Annual Report 2016

Molonglo Financial Services Limited

ABN 77 100 097 443

Calwell **Community Bank**® Branch
Curtin **Community Bank**® Branch
Jerrabomberra **Community Bank**® Branch
Wanniassa **Community Bank**® Branch

Contents

Chairman's report

For year ending 30 June 2016

Welcome to the 14th Annual Report of Molonglo Financial Services Limited (MFSL).

I am pleased to present the 2015/16 Chairman's report on behalf of the MFSL Board of Directors. I was appointed to the Chair's role in March following the resignation of Jayson Hinder who was elected to the ACT Legislative Assembly. We are grateful to have had Jayson on the Board when we did, as he helped guide the company through some difficult years to return us to profit in 2014/15 and, I'm pleased to advise, again in 2015/16. Our profit for 2015/16 was $69,234 and while this is a positive result, we still face challenges ahead.

Project Horizon, the first thorough review of the **Community Bank**® network since its inception in 1998, will bring a few changes to our company and the network. The biggest challenge we will face from this is the third alteration to profit share calculations in just over five years. This change will see income calculated based on a 50/50 split on profit derived from the market based Funds Transfer Price. The Board will need to consider when is the best time to transition MFSL across to this new model, noting there is a three-year window to do so commencing from 1 July 2016. So far show forecasting has indicated a net annual benefit/cost to MFSL ranging from -$75,387 to $114,535. This is discussed further in the Treasurer's report.

Another important issue for MSFL to consider is recommitting to new franchise agreements across the four Branches that all have renewals dates coming up in 2016/17 and 2017/18. The format for the new agreements take into account Project Horizon outcomes, changes to the Franchising Code and other legislation changes as it relates to these sort of agreements.

During the year we said farewell to long serving Directors, such as Jayson Hinder, Alan Hodges and Ann Dalton. We also welcomed some new additions to the Board of Directors in Yvonne Gillett, Radmila Noveska and Robert Evans. With a rejuvenated Board, we have created a new strategic plan for the company that articulates our priorities and strategies for the next three years (2016 to 2019).

In the community, our branches are still generating returns for local clubs, groups and other community organisations. In early July, our company crossed over the $1.2 million milestone, with around $100,000 being returned to the Canberra region this financial year. Nationwide, the figure from the **Community Bank**® network is now above $148 million. We are very proud to have been be part of this achievement to date, and look forward to continuing to support our local community.

These contributions are paid through the Market Development Fund (MDF) which is provided from Bendigo Bank's marketing budget. The MDF was not immune to the Project Horizon review, and these funds are now under greater control by Bendigo Bank, who is encouraging collaboration throughout the network. We have led by example for years in this regard, through our collaborative and on-going sponsorship of the Snowy Hydro SouthCare Helicopter Service, which has been running now or five years.

To conclude, the 2015/16 financial year was a promising one for MFSL as we continue to move in the right direction for the future. I encourage all shareholders to attend the 2016 Annual General Meeting in October.

Neale Guthrie

Neale Guthrie
Chair

Manager's report

For year ending 30 June 2016

Welcome to the 2016 Manager's report.

The 2015/16 financial year was a good year overall for our branches. Our Funds Under Management grew $29.3 million, compared with $10.4 million in 2014/15. New customers totaled 179 throughout the year, and 556 accounts were opened. The trends across our branches were as follows.

Calwell Community Bank® Branch

The mature lending book at Calwell continues to be an obstacle in growing the branch. High levels of lending runoff throughout the year meant the branch had to grow by at least $5.3 million to finish the year in the same position as it started. Customers paying off their loans early and increasing their deposits meant the lending growth for the year was $1.2 million.

The average loan balance at 30 June was $72,000, which is consistent with last year, while the average deposit balance increased by $800 to $8,100. The deposit growth helped increase the overall Funds Under Management to $85.4 million. However, the income the branch generated fell by almost $47,000 from the previous financial year.

In 2016/17 the branch will look to re-engage with its existing clients to help grow the business and reward the customers that have banked with us for many years. As a branch we will also look to deploy some marketing initiatives that will also allow us to connect with potential clients in the surrounding suburbs that are yet to bank with Bendigo Bank.

So far this financial year we have managed to grow our lending book by $2.5 million and look to have a net growth by year-end of $5 million with a final balance sheet of over $90 million.

Curtin Community Bank® Branch

The Curtin **Community Bank**® Branch enjoyed positive growth in both lending and deposits over the year, increasing its Funds Under Management by $8.1 million to $58.9 million. As the amount of loan accounts grew, the average loan balance decreased $11,700 to $137,500, still higher than the mature books at Calwell and Wanniassa.

The branch finished the year in sight of profitability, with a net loss of $15,000, a great improvement from the 2014/15 loss of $142,000. This came from an income increase of $110,000 compared to last financial year.

The aim for 2016/17 will be to connect with our existing customers. With the branch's fifth birthday in June 2017, we will celebrate all the successes we have had in the community surrounding Curtin. We will seek to develop our existing customer base and expand to new clients across Canberra's Inner-South to ensure the Curtin **Community Bank**® Branch reaches its full potential.

Jerrabomberra Community Bank® Branch

Our Jerrabomberra **Community Bank**® Branch increased its Funds Under Management by $14.1 million during 2015/16, higher growth than the previous three years combined. The average loan and deposit balances increased to $125,000 and $11,300, respectively. The branch continues to draw in new customers and increase its footprint within the Jerrabomberra community.

While the overall branch loss was $255,000, the income jumped $73,000 over the year, and will maintain this growth as the branch builds momentum. The revenue of the branch will continue to increase as the Funds Under Management increases.

