



Annual Report 2017

Mt Evelyn & Districts
Financial Services Limited

ABN 93 096 782 240

Mt Evelyn **Community Bank**[®] Branch
Montrose **Community Bank**[®] Branch

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Chairman's report

For year ending 30 June 2017

It is with pride that I present my third report as Chairman of Mt Evelyn & Districts Financial Services Limited (MEDFSL). This being a milestone, our 15th year of operation.

Our values

Mt Evelyn & Districts Financial Services Limited operates by the following values:

- Commitment to exceed customer expectations;
- Products relevant to our respective customers lifestyles and needs;
- Being proud to be a regional and **Community Bank**[®] branch in building long-term relationships with our customers;
- Maintaining public trust by always acting in an ethical manner;
- Providing convenient access to our services;
- Delivering value and ensuring equity and fairness in pricing;
- Leading and empowering our staff to make a difference; and
- Contributing to the communities in which we operate.

Our vision

Mt Evelyn & Districts Financial Services Limited through its **Community Bank**[®] branch operations has continued to provide profits that underpin enterprise and encourage generational, shareholder and community support for banking services, which in turn will lead to enhanced community and work environments strengthened by ethical governance.

Our mission

We have focused on providing a level and breadth of banking services that build confidence and trust, thereby engaging the community to ensure long-term sustainability and growth for the business, partnerships, community and shareholders. We have continued to achieve through excellence, equality, integrity, loyalty, respect and trust.

Our current position

The Board is always committed to exemplary performance and ensuring that our community engagement is strong with tangible outcomes.

Within a continuing tough banking environment, your company has this year delivered an annual net profit after tax of \$272,764 compared to \$160,496 last year (see enclosed Financial Statements); this is a great result. This has been achieved through the continued strong management of our Senior Group Manager, David Watt and his committed and dedicated staff. Without the selfless effort of David, I could not see the strong results being achieved. David, we all thank you for your continued support.

David has been supported at branch level by Leanne Vaytaufer at the Mt Evelyn & District **Community Bank**[®] Branch and Ann Peters at the Montrose **Community Bank**[®] Branch. These two Managers have made David's and the Board's role so much easier, through their skillful and efficient running of their respective branches.

Chairman's report (continued)

The branch staff continue to maintain the highest standard of service throughout the year's tough banking environment. For this continued support I thank you all. Our staff continue to develop their skills through training courses and workshops; this has guaranteed the smooth operation of the branches, as most staff are now multi skilled. I would also like to thank all branch staff and management for their continued professional approach to their work and caring attitude to our customers.

This year saw the retirement of Janet Chandler after six years service; I would like to wish Janet a long and healthy retirement. Enjoy your travels Janet.

Directors

Your Board is in excellent shape to deliver sound corporate governance, monitor risks, meet all fiduciary requirements and protect shareholders' assets.

Your Board continues to work as a team to ensure the smooth operation of MEDFSL. Each member of the Board has their own area of expertise that gives the Board an important balance and stability.

This year has seen the retirement of one of our original Directors, Craig Keithley. Craig joined the Board in February 2002. We as a Board would like to thank Craig for the commitment, time and effort that he has given to the Board over more than 15 years. Craig, your wealth of knowledge and insight will be missed well into the future.

I would like to acknowledge my fellow Directors, Gai Williams Deputy Chair, Margi Sank Company Secretary/Treasurer, Jill Rule Board Secretary, Laura Lilley Assistant Treasurer, Gareth Little-Hales, Iain Fraser, Belinda Wilson and our newest Director, Duuna Landman for their continued support.

Bendigo and Adelaide Bank

I would like to acknowledge our Bendigo Bank support team.

Thanks to Marisa Dickins Regional Manager and Gab Butler Regional Community Manager, both have been a huge support to both our branch staff and to the Board.

Thanks also to the Yarra Ranges Regional Office team for their ongoing support.

Sponsorships

Low interest rates continue to be a comfort to our customers, while at the same time making it extremely hard to maintain a strong and healthy business where we are still able to support as many community groups through donations and sponsorships.

Even with the low interest rates, this financial year your **Community Bank**[®] branches contributed \$179,776 in donations and sponsorship, bringing the total sponsored over the life of the business to in excess of \$2.4 million. This amount has been spread over a vast variety of groups within the communities in which we operate.

