provision

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

Note 1. Summary of significant accounting policies (continued)

(f) Critical accounting estimates and judgements (continued)

Income tax

The company is subject to income tax. Significant judgement is required in determining the deferred tax asset.

Deferred tax assets are recognised only when it is considered sufficient future profits will be generated. The assumptions made regarding future profits is based on the company's assessment of future cash flows.

Impairment

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

(g) New accounting standards for application in future periods

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

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

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

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

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

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

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

(ii) the characteristics of the contractual cash flows.

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

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

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

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

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

Note 1. Summary of significant accounting policies (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

AASB 16:

- replaces AASB 117 Leases and some lease-related Interpretations;
- requires all leases to be accounted for ‘on-balance sheet’ by lessees, other than short-term and low value asset leases;
- provides new guidance on the application of the definition of lease and on sale and lease back accounting;

Note 1. Summary of significant accounting policies (continued)

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

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

- largely retains the existing lessor accounting requirements in AASB 117; and
- requires new and different disclosures about leases.

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

Note 2. Revenue

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

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

<u>Rendering of services</u>

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

<u>Interest, dividend and other income</u>

Interest income is recognised on an accrual basis using the effective interest rate method.

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

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

	2017 $	**2016 $**
Revenue		
- service commissions	778,023	737,681
	778,023	**737,681**
Other revenue		
- interest received	11,893	9,946
- other revenue	2,612	-
	14,505	**9,946**
Total revenue	**792,528**	**747,627**

Note 3. Expenses

Operating expenses

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

Borrowing costs

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

Depreciation

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

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

Class of asset	Rate	Method
Leasehold improvements	2.5%	SL
Plant and equipment	13.3% - 40%	DV
Furniture and fittings	5% - 50%	DV
Motor vehicles	25%	DV

Gains/losses upon disposal of non-current assets

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

	2017 $	2016 $
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	300,220	300,466
- superannuation costs	28,318	31,113
- other costs	12,048	14,488
	340,586	**346,067**
Community contributions		
- sponsorship	63,329	51,560
- donations	1,075	2,357

	2017 $	2016 $
Note 3. Expenses (continued)		
Other advertising and promotions		
- advertising	8,541	5,169
- marketing	7,096	12,864
- marketing contractor	34,383	25,115
	114,424	**97,065**
Depreciation and amortisation		
Depreciation		
- furniture and fittings	4,024	4,590
- leasehold improvements	1,545	1,545
- motor vehicle	7,141	2,687
	12,710	**8,822**
Amortisation		
- franchise agreement	2,307	2,307
- franchise renewal fee	11,537	11,537
	13,844	**13,844**
Total depreciation and amortisation	**26,554**	**22,666**
Finance costs		
- Interest paid	895	554
Bad and doubtful debts expenses	(8,365)	17,772
(Gain) / Loss on disposal of property, plant and equipment	(2,611)	-
Auditors' remuneration		
Remuneration of the Auditor, AFS & Associates, for:		
- Audit or review of the financial report	4,514	4,100
- Taxation services	2,940	2,330
- Share registry services	3,873	4,525
	11,327	**10,955**

Note 4. Income tax

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

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

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

Note 4. Income tax (continued)

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

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

	2017 $	2016 $
a. The components of tax expense comprise:		
Current tax expense	28,982	-
Movement in Deferred tax expense / (income)	1,033	1,894
Recoupment of prior year tax losses	3,302	15,721
Adjustment to deferred tax to reflect changes to tax rate in future periods	-	(113)
	33,317	**17,502**
b. Prima facie tax payable		
The prima facie tax on profit / (loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 27.5% (2016: 28.5%)	32,206	18,330
Add tax effect of:		
- timing difference expenses	(1,034)	189
	31,172	**18,519**
Movement in deferred tax	1,033	1,894
Adjustment to deferred tax to reflect change of tax rate in future periods	116	(113)
Movement in deferred tax asset (debtors and creditors)	996	(2,798)
Income tax attributable to the entity	**33,317**	**17,502**
The applicable weighted average effective tax rate is	-28.45%	-27.21%
c. Current tax liability		
Current tax relates to the following:		
Current tax liabilities / (assets)		
Opening balance	-	-
Income tax paid	(4,931)	-
Current tax	28,982	-
Under / (over) provision prior years	-	-
	24,051	**-**