Manager's report (continued)

Our aims for 2016/17 will be growth and development. In our fifth year, we will continue to raise awareness of our customer connected and community engagement points of difference, all while providing a full suite of banking services. We will also focus on the personal and professional development of staff to maximize branch productivity and for succession planning purposes.

Wanniassa Community Bank® Branch

The Wanniassa **Community Bank®** Branch grew its average loan and deposit balances over the year, which led to an increase in Funds Under Management to $104.2 million. In a similar situation to Calwell, the branch needed to grow its lending by over $5.2 million to see any growth over the year. The branch income increased by almost $30,000, and lower expenses allowed the overall profit of the branch to increase to $219,000.

The aim for 2016/17 will be to reinvigorate branch performance under the leadership of our new Wanniassa **Community Bank®** Branch Manager who commenced on 1 September 2016.

Finally, we would like congratulate the Curtin and Jerrabomberra teams for their recent awards as third and fifth ranked branches in NSW/ACT for 2015/16 respectively. This is a tremendous effort and we hope to reach higher rankings next year as the branches reach their full potential.

Damian McNamara
Senior Branch Manager
Calwell Community Bank® Branch

Darren Manton
Senior Branch Manager
Jerrabomberra Community Bank® Branch

Chloe Heath
Branch Manager
Curtin Community Bank® Branch

Saugata Lahiri
Branch Manager
Wanniassa Community Bank® Branch

Treasurer's report

For year ending 30 June 2016

I present the following Treasurer's report for Molonglo Financial Services Limited for the year ended 30 June 2016.

I took over as Treasurer of Molonglo Financial Services Limited in October 2015, following the retirement of Alan Hodges at the last Annual General Meeting. I sincerely thank Alan for his service to the company and for his guidance.

Following a small profit last year, our focus for the 2015/16 financial year was to improve our profitability and plan ahead for a sustainable future. Future liabilities such as franchise fees, rent increases as a result of lease renewals and enterprise agreement salary increases, continued to be accrued for throughout the year.

From a revenue perspective 2016 was a good year and we achieved revenue in excess of our budget. However, we anticipate the 2016/17 financial year as a new calculation for profit share is to take effect. The change to the income share, based around funds transfer pricing, is a market-based mechanism. This new method for calculating our profit share is a widely accepted banking methodology for assessing the profitability of banking products and is usually used to set the price of a product so the application of it for assessing the revenue share is more transparent. It is unclear the overall impact that it will have on our revenue however the Board have been monitoring the current revenue share in comparison to the new method for over a year and will continue to do so. We do not currently have confirmation of when the new model will take effect for our company but expect it to be during the 2016/17 financial year.

The company has achieved a profit of $69,234 which is nearly double the profit achieved for 2015 and represents basic earnings per share in the company of nearly 2c.

The net asset position of the company has also improved to $1.318 million primarily made up of cash and cash equivalents in excess of $600,000 and property plant and equipment in excess of $400,000.

The company has had net cash in flow during the year of $122,297.

I have thoroughly enjoyed my first year as Treasurer and second year as a Director and Company Secretary, getting to know more fully that role that we as a company have for our community, and thank you for that opportunity.

Alison Grimes CA
Treasurer and Company Secretary

Directors' report

For the financial year ended 30 June 2016

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

Directors

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

Neale Desmond Guthrie

Chair

Occupation: Self-employed Consultant

Qualifications, experience and expertise: Prior to his retirement in Sepetmber 2014, Neale had nearly nine years' experience as a Senior Executive in the ACT Public Service. He has served on five management boards for ACT Government managed agencies. Neale also has over 30 years of management experience in various leadership and management roles in the Australian Regular Army, private industry and ACT Public Service. Neale has attained the following degrees: Master of Science (Management), Graduate Diploma (Management), Bachelor of Engineering (Civil).

Special responsibilities: Chair: Board of Directors, Chair: Business Development and Marketing and Sponsorship committee, Ex-Officio: Audit and Finance Committee, Governance and Strategic Planning Committee, Human Resources Committee.

Interest in shares: Nil

Brian Joseph Brown

Deputy Chair

Occupation: Retired

Qualifications, experience and expertise: Brian has previously served as Councillor at Queanbeyan City Council, Deputy Chair at Regional Development Australia Southern Inland, Vice President of the Jerrabomberra Residents' Association. Prior to this, Brian was in the Australian Army for 10 years.

Special responsibilities: Deputy Chair: Human Resources Committee, Deputy Chair: Governance and Strategic Planning Committee, Deputy Chair: Audit and Finance Committee.

Interest in shares: 4,500

Alison Louise Grimes

Treasurer

Occupation: Chartered Accountant

Qualifications, experience and expertise: Alison is a Senior Manager in PwC's Private Clients team in Canberra and has over 10 years experience as an accountant in both public and private sectors. Alison specialises in business advisory, financial and management accounting, statutory financial statement preparation, financial viability assessments, business process improvement, project management and taxation. Alison is also heavily involved in Corporate Responsibility at PwC and is the volunteer treasurer for the Girl Guides Association for the ACT/SE NSW region. Alison holds a Bachelor or Commerce (Accounting), Graduate Diploma of Chartered Accounting and is a member of the Institute of Chartered Accountants of Australia and New Zealand.

Special responsibilities: Company secretary, Treasurer, Chair: Audit and Finance Committee, Chair: Governance and Strategic Planning Committee.

Interest in shares: Nil.

Directors (continued)

Klarisa Dominka Cengic

Director

Occupation: Business Owner

Qualifications, experience and expertise: Klarisa currently owns and operates Eighty/Twenty Food, a wholefoods based café in Braddon. For three years prior, Klarisa was the Marketing Coordinator at Molonglo Financial Services. Klarisa holds a Bachelor of Commerce degree from the ANU and is passionate about marketing, social media, strategy design and implementation, and helping small business thrive.

Special responsibilities: Business Development, Sponsorship and Marketing Committee.