These groups include; football, netball, basketball, cricket, pony riding, bowls, soccer and golf clubs, the CFA, disability and volunteer groups, scouts and girl guides, kindergartens, primary and secondary schools, men's sheds, local chamber of commerce and other worthwhile community organisations.

Summary

As Chairman, I thank you our shareholders, for your support. This support and confidence allows the Board to continue representing the company within the community in which we operate.

The banking sector continues to operate under a great deal of pressure due to low interest rates. While we strive to lower costs and expenses, without your continued support the amount we 'give back' to the community will continually dwindle.

Chairman's report (continued)

We need your assistance to 'spread the word'. Tell everyone you know that they should be supporting Montrose and Mt Evelyn & Districts **Community Bank**® branches as we support them.

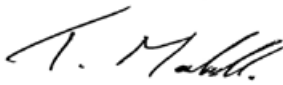
In closing it is important to note that;

- Your company is in a healthy financial position.
- We will continue our community engagement.
- We are confident of obtaining our objectives throughout 2017/18.

I again look forward to catching up with you at our 2017 Annual General Meeting.

When: Thursday 23 November at 7.00pm

Where: Mt Evelyn Christian School, Hawkins Road, Mt Evelyn (second school entrance on the left in Hawkins Road).



Terry Marshall
Chairman

Manager's report

For year ending 30 June 2017

Mt Evelyn & Districts **Community Bank**[®] Branch has now been open for over 15 years. Over that time, your **Community Bank**[®] company, Mt Evelyn & Districts Financial Services Limited, has consistently met proposed business expansion levels, including the opening of the Montrose **Community Bank**[®] Branch in 2010. Currently the total group business sits at around \$240 million. The community of Mt Evelyn should be proud of the effort that went into creating its own **Community Bank**[®] company and the way it has supported the branch since the front doors were opened back in May 2002. As a result of that inspiring support, the community of Montrose also enjoys the benefits of its own **Community Bank**[®] branch.

I would like to thank Terry Marshall and the Board of Directors, our shareholders and the Regional Office Team of the Bendigo Bank for their support as our branches move forward into the future.

Terry, along with Gai Williams, Margi Sank, Jill Rule, Craig Keithley, Iain Fraser, Gareth-Little Hales, Laura Lilley and Belinda Wilson form a Board of Directors without peer.

We have recently welcomed Duuna Landman to our Board.

I should mention that Craig Keithley has recently retired from the Board and I would like to thank him for his outstanding contribution over a long period of time. Craig is highly respected for his honest and thought-provoking viewpoint; his advice and guidance have been greatly appreciated by myself and those working with him at Board or branch level.

I would also like to acknowledge the efforts of our dedicated branch teams. Leanne, our Mt Evelyn & Districts **Community Bank**[®] Branch Manager and Ann, Branch Manager at Montrose **Community Bank**[®] Branch, lead an excellent team. Melissa our Mt Evelyn & Districts **Community Bank**[®] Branch Supervisor, along with Bev, Jan, Kaye, Sharon, Bernadette, Dawn and Helen keep both branches ticking along daily and have set an example of service clearly above and beyond the call of duty.

During the year, Kevin and Janet retired and Karyn moved onto a different career path with Rebecca, Emily, Keeley and Paula joining us.

I would like to thank Kevin, Janet and Karyn for their contribution.

We would also like to thank our Regional Manager Marisa and Risk and Compliance Manager Bryan, Local Connection Co-ordinator Fiona and all the regional team for their on going support and guidance.

One of the strengths of the **Community Bank**[®] model is the support of our Board of Directors and the shareholders. Please continue to play your part in the growth of your branches by spreading the word about the very personal banking service provided by both your **Community Bank**[®] branches.



David Watt
Senior Manager

Directors' report

For the financial year ended 30 June 2017

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

Directors

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

Terry John Marshall

Director

Occupation: Sales Executive, Semi-Retired

Qualifications, experience and expertise: Sales executive in the gift industry for the past 39 years. The past 10 years self-employed. Involved in a number of community groups over the years, the latest being with The Basin Wildcats Basketball Club. Past Chair of the Canterbury Gardens **Community Bank**[®] Steering Committee.