	2017 $	2016 $
Note 4. Income tax (continued)		
d. Deferred tax asset / (liability)		
Deferred tax relates to the following:		
Deferred tax assets balance comprises:		
Accruals	550	715
Employee provisions	6,441	5,953
Unused tax losses	-	3,302
	6,991	**9,970**
Deferred tax liabilities balance comprises:		
Accrued income	725	451
Property, plant & equipment	4,919	3,096
Prepayments	1,258	1,999
	6,902	**5,546**
Net deferred tax asset / (liability)	**89**	**4,424**
Total carried forward tax losses not recognised as deferred tax assets	-	-
e. Deferred income tax (revenue)/expense included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	(323)	(477)
(Decrease) / increase in deferred tax liabilities	1,356	2,258
	1,033	**1,781**

Note 5. Cash and cash equivalents

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

	2017 $	2016 $
Cash at bank and on hand	42,794	67,721
Term Deposits	505,000	380,000
	547,794	**447,721**

The effective interest rate on short-term bank deposits was 2.45% (2016: 2.45%); these deposits have an average maturity of 177 days.

Note 6. Trade and other receivables

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

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

	2017 $	2016 $
Current		
Trade receivables	72,153	64,339
Other receivables	2,637	1,639
	74,790	**65,978**

Credit risk

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

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

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

	Gross amount $	Not past due $	Past due but not impaired			Past due and impaired $
			< 30 days $	31-60 days $	> 60 days $	
2017						
Trade receivables	72,153	72,054	-	-	99	-
Other receivables	7,212	7,212	-	-	-	-
Total	**79,365**	**79,266**	**-**	**-**	**99**	**-**
2016						
Trade receivables	64,339	63,589	-	-	-	750
Other receivables	10,796	10,796	-	-	-	-
Total	**75,135**	**74,385**	**-**	**-**	**-**	**750**

Note 7. Other assets

Other assets represent items that will provide the entity with future economic benefits controlled by the entity as a result of past transactions or other past events.

	2017 $	2016 $
Prepayments	4,575	9,157
	4,575	**9,157**

Note 8. Property, plant and equipment

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

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

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

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

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

	2017 $	2016 $
Leasehold improvements		
At cost	61,803	61,803
Less accumulated depreciation	(15,153)	(13,608)
	46,650	**48,195**
Computer Software		
At cost	12,336	11,007
Less accumulated depreciation	(11,009)	(11,007)
	1,327	**-**
Motor vehicles		
At cost	35,504	31,393
Less accumulated depreciation	(6,322)	(23,426)
	29,182	**7,967**

	2017 $	2016 $

Note 8. Property, plant and equipment (continued)

	2017 $	2016 $
Furniture and fittings		
At cost	137,503	134,624
Less accumulated depreciation	(116,769)	(112,507)
	20,734	**22,117**
Total property, plant and equipment	**97,893**	**78,279**
Movements in carrying amounts		
Leasehold improvements		
Balance at the beginning of the reporting period	48,195	49,740
Additions	-	-
Disposals	-	-
Depreciation expense	(1,545)	(1,545)
Balance at the end of the reporting period	**46,650**	**48,195**
Computer Software		
Balance at the beginning of the reporting period	-	-
Additions	1,329	-
Disposals	-	-
Depreciation expense	(2)	-
Balance at the end of the reporting period	**1,327**	**-**
Motor vehicles		
Balance at the beginning of the reporting period	7,967	10,654
Additions	35,504	-
Disposals	(7,148)	-
Depreciation expense	(7,141)	(2,687)
Balance at the end of the reporting period	**29,182**	**7,967**
Furniture and fittings		
Balance at the beginning of the reporting period	22,117	23,005
Additions	2,641	3,702
Disposals		-
Depreciation expense	(4,024)	(4,590)
Balance at the end of the reporting period	**20,734**	**22,117**