Interest in shares: Nil.

Dr Damien Charles Hickman

Director

Occupation: Government Relations, Advocacy

Qualifications, experience and expertise: Damien has a PhD in Political Science and a Bachelor of Science. He currently advises the National Heart Foundation on advocacy and was an advisor to Dr Andrew Leigh MP. Damien has also been a Communications Manager for National Rural Health Alliance.

Special responsibilities: Member: Business Development, Sponsorship and Marketing Committee.

Interest in shares: Nil

Yvonne Alice Gillett

Director (Appointed 29 March 2016)

Occupation: Accountant

Qualifications, experience and expertise: Yvonne has extensive experience as the Chief Financial Officer of the Canberra Raiders Group, and is currently a Board Member of the Canberra Raiders Pty Ltd. She has been working as a CPA for many years and is a member of the Rotary Club of Woden Daybreak.

Special responsibilities: Member: Audit and Finance Committee.

Interest in shares: Nil.

Radmila Noveska

Director (Appointed 29 March 2016)

Occupation: Electorate Officer

Qualifications, experience and expertise: Radmila was admitted as a Solicitor to the Supreme Court of the ACT in October 2010. Since then, she has worked as a Paralegal/Solicitor for Galilee Solicitors, a legal officer for United Voice, and most recently as an Employment Relations Consultant for Employsure. Radmila is also a Member of the Queanbeyan Children's Special Needs Group, and the President of the Queanbeyan West Public P&C Assocation.

Special responsibilities: Member: Human Resources Committee.

Interest in shares: Nil

Robert Gwynfor Bowness Evans

Director (Appointed 25 July 2016)

Occupation: CEO, Auctioneer

Qualifications, experience and expertise: Robert has been Chair and CEO of online auction company Allbids.com.au Pty Ltd since 2001. In addition to this, he has experience in Business Development, Auctioneering, Sports management, Derivative Settlements and Trade Support. Robert serves as Director and Vice Captain of the Royal Canberra Golf Club.

Special responsibilities: Member: Business Development, Sponsorships and Marketing Committee.

Interest in shares: Nil

Directors (continued)

Ann Jennifer Dalton

Director (Resigned 25 May 2016)

Occupation: Group Executive

Qualifications, experience and expertise: Currently the Group Executive, Engagement and Advocacy with The Pharamcy Guild of Australia which represents community pharmacy. Ann's experience and expertise includes communication, public relations, campaign design and implementation, messaging, policy development, strategic planning, governance, project planning and implementation, crisis communication and problem solving applying skills, stakeholder relations and advocacy, government relations and lobbying, healthcare, community pharmacy and the pharmaceutical industry. Member Public Relations Institute of Australia and Bachelor of Arts (Communication).

Special responsibilities: Governance and Strategic Planning Committee.

Interest in shares: 2,000

Jayson Richard Hinder

Chair (Resigned 4 March 2016)

Occupation: Member of the ACT Legislative Assembly

Qualifications, experience and expertise: Jayson Hinder resigned from the Board of Molonglo Financial Services on 04 March 2016, following his election to the ACT Legislative Assembly. He served as a Director for over eight years, and was the longest serving Chair of Molonglo Financial Services Limited. Jayson's past positions include partner in several high profile Canberra law firms, before becoming Principal Solicitor at Jayson Hinder and Associates. Prior to becoming a lawyer, Jayson managed a group of companies in Civil Engineering, Property Construction and Multi Unit developments and Green Fields residential Subdivisions. Originally trained as a motor mechanic, Jayson has managed a range of businesses for both himself and others.

Special responsibilities: Chair. Ex officio - Audit and Finance Committee, Business, Development, Sponsorship and Marketing Committee, Human Resources and Organisational Develipment Committee, Governance and Strategic Planning Committee.

Interest in shares: 19,502

Alan Hayllar Hodges AM

Deputy Chair (Resigned 29 October 2015)

Occupation: Consultant

Qualifications, experience and expertise: Has broad policy, management and personnel experience in the Army and the Australia Public Service. As a brigadier he had senior Defence and Army appointments, including Commander of the Army in Western Australia. Subsequently, in the Australian Public Service he was Director General Emergency Management Australia for five years. He has undertaken consultancy tasks with the Federal, Victorian and New Zealand Governments, national peak bodies and a number of community organisations. Alan is a Member of the Order of Australia and has degrees in Civil Engineering, Economics and Commerce.

Special responsibilities: Deputy Chair of Board, Chair: Governance & Strategic Planning, Chair: Audit and Finance Committee.

Interest in shares: 6,000

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

Jayson Hinder provided legal services and leased a shared premised to Molonglo FSL in the financial year.

Company Secretary

The company secretary is Alison Louise Grimes, whose qualifications, experience and expertise are detailed above. Alison was appointed to the position of secretary on 8 September 2014.

Principal Activities

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

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

Operating results

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

Year ended 30 June 2016 $	Year ended 30 June 2015 $
69,234	27,705

Dividends

No dividends were declared or paid for the previous year and the directors recommend that no dividend be paid for the current year.

Significant changes in the state of affairs

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 22 to the financial statements. 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.