Special responsibilities: Chairman from 30 June 2015

Interest in shares: Nil

Margaret Calder Sank

Director

Occupation: Accountant, Treasurer & Company Secretary

Qualifications, experience and expertise: CPA, Bachelor of Business. Past Director of a successful Accounting and Business Advisory Practice and over 30 years experience with small to medium sized entities. Significant and continuing leadership roles in various community organisations.

Special responsibilities: Treasurer & Company Secretary

Interest in shares: 25,003

Jillian Lorraine Rule

Director

Occupation: Semi-retired

Qualifications, experience and expertise: Dip. Fashion Design Drawing & Drafting. Business owner, now semi-retired. A Steering Committee Member of Mt Evelyn & Districts **Community Bank**[®] Branch, prior Chairperson and Vice-Chairperson of the Board. Previously a President of the Mt Evelyn Chamber of Commerce. Proactive in Steering Committee for the establishment of Montrose **Community Bank**[®] Branch.

Special responsibilities: Board Secretary from 1 July 2016.

Interest in shares: 83,628

Gareth Martin Little-Hales

Director

Occupation: Senior Environmental Health Officer

Qualifications, experience and expertise: Bachelor of Science (Honours), Environmental Health, Dip. Business. Over 25 years experience in local government. Emigrated from the UK in 2002 where he was a Fellow of the Institute of Home Safety. Has served on a number of community boards in UK and Australia. Past President Montrose Township Group and prior Chair of Montrose **Community Bank**[®] Branch Steering Committee, and an active member of various community organisations.

Special responsibilities: Nil

Interest in shares: 1,500

Directors' report (continued)

Directors (continued)

Gai Williams

Director

Occupation: Part-time Consultant

Qualifications, experience and expertise: Bachelor of Pharmacy, A.F.A.I.P.M. Pharmacist Owner and Operator for 24 years. Previously Chair of the Board of Guardian Pharmacies Australia.

Special responsibilities: Vice-Chairman

Interest in shares: 27,000

Iain Warren Fraser

Director

Occupation: Victoria Police

Qualifications, experience and expertise: Dip. Public Safety (Policing), Cert. International Relations, Cert. Risk Assessment and Emergency Planning. Police Sergeant based in Melbourne CBD. Past member of the Montrose **Community Bank**[®] Branch Steering Committee, and an active member of various community organisations.

Special responsibilities: Nil

Interest in shares: 3,500

Laura Elizabeth Lilley

Director

Occupation: Chartered Accountant

Qualifications, experience and expertise: Qualified Chartered Accountant and currently works as a Management Accountant for a large organisation in the city. Laura has been a resident of Mt Evelyn since 2005. Born and raised in Lilydale (on the border of Mt Evelyn) where her parents still reside and has a strong sense of connection with the local area. Over the years has been involved in many community groups, from Tennis, Basketball and Scouts when growing up and continues this involvement now through her family's activities.

Special responsibilities: Assistant Treasurer from 1 July 2016.

Interest in shares: Nil

Belinda Jane Wilson

Director

Occupation: Marketing Manager

Qualifications, experience and expertise: Belinda has lived and worked in the Mt Evelyn area since 2002, and has built some great community connections with local businesses, kinders, schools, sporting and community groups. Her career experience has been heavily focused on banking with 20 years experience and more recently Community Development and Marketing and Communications Management. In addition to this Belinda assists her husband to manage their family business which was established in 2002 and has her own Social Media business, supporting local businesses.

Special responsibilities: Nil

Interest in shares: Nil

Duuna Rochelle Landman

Director (Appointed 8 March 2017)

Occupation: Business Owner

Qualifications, experience and expertise: Diploma of Accounting, Duuna has been a business owner for 20 years and moved into the Montrose area 17 years ago. Duuna was an active member of the Canterbury Gardens **Community Bank**[®] Steering Committee and is a past treasurer of Ejays Softball Club and Chandler Park Jets Basketball. She has also been involved in the local Montrose kindergarten and primary school during the time her 3 children attended.

Special responsibilities: Nil

Interest in shares: Nil

Directors' report (continued)

Directors (continued)

Craig Keithley

Director (Resigned 14 August 2017)

Occupation: Police Sergeant

Qualifications, experience and expertise: Dip. Frontline Management, Dip. Project Management. Police Officer who has been the Officer in Charge of the Mt Evelyn Police Station since 2001. Has worked both as a uniformed member and detective.