	2017 $	2016 $

Note 8. Property, plant and equipment (continued)

Total property, plant and equipment		
Balance at the beginning of the reporting period	78,279	83,399
Additions	39,474	3,702
Disposals	(7,148)	-
Depreciation expense	(12,712)	(8,822)
Balance at the end of the reporting period	**97,893**	**78,279**

Note 9. Intangible assets

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

	2017 $	2016 $
Franchise fee		
At cost	11,537	11,537
Less accumulated amortisation	(11,138)	(8,831)
	399	**2,706**
Renewal processing fee		
At cost	57,684	57,684
Less accumulated amortisation	(55,693)	(44,156)
	1,991	**13,528**
Total intangible assets	**2,390**	**16,234**
Movements in carrying amounts		
Franchise fee		
Balance at the beginning of the reporting period	2,706	5,013
Additions	-	-
Disposals	-	-
Amortisation expense	(2,307)	(2,307)
Balance at the end of the reporting period	**399**	**2,706**
Renewal processing fee		
Balance at the beginning of the reporting period	13,528	25,065
Additions	-	-
Disposals	-	-
Amortisation expense	(11,537)	(11,537)
Balance at the end of the reporting period	**1,991**	**13,528**

	2017 $	2016 $
Note 9. Intangible assets (continued)		
Total intangible assets		
Balance at the beginning of the reporting period	16,234	30,078
Additions	-	-
Disposals	-	-
Amortisation expense	(13,844)	(13,844)
Balance at the end of the reporting period	**2,390**	**16,234**

Note 10. Trade and other payables

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

	2017 $	2016 $
Current		
Unsecured liabilities:		
Trade creditors	17,527	5,981
Other creditors and accruals	21,566	29,082
	39,093	**35,063**

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

Note 11. Financial liabilities

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

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

Note 12. Borrowings

Finance Leases

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

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

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

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

	2017 $	2016 $
Current		
Secured liabilities		
Chattel mortgage	7,919	2,000
Non-current		
Secured liabilities		
Chattel mortgage	16,395	-
Total borrowings	**24,314**	**2,000**

The finance lease of motor vehicle, which commenced in 2016, is a 4 year lease. Interest is recognised at an average rate of 4.88% (2015 6.8%)

(a) Lease liabilities

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Note 13. Provisions

Short-term employee benefits

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

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

Note 13. Provisions (continued)

Other long-term employee benefits

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

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

	2017 $	2016 $
Current		
Provision for annual leave	16,021	15,750
Non-current		
Provision for long service leave	7,401	5,899
Total provisions	**23,422**	**21,649**

Note 14. Share capital

Ordinary shares are classified as equity.

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

	2017 $	2016 $
755,660 Ordinary shares fully paid	755,660	755,660
Less: Equity raising costs	(25,860)	(25,860)
	729,800	**729,800**
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	755,660	755,660
Shares issued during the year	-	-
At the end of the reporting period	**755,660**	**755,660**

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

Note 14. Share capital (continued)

Capital management

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

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

(i) the Distribution Limit is the greater of:

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

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

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

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

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

Note 15. Accumulated losses

	2017 $	**2016 $**
Balance at the beginning of the reporting period	(166,719)	(183,307)
Profit/(loss) after income tax	83,796	46,814
Dividends paid	(30,226)	(30,226)
Balance at the end of the reporting period	**(113,149)**	**(166,719)**