Indemnification and insurance of directors and officers

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

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

Directors' meetings

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

	Board Meetings Attended		Committee Meetings Attended							
			Audit & Finance		Human Resources & Organisational Development		Business Development, Sponsorships & Marketing		Governance & Strategic	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Neale Desmond Guthrie	10	10	4	4	2	2	10	9	-	-
Brian Joseph Brown	9	8	9	8	5	5	-	-	-	-
Alison Louise Grimes	10	9	9	8	-	-	-	-	3	2
Klarisa Dominka Cengic	10	6	-	-	-	-	10	8	-	-
Dr Damien Charles Hickman	10	8	-	-	-	-	10	6	-	-
Yvonne Alice Gillett (Appointed 29 March 2016)	6	3	4	1	-	-	-	-	-	-
Radmilla Noveska (Appointed 29 March 2016)	5	4	-	-	1	1	-	-	-	-
Robert Gwynfor Bowness Evans (Appointed 25 July 2016)	-	-	-	-	-	-	-	-	-	-
Ann Jennifer Dalton (Resigned 25 May 2016)	-	-	-	-	-	-	-	-	-	-
Jayson Richard Hinder (Resigned 4 March 2016)	6	6	5	5	4	4	6	5	3	3
Alan Hayllar Hodges AM (Resigned 29 October 2015)	3	2	3	2	2	1	-	-	3	3

Proceedings on behalf of the company

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

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

Non audit services

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

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

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

Directors' report (continued)

Non audit services (continued)

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 12.

Signed in accordance with a resolution of the board of directors at Braddon, Australian Capital Territory on 12 September 2016.

Neale Desmond Guthrie,
Chairman

Auditor's independence declaration

Partners in success

Chartered Accountants

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Molonglo Financial Services Limited

As lead auditor for the audit of Molonglo Financial Services Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 12 September 2016

David Hutchings
Lead Auditor

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337.

P: (03) 5443 0344 | F: (03) 5443 5304 | 61-65 Bull St./PO Box 454 Bendigo Vic. 3552 | afs@afsbendigo.com.au | www.afsbendigo.com.au

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Financial statements

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

	Notes	2016 $	2015 $
Revenue from ordinary activities	4	2,479,197	2,285,659
Employee benefits expense		(1,454,929)	(1,317,594)
Charitable donations, sponsorship, advertising and promotion		(95,187)	(78,847)
Occupancy and associated costs		(261,059)	(256,399)
Systems costs		(120,870)	(118,017)
Depreciation and amortisation expense	5	(132,170)	(138,709)
Finance costs	5	(238)	(2,995)
General administration expenses		(315,857)	(322,438)
Profit before income tax expense		**98,887**	**50,660**
Income tax expense	6	(29,653)	(22,955)
Profit after income tax expense		**69,234**	**27,705**
Total comprehensive income for the year		**69,234**	**27,705**
Earnings per share for profit attributable to the ordinary shareholders of the company:		**¢**	**¢**
Basic earnings per share	23	1.82	0.73

The accompanying notes form part of these financial statements.

Balance Sheet
as at 30 June 2016

	Notes	2016 $	2015 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	613,156	490,859
Trade and other receivables	8	254,090	164,778
Total Current Assets		**867,246**	**655,637**
Non-Current Assets			
Property, plant and equipment	9	421,064	433,310
Intangible assets	10	54,022	109,096
Deferred tax asset	11	252,404	282,057
Total Non-Current Assets		**727,490**	**824,463**
Total Assets		**1,594,736**	**1,480,100**
LIABILITIES			
Current Liabilities			
Trade and other payables	12	130,191	85,614
Borrowings	13	20,037	50,059
Provisions	14	58,098	83,202
Total Current Liabilities		**208,326**	**218,875**
Non-Current Liabilities			
Borrowings	13	53,530	-
Provisions	14	15,074	12,653
Total Non-Current Liabilities		**68,604**	**12,653**
Total Liabilities		**276,930**	**231,528**
Net Assets		**1,317,806**	**1,248,572**
Equity			
Issued capital	15	2,223,293	2,223,293
Accumulated Losses	16	(905,487)	(974,721)
Total Equity		**1,317,806**	**1,248,572**

The accompanying notes form part of these financial statements.

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

	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2014	**2,223,293**	**(926,464)**	**1,296,829**
Total comprehensive income for the year	**-**	**27,705**	**27,705**
Transactions with owners in their capacity as owners:			
Dividends provided for or paid	-	(75,962)	(75,962)
Balance at 30 June 2015	**2,223,293**	**(974,721)**	**1,248,572**
Balance at 1 July 2015	**2,223,293**	**(974,721)**	**1,248,572**
Total comprehensive income for the year	**-**	**69,234**	**69,234**
Balance at 30 June 2016	**2,223,293**	**(905,487)**	**1,317,806**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2016

	Notes	2016 $	2015 $
Cash flows from operating activities			
Receipts from customers		2,656,307	2,524,958
Payments to suppliers and employees		(2,524,657)	(2,307,470)
Interest received		10,985	7,350
Interest paid		(238)	(2,995)
Net cash provided by operating activities	**17**	**142,397**	**221,843**
Cash flows from investing activities			
Payments for property, plant and equipment		(2,150)	-
Proceeds from sale of property, plant and equipment		30,227	-
Net cash provided by investing activities		**28,077**	**-**
Cash flows from financing activities			
Repayment of borrowings		(48,177)	(13,449)
Dividends paid		-	(75,962)
Net cash used in financing activities		**(48,177)**	**(89,411)**
Net increase in cash held		**122,297**	**132,432**
Cash and cash equivalents at the beginning of the financial year		490,859	358,427
Cash and cash equivalents at the end of the financial year	**7(a)**	**613,156**	**490,859**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2016

Note 1. Summary of significant accounting policies

a) Basis of preparation

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

Compliance with IFRS

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

Critical accounting estimates

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

Historical cost convention

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

Comparative figures

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

Application of new and amended accounting standards

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

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

None of the amendments to accounting standards issued by the Australian Accounting Standards Board (AASB) that became mandatorily effective for accounting periods beginning on or after 1 July 2015, materially affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Application of new and amended accounting standards (continued)

	Effective for annual reporting periods beginning on or after
AASB 9 Financial Instruments, and the relevant amending standards.	1 January 2018
AASB 15 Revenue from Contracts with Customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15.	1 January 2018
AASB 16 Leases	1 January 2019
AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations.	1 January 2016
AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation.	1 January 2016
AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants.	1 January 2016
AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements.	1 January 2016
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.	1 January 2018
AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle.	1 January 2016
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101.	1 January 2016
AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception.	1 January 2016
AASB 2016-1 Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses.	1 January 2017
AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107.	1 January 2017

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

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**® branches at Calwell, Wanniassa and Curtin in the Australian Capital Territory and Jerrabomberra in New South Wales.

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

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

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

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

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

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

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

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

b) Revenue

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

Revenue calculation

Over the period from September 2013 to February 2015, Bendigo and Adelaide Bank Limited conducted a review of the **Community Bank**® model, known as ‘Project Horizon’. This was conducted in consultation with the **Community Bank**ing network. The objective of the review was to develop a shared vision of the **Community Bank**® model that positions it for success now and for the future.

The outcome of that review is that the fundamental franchise model and community participation remain unchanged. Changes to be implemented over a three year period reflect a number of themes, including a culture of innovation, agility and flexibility, network collaboration, director and staff development and a sustainable financial model. This will include changes to the financial return for **Community Bank**® companies from 1 July 2016. A funds transfer pricing model will be used for the method of calculation of the cost of funds, deposit return and margin. All revenue paid on core banking products will be through margin share. Margin on core banking products will be shared on a 50/50 basis.

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Revenue calculation (continued)

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

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

Core banking products

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

Margin

Margin is arrived at through the following calculation:

Interest paid by customers on loans less interest paid to customers on deposits

plus any deposit returns i.e. interest return applied by Bendigo and Adelaide Bank Limited for a deposit,

minus any costs of funds i.e. interest applied by Bendigo and Adelaide Bank Limited to fund a loan.

Note: In very simplified terms, currently, deposit return means the interest Bendigo and Adelaide Bank Limited gets when it invests the money the customer deposits with it. The cost of funds means the interest Bendigo and Adelaide Bank Limited pays when it borrows the money to give a customer a loan. From 1 July 2016, both will mean the cost for Bendigo and Adelaide Bank Limited to borrow the money in the market.

Products and services on which margin is paid include variable rate deposits and variable rate home loans. From 1 July 2016, examples include Bendigo Bank branded at call deposits, term deposits and home loans.

For those products and services on which margin is paid, the company is entitled to a share of the margin earned by Bendigo and Adelaide Bank Limited (i.e. income adjusted for Bendigo and Adelaide Bank Limited's interest expense and interest income return). However, if this reflects a loss, the company incurs a share of that loss.

Commission

Commission is a fee paid for products and services sold. It may be paid on the initial sale or on an ongoing basis. Commission is payable on the sale of an insurance product such as home contents. Examples of products and services on which ongoing commissions are paid include leasing and Sandhurst Trustees Limited products. This currently also includes Bendigo Bank branded fixed rate home loans and term deposits of more than 90 days, but these will become margin products from 1 July 2016.

Fee income

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

Ability to change financial return

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

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Ability to change financial return (continued)

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

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

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

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

Monitoring and changing financial return

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

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

As discussed above in relation to Project Horizon, among other things, there will be changes in the financial return for **Community Bank**® companies from 1 July 2016. This includes 50% share of margin on core banking products, all core banking products become margin products and a funds transfer pricing model will be used for the method of calculation of the cost of funds, deposit return and margin.

The Board is yet to appreciate the full impact of the above changes on our revenue moving forward. We would anticipate that by the time of this year's AGM we will be able to inform our shareholders of the likely outcomes of the new model.

The Board is continuing to work with Bendigo and Adelaide Bank Ltd to understand any potential changes to revenue and will provide further details as appropriate in due course.

c) Income tax

Current tax

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

Note 1. Summary of significant accounting policies (continued)

c) Income tax (continued)

Deferred tax

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

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

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

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

Current and deferred tax for the period

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

d) Employee entitlements

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

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

e) Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

f) Trade receivables and payables

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

Note 1. Summary of significant accounting policies (continued)

g) Property, plant and equipment

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

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

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

• leasehold improvements	40 years
• plant and equipment	2.5 - 40 years
• furniture and fittings	4 - 40 years

h) Intangibles

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

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

i) Payment terms

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

j) Borrowings

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

k) Financial instruments

Recognition and initial measurement

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

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

Derecognition

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

Note 1. Summary of significant accounting policies (continued)

k) Financial instruments (continued)

Classification and subsequent measurement

(i) Loans and receivables

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

(ii) Held-to-maturity investments

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

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in the Statement of Profit or Loss and Other Comprehensive Income. Available-for-sale financial assets are included in non-current assets except where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

(iv) Financial liabilities

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

Impairment

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

l) Leases

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

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

m) Provisions

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

Note 1. Summary of significant accounting policies (continued)

m) Provisions (continued)

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

n) Contributed equity

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

o) Earnings per share

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

p) Goods and Services Tax

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

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

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

Note 2. Financial risk management

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

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

(i) Market risk

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

(ii) Price risk

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

(iii) Credit risk

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

(iv) Liquidity risk

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

Note 2. Financial risk management (continued)

(v) Cash flow and fair value interest rate risk

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

(vi) Capital management

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

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

The distribution limit is the greater of:

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

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

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2016 can be seen in the Statement of Profit or Loss and Other Comprehensive Income.