Note 16. Dividends paid or provided for on ordinary shares

Dividends paid or provided for during the year

Unfranked ordinary dividend of 4 cents per share (2016: 4 cents)	30,226	30,226

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

Notes to the financial statements (continued)

Note 17. Earnings per share

Basic earnings per share

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

	2017 $	2016 $
Basic earnings per share (cents)	11.09	6.20
Earnings used in calculating basic earnings per share	83,796	46,814
Weighted average number of ordinary shares used in calculating basic earnings per share.	755,660	755,660

Note 18. Statement of cash flows

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

Cash and cash equivalents (Note 6)	547,794	447,721
As per the Statement of Cash Flow	**547,794**	**447,721**
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit / (loss) after income tax	83,796	46,814
Non-cash flows in profit		
- Depreciation	12,710	8,822
- Amortisation	13,844	13,844
- Net (profit) / loss on disposal of property, plant & equipment	(2,611)	-
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(8,812)	(11,682)
- (increase) / decrease in prepayments and other assets	4,582	17,502
- (Increase) / decrease in deferred tax asset	4,335	-
- Increase / (decrease) in trade and other payables	4,030	7,045
- Increase / (decrease) in current tax liability	24,051	-
- Increase / (decrease) in provisions	1,773	5,237
Net cash flows from / (used in) operating activities	**137,698**	**87,582**

Note 19. Director and related party disclosures

(a) Transactions with key management personnel and related parties

The names of Directors who have held office during the financial year are:

Timothy Ross
Marian Dowling (Resigned 8 November 2016)
Haley Tudor-Harrop
Noel Willaton (Term expired November 2016)
Geoffrey Doyle (Resigned 24 February 2017)
Janene Ridley
Amy Chandler
Nicole Nally
Toby Permezel
Sarah Brennan (Appointed 2 December 2016) (Resigned 4 August 2017)
Peter Valerio (Appointed 4 August 2017)

(b) Key management personnel shareholdings

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

	2017	2016
Timothy Ross	11,500	11,500
Marian Dowling (Resigned 8 November 2016)	2,501	2,501
Haley Tudor-Harrop	5,503	5,003
Noel Willaton (Term expired November 2016)	2,501	2,501
Geoffrey Doyle (Resigned 24 February 2017)	-	-
Janene Ridley	-	-
Amy Chandler	1,000	1,000
Nicole Nally	3,000	3,000
Toby Permezel	-	-
Sarah Brennan (Appointed 2 December 2016) (Resigned 4 August 2017)	-	-
Peter Valerio (Appointed 4 August 2017)	-	-
	26,005	**25,505**

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

(c) Other key management transactions

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

Note 20. Events after the reporting period

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

Note 21. Contingent liabilities and contingent assets

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

Note 22. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one area being Mansfield, Victoria. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2016: 100%).

Note 23. Commitments

Operating lease commitments

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

	2017 $	2016 $
Payable:		
- no later than 12 months	42,923	40,626
- between 12 months and five years	173,528	6,771
- greater than five years	7,230	-
Minimum lease payments	**223,681**	**47,397**

Finance lease commitments

Finance lease liabilities are payable exclusive of GST as follows:		
Payable:		
- no later than 12 months	7,919	2,023
- between 12 months and five years	18,477	-
- greater than five years	-	-
Minimum lease payments	**26,396**	**2,023**
Less future interest charges	(2,082)	(23)
Finance lease liability	**24,314**	**2,000**

Note 24. Company details

The registered office and principal place of business is:

Registered Office
96-98 High Street
Mansfield, Victoria 3722

Principal Place of Business
96-98 High Street
Mansfield, Victoria 3722

Note 25. Financial risk management

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established a Governance & Risk Committee which reports regularly to the Board.

Specific financial risk exposure and management

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

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

	Note	2017 $	2016 $
Financial assets			
Cash and cash equivalents	5	547,794	447,721
Trade and other receivables	6	74,790	65,978
Total financial assets		**622,584**	**513,699**
Financial liabilities			
Trade and other payables	10	39,093	35,063
Borrowings	12	24,314	2,000
Total financial liabilities		**63,407**	**37,063**

(a) Credit risk

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

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

Credit risk exposures

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

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

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

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

Note 25. Financial risk management (continued)

(b) Liquidity risk

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

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

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

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

Financial liability and financial asset maturity analysis:

30 June 2017	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
Cash and cash equivalents	2.45%	547,794	547,794	-	-
Trade and other receivables	N/A	74,790	74,790	-	-
Total anticipated inflows		**622,584**	**622,584**	**-**	**-**
Financial liabilities					
Trade and other payables	N/A	39,093	39,093	-	-
Borrowings	4.88%	24,314	7,919	16,395	-
Total expected outflows		**63,407**	**47,012**	**16,395**	**-**
Net inflow / (outflow) on financial instruments		**559,177**	**575,572**	**(16,395)**	**-**

30 June 2016	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
Cash and cash equivalents	2.45%	447,721	447,721	-	-
Trade and other receivables	N/A	65,978	65,978	-	-
Total anticipated inflows		**513,699**	**513,699**	**-**	**-**
Financial liabilities					
Trade and other payables	N/A	35,063	35,063	-	-
Borrowings	6.8%	2,000	2,000	-	-
Total expected outflows		**37,063**	**37,063**	**-**	**-**
Net inflow / (outflow) on financial instruments		**476,636**	**476,636**	**-**	**-**

Note 25. Financial risk management (continued)

(c) Market risk

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

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

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

Sensitivity analysis

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

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

	Profit $	Equity $
Year ended 30 June 2017		
+/- 1% in interest rates (interest income)	5,399	5,399
+/- 1% in interest rates (interest expense)	5,399	5,399
	10,798	**10,798**
Year ended 30 June 2016		
+/- 1% in interest rates (interest income)	4,457	4,457
+/- 1% in interest rates (interest expense)	4,457	4,457
	4,457	**4,457**

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

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Fair values

Fair value estimation

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

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

Note 25. Financial risk management (continued)

(d) Price risk (continued)

Fair values (continued)

	2017		2016	
	Carrying amount $	**Fair value $**	**Carrying amount $**	**Fair Value $**
Financial assets				
Cash and cash equivalents (i)	547,794	547,794	447,721	447,721
Trade and other receivables (i)	74,790	74,790	65,978	65,978
Total financial assets	**622,584**	**622,584**	**513,699**	**513,699**
Financial liabilities				
Trade and other payables (i)	39,093	39,093	35,063	35,063
Borrowings	24,314	24,314	2,000	2,000
Total financial liabilities	**63,407**	**63,407**	**37,063**	**37,063**

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

Directors' declaration

In accordance with a resolution of the Directors of Mansfield & District Community Enterprises, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 12 to 39 are in accordance with the Corporations Act 2001 and:

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

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

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

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

Timothy John Ross
Director

Signed at Mansfield, Victoria on 30 September 2017.

Independent audit report

EVOLVE
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Independent Auditors Report to the Members of Mansfield & District Community Enterprises Limited

Report on the Financial Report

We have audited the accompanying financial report of Mansfield & District Community Enterprises Limited, which comprises the Balance Sheet as at 30 June 2017, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 controls as the directors determine are 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.

Auditors Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those 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 controls. 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.

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Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the director's of the company a written Auditor's Independence Declaration, a copy of which is included in the director's report.

Audit Opinion

In our opinion:

a) the financial report of Mansfield & District Community Enterprises Limited is in accordance with the *Corporations Act 2001*, including:

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

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

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

EVOLVE ACCOUNTING SOLUTIONS

Paul J Best – Partner
Registered Company Auditor

211 Anstruther Street
Echuca VIC 3564

Dated this 25th day of September 2017.

Mansfield & District **Community Bank**® Branch
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