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

Note 3. Critical accounting estimates and judgements

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

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

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

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

Taxation

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

Note 3. Critical accounting estimates and judgements (continued)

Taxation (continued)

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

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

Estimation of useful lives of assets

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

Impairment of assets

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

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

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

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

	2016 $	2015 $

Note 4. Revenue from ordinary activities

	2016 $	2015 $
Operating activities:		
- services commissions	2,441,027	2,278,309
Total revenue from operating activities	**2,441,027**	**2,278,309**
Non-operating activities:		
- interest received	14,734	7,350
- profit on sale of non-current assets	23,436	-
Total revenue from non-operating activities	**38,170**	**7,350**
Total revenues from ordinary activities	**2,479,197**	**2,285,659**

Note 5. Expenses

	2016 $	2015 $
Depreciation of non-current assets:		
- plant and equipment	22,055	22,658
- leasehold improvements	34,794	40,365
- motor vehicle	20,247	20,612
Amortisation of non-current assets:		
- franchise agreement	8,615	8,615
- franchise renewal fee	18,459	18,459
- establishment fee	28,000	28,000
	132,170	**138,709**
Finance costs:		
- interest paid	**238**	**2,995**
Bad debts	**3,345**	**4,204**

Note 6. Income tax expense

	2016 $	2015 $
The components of tax expense comprise:		
- Future income tax benefit attributable to losses	-	30,177
- Movement in deferred tax	8,139	(7,222)
- Adjustment to deferred tax to reflect change to tax rate in future periods	1,809	-
- Recoupment of prior year tax losses	19,705	-
	29,653	**22,955**

Note 6. Income tax expense (continued)

	2016 $	2015 $
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows		
Operating profit	98,887	50,660
Prima facie tax on profit from ordinary activities at 30%	29,666	15,198
Add tax effect of:		
- non-deductible expenses	22	9,600
- timing difference expenses	(8,139)	7,222
- other deductible expenses	(1,844)	(1,843)
	19,705	**30,177**
Movement in deferred tax	8,139	(7,222)
Adjustment to deferred tax to reflect change of tax rate in future periods	1,809	-
	29,653	**22,955**

Note 7. Cash and cash equivalents

	2016 $	2015 $
Cash at bank and on hand	413,959	135,307
Term deposits	199,197	355,552
	613,156	**490,859**
Note 7.(a) Reconciliation to cash flow statement		
The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:		
Cash at bank and on hand	413,959	135,307
Term deposits	199,197	355,552
	613,156	**490,859**

Note 8. Trade and other receivables

	2016 $	2015 $
Trade receivables	199,361	152,513
Prepayments	48,648	9,933
Other receivables and accruals	6,081	2,332
	254,090	**164,778**

	2016 $	2015 $

Note 9. Property, plant and equipment

	2016 $	2015 $
Leasehold improvements		
At cost	474,389	472,239
Less accumulated depreciation	(175,288)	(140,494)
	299,101	**331,745**
Plant and equipment		
At cost	305,047	305,047
Less accumulated depreciation	(250,273)	(228,218)
	54,774	**76,829**
Motor vehicles		
At cost	90,104	82,453
Less accumulated depreciation	(22,915)	(57,717)
	67,189	**24,736**
Total written down amount	**421,064**	**433,310**
Movements in carrying amounts:		
Leasehold improvements		
Carrying amount at beginning	331,745	372,110
Additions	2,150	-
Disposals	-	-
Less: depreciation expense	(34,794)	(40,365)
Carrying amount at end	**299,101**	**331,745**
Plant and equipment		
Carrying amount at beginning	76,829	99,487
Additions	-	-
Disposals	-	-
Less: depreciation expense	(22,055)	(22,658)
Carrying amount at end	**54,774**	**76,829**
Motor vehicles		
Carrying amount at beginning	24,736	45,348
Additions	69,492	-
Disposals	(6,792)	-
Less: depreciation expense	(20,247)	(20,612)
Carrying amount at end	**67,189**	**24,736**
Total written down amount	**421,064**	**433,310**

	2016 $	2015 $

Note 10. Intangible assets

	2016 $	2015 $
Franchise fee		
At cost	163,074	163,074
Less: accumulated amortisation	(153,870)	(145,255)
	9,204	**17,819**
Establishment fee		
At cost	140,000	140,000
Less: accumulated amortisation	(121,333)	(93,334)
	18,667	**46,666**
Renewal processing fee		
At cost	172,298	172,298
Less: accumulated amortisation	(146,147)	(127,687)
	26,151	**44,611**
Total written down amount	**54,022**	**109,096**

Note 11. Tax

	2016 $	2015 $
Non-Current:		
Deferred tax assets		
- accruals	1,449	-
- employee provisions	20,123	28,756
- tax losses carried forward	232,505	252,210
	254,077	**280,966**
Deferred tax liability		
- accruals	1,673	(1,091)
	1,673	**(1,091)**
Net deferred tax asset	**252,404**	**282,057**
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	**29,653**	**22,955**

	Note	2016 $	2015 $

Note 12. Trade and other payables

Current:			
Trade creditors		33,003	3,463
Other creditors and accruals		94,164	76,127
Lease Incentive		3,024	6,024
		130,191	**85,614**

Note 13. Borrowings

Current:			
Credit Card Facilities		1,883	2,812
Lease liability	18	18,154	47,247
		20,037	**50,059**
Non-Current:			
Lease Liability	18	53,530	-
		53,530	**-**

The chattel mortgage is for three motor vehicles for a total amount of $76,440. It is repayable monthly with the final instalments due in April 2019. Interest is recognised at an average rate of 5.75%. The loans are secured by a fixed and floating charge over the company's assets.

	2016 $	2015 $

Note 14. Provisions

Current:		
Provision for annual leave	44,921	52,758
Provision for long service leave	13,177	30,444
	58,098	**83,202**
Non-Current:		
Provision for long service leave	**15,074**	**12,653**

	2016 $	2015 $

Note 15. Contributed equity

	2016 $	2015 $
3,798,115 ordinary shares fully paid (2014: 3,798,115)	1,008,007	1,008,007
494,401 ordinary shares fully paid (Jerrabomberra)	494,401	494,401
783,700 ordinary shares fully paid (Curtin)	783,700	783,700
Less: equity raising expenses (Jerrabomberra)	(32,082)	(32,082)
Less: equity raising expenses (Curtin)	(30,733)	(30,733)
	2,223,293	**2,223,293**

Rights attached to shares

(a) Voting rights

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

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

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

Note 15. Contributed equity (continued)

Rights attached to shares (continued)

(b) Dividends

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

(c) Transfer

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

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

Prohibited shareholding interest

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

In summary, a person has a prohibited shareholding interest if they control or own 10% or more of the shares in the company (the "10% limit").

Note 15. Contributed equity (continued)

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

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

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

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

	2016 $	**2015 $**

Note 16. Accumulated losses

Balance at the beginning of the financial year	(974,721)	(926,464)
Net profit from ordinary activities after income tax	69,234	27,705
Dividends paid or provided for	-	(75,962)
Balance at the end of the financial year	**(905,487)**	**(974,721)**

Note 17. Statement of cash flows

Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities

Profit from ordinary activities after income tax	69,234	27,705
Non cash items:		
- depreciation	77,096	83,635
- amortisation	55,074	55,074
- profit on disposal of non-current assets	23,436	-
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(89,313)	17,383
- (increase)/decrease in other assets	29,653	22,955
- increase/(decrease) in payables	(101)	(2,286)
- increase/(decrease) in provisions	(22,682)	17,377
Net cash flows provided by operating activities	**142,397**	**221,843**

	2016 $	2015 $

Note 18. Leases

	2016 $	2015 $
Finance lease commitments		
Payable - minimum lease payments:		
- not later than 12 months	21,461	47,910
- between 12 months and 5 years	56,666	-
Minimum lease payments	**78,127**	**47,910**
Less future finance charges	(6,443)	(663)
Present value of minimum lease payments	**71,684**	**47,247**

The chattel mortgage is for three motor vehicles for a total amount of $76,440. It is repayable monthly with the final instalments due in April 2019. Interest is recognised at an average rate of 5.75%. The loans are secured by a fixed and floating charge over the company's assets.

	2016 $	2015 $
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments:		
- not later than 12 months	161,379	209,931
- between 12 months and 5 years	36,182	193,221
- greater than 5 years	-	-
	197,561	**403,152**

The rental lease agreement on the Calwell branch premises is a non-cancellable lease with a fifteen year term, expiring on 31 August 2017. The rent payable is currently $59,105 per annum plus GST.

The rental lease agreement on the Wanniassa branch premises is a non-cancellable lease with a five year term, expiring 30 November 2017. The rent payable is currently $38,593 per annum with no GST applicable.

The rental lease agreement on the Jerrabomberra branch premises is a non-cancellable lease with a five year term, expiring 31 July 2016. There is an option available for a further five year term, which has been accepted and is currently in negotiation. The rent payable is currently $56,858 per annum plus GST.

The rental lease agreement on the Curtin branch premises is a non-cancellable lease with a five year term, expiring 31 May 2017. There is an option available for a further five year term. The rent payable is currently $54,734 per annum with no GST applicable.

The company lease office space within Jayson Hinder Solicitor's business premises of which Former Chairman Jayson Hinder is the premises leaseholder. The agreement was that Jayson Hinder be reimbursed $766.13 per month and the agreement was terminated with one month notice on 01 July 2016.

	2016 $	2015 $

Note 19. Auditor's remuneration

Amounts received or due and receivable by the auditor of the company for:		
- audit and review services	7,400	8,100
- non audit services	3,115	2,870
	10,515	**10,970**

Note 20. Director and related party disclosures

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

Neale Desmond Guthrie
Brian Joseph Brown
Alison Louise Grimes
Klarisa Dominka Cengic
Dr Damien Charles Hickman
Yvonne Alice Gillett (Appointed 29 March 2016)
Radmilla Noveska (Appointed 29 March 2016)
Robert Gwynfor Bowness Evans (Appointed 25 July 2016)
Ann Jennifer Dalton (Resigned 25 May 2016)
Jayson Richard Hinder (Resigned 4 March 2016)
Alan Hayllar Hodges AM (Resigned 29 October 2015)

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	2016 $	2015 $
Transactions with related parties:		
Jayson Hinder provided legal services and leased a shared premises to Molonglo FSL in the financial year. Total amount for the financial year was:	8,607	8,607

	2016	2015
Directors' shareholdings		
Neale Desmond Guthrie	-	-
Brian Joseph Brown	4,500	4,500
Alison Louise Grimes	-	-
Klarisa Dominka Cengic	-	-
Dr Damien Charles Hickman	-	-
Yvonne Alice Gillett (Appointed 29 March 2016)	-	-
Radmilla Noveska (Appointed 29 March 2016)	-	-
Robert Gwynfor Bowness Evans (Appointed 25 July 2016)	-	-

Note 20. Director and related party disclosures (continued)

	2016	2015
Directors' shareholdings (continued)		
Ann Jennifer Dalton (Resigned 25 May 2016)	2,000	2,000
Jayson Richard Hinder (Resigned 4 March 2016)	19,502	15,752
Alan Hayllar Hodges AM (Resigned 29 October 2015)	6,000	6,000

There was no movement in directors' shareholdings during the year.

	2016 $	2015 $

Note 21. Dividends paid or provided

	2016 $	2015 $
a. Dividends paid during the year		
Current year dividend		
50% (2015: 0%) franked dividend - Nil cents (2015: 2 cents) per share	**-**	**75,962**
b. Franking account balance		
Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	2,920	2,920
- franking credits that will arise from payment of income tax as at the end of the financial year	-	-
- franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	-	-
Franking credits available for future financial reporting periods:	**2,920**	**2,920**
- franking debits that will arise from payment of dividends proposed or declared before the financial report was authorised for use but not recognised as a distribution to equity holders during the period	-	-
Net franking credits available	**2,920**	**2,920**

Note 22. Key Management Personnel Disclosures

The directors received remuneration including superannuation, as follows:

Neale Desmond Guthrie	815	540
Brian Joseph Brown	548	503
Alison Louise Grimes	435	111
Klarisa Dominka Cengic	303	223
Dr Damien Charles Hickman	127	264
Yvonne Alice Gillett (Appointed 29 March 2016)	86	-
Radmilla Noveska (Appointed 29 March 2016)	108	-

	2016 $	2015 $
Note 22. Key Management Personnel Disclosures (continued)		
Robert Gwynfor Bowness Evans (Appointed 25 July 2016)	64	-
Ann Jennifer Dalton (Resigned 25 May 2016)	-	225
Jayson Richard Hinder (Resigned 4 March 2016)	714	1,240
Alan Hayllar Hodges AM (Resigned 29 October 2015)	245	704
	3,445	**3,810**

The Board also provided iPads to two Directors during the period to the value of $500 each (total $1,000).

Note 23. Earnings per share

	2016 $	2015 $
(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	69,234	27,705

	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	3,798,115	3,798,115

Note 24. Events occurring after the reporting date

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

Note 25. Contingent liabilities and contingent assets

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

Note 26. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank**® services in Wanniassa, Calwell, Curtin in the Australian Capital Territory and in Jerrabomberra in New South Wales pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 27. Registered office/Principal place of business

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

Registered Office

Level 1, 9A Torrens Street
Braddon ACT 2612

Note 27. Registered office/Principal place of business (continued)

Principal Places of Business

Unit 13 & 14 Wanniassa Shopping Centre
Sangster Place
Wanniassa ACT 2905

Shop 19 Calwell Shopping Centre
Weber Crescent
Calwell ACT 2905

Shop 2A Jerrabomberra Shopping Centre
2 Limestone Avenue
Jerrabomberra NSW 2917

Shop 1 Curtin Shopping Centre
20 Curtin Place
Curtin ACT 2605

Note 28. Financial instruments

Financial Instrument Composition and Maturity Analysis

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

	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
Financial instrument	**2016 $**	**2015 $**	**2016 $**	**2015 $**	**2016 $**	**2015 $**	**2016 $**	**2015 $**	**2016 $**	**2015 $**	**2016 %**	**2015 %**
Financial assets												
Cash and cash equivalents	413,959	134,705	199,197	355,552	-	-	-	-	-	602	4.43	2.07
Receivables	-	-	-	-	-	-	-	-	199,361	152,513	N/A	N/A
Financial liabilities												
Interest bearing liabilities	-	-	20,037	50,059	53,530	-	-	-	-	-	5.75	5.75
Payables	-	-	-	-	-	-	-	-	33,003	3,463	N/A	N/A

Net Fair Values

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

Note 28. Financial instruments (continued)

Credit Risk

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

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

Interest Rate Risk

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

Sensitivity Analysis

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

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

	2016 $	**2015 $**
Change in profit/(loss)		
Increase in interest rate by 1%	5,396	4,402
Decrease in interest rate by 1%	5,396	4,402
Change in equity		
Increase in interest rate by 1%	5,396	4,402
Decrease in interest rate by 1%	5,396	4,402

Directors' declaration

In accordance with a resolution of the directors of Molonglo Financial Services Limited, we state that:

In the opinion of the directors:

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

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

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

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

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

Neale Desmond Guthrie,
Chairman

Signed on the 12th of September 2016.

Partners in success

Chartered Accountants

Independent auditor's report to the members of Molonglo Financial Services Limited

Report on the financial report

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

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making fair accounting estimates that are reasonable in the circumstances. 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 standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 our 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, we consider internal controls 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the company's financial position and of its performance.

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

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337.

P: (03) 5443 0344 | F: (03) 5443 5304 | 61-65 Bull St./PO Box 454 Bendigo Vic. 3552 | afs@afsbendigo.com.au | www.afsbendigo.com.au

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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 directors of the company a written auditor's independence declaration, a copy of which is included in the directors' report.

Auditor's opinion on the financial report

In our opinion:

1. The financial report of Molonglo Financial Services Limited is in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 30 June 2016 and of its financial performance and its cash flows for the year then ended and complying with Australian Accounting Standards and the Corporations Regulations 2001.
2. The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 12 September 2016

David Hutchings
Lead Auditor

Calwell **Community Bank**® Branch
Shops 19-21 Calwell Shopping Centre, Webber Crescent, Calwell ACT 2905
Phone: (02) 6291 3385
www.bendigobank.com.au/calwell

Curtin **Community Bank**® Branch
Unit 1, 20 Curtin Place, Curtin ACT 2605
Phone: (02) 6260 5140
www.bendigobank.com.au/curtin

Jerrabomberra **Community Bank**® Branch
Shop 2a Jerrabomberra Village Shopping Centre,
2 Limestone Drive, Jerrabomberra NSW 2619
Phone: (02) 6299 8357
www.bendigobank.com.au/jerrabomberra

Wanniassa **Community Bank**® Branch
Unit 13-14 Wanniassa Shopping Centre, Wanniassa ACT 2903
Phone: (02) 6231 9024
www.bendigobank.com.au/wanniassa

Franchisee: Molonglo Financial Services Limited
PO Box 5205, Braddon ACT 2612
Email: admin@molonglofs.com.au
ABN: 77 100 097 443

Share Registry:
ShareData Pty Ltd
PO Box 298, St Agnes SA 5097
Phone: (08) 8395 2308 Fax: (08) 8396 4490
Email: info@sharedata.com.au
www.sharedata.com.au

www.bendigobank.com.au
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