Special responsibilities: Nil

Interest in shares: 3,000

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

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

Company Secretary

The company secretary is Margaret Sank. Margi was appointed to the position of secretary on 21 June 2011.

Margi is a CPA and holds a Bachelor of Business. She has over 30 years experience with small to medium sized business entities.

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 at Mt Evelyn and Montrose, Victoria.

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

Operating results

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

Year ended 30 June 2017	Year ended 30 June 2016
\$	\$
272,764	160,496

Operating and financial review

Operations

The company has had another successful year in 2016/2017. In spite of various economic forces and a tightening of margins we achieved a net profit after tax of \$272,764. The net profit in 2016 was \$160,496.

Profit before income tax increased by 70% from \$221,355 in 2016 to \$376,225 in 2017.

Revenue increased by 10% from \$1,804,338 in 2016 to \$1,982,339 in 2017.

Total expenses, inclusive of charitable donations, sponsorship, advertising and promotion, increased by 1% from \$1,582,983 in 2016 to \$1,606,114 in 2017. There have been minor fluctuations in most of the expense categories, with occupancy costs decreasing with reassignment of the lease for Canterbury Gardens premises in the prior year, and increased employee costs due to staff changes and increased spend on sponsorship in the community.

We continue to monitor all of our costs to ensure we maintain operational efficiency whilst still contributing to the communities in which we operate.

Combined business volume of the two branches grew by \$21.1 million to \$240.7 million. This growth in business volume has mitigated the reduction in margin and fees income share.

Directors' report (continued)

Operating and financial review (continued)

Operations (continued)

Mt Evelyn business volume grew by \$13.9 million, and Montrose grew by \$7.2 million.

As a mature bank branch, Mt Evelyn has been affected by borrowers taking advantage of the low interest rate environment and paying down their debt levels at a higher rate than required.

The ratio of deposits to loans of 83.57% provides a good spread of business. (Combined deposits \$109.55 million against Loans of \$131.08 million).

The board and staff have again focussed on strengthening our community partnerships. The strength of the company continues to lie in the staff it employs, the customer service it offers and the relationship with the communities in which it operates.

Financial position

During the year, the company's total net assets increased by \$155,161 to \$2,195,403. The fully franked dividend was 4 cents per share and totalled \$117,603.

Our current assets increased by \$250,887 whilst our non-current assets increased by \$9,675; the net increase being \$260,562. Our total liabilities increased by \$105,401.

Discussion of business strategies and prospects for future financial years

The results achieved in 2016/2017 have been achieved in a continued tightening of the economic environment in which we operate. We have shrinking markets and increased competition. Despite the increase in business volume, our margin and income share on the products we offer has reduced and some of our expenses have increased. We see this economic environment continuing and are working to build our business and contain our expenses, whilst maintaining our value to the community and our operational efficiency.

We continue to build strong relationships with many groups in the communities in which we operate. We continue to seek to attract new customers to our network whilst strengthening the relationship with existing customers and shareholders.

Remuneration report

Remuneration policy

The remuneration policy of Mt Evelyn & Districts Financial Services Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives. The Board believe the remuneration policy to be appropriate and effective. The following criteria is applied to determine the remuneration of the Directors, Office Bearers and Senior Management:

(a) The Board policy for determining the nature and amount of remuneration is as follows:

- i. Attends a minimum of 6 face-to-face Board and/or committee meetings;
- ii. Attends the Annual General Meeting and/or one other **Community Bank**[®] forum; and
- iii. Directors will only receive payments after 6 months of service.

(b) The prescribed details in relation to the remuneration of:

- i. Each Director of the Company receives \$2,506, and
- ii. During the 2017 Financial Year, Chair received \$22,172, Vice-Chair received \$6,267, Board Secretary received \$6,828, Company Secretary/Treasurer received \$20,541, Assistant Treasurer received \$5,953.
In accordance, with succession planning and director role review, Vice-Chair, Assistant Treasurer, Board Secretary to receive \$6,267 each, Company Secretary/Treasurer to receive \$20,227, and Chair to receive \$22,733.

Directors' report (continued)

Remuneration report (continued)

Remuneration policy (continued)

Given the challenging economic environment, the Board agreed to suspend indexation of directors fees for the 2017 and 2018 financial years.

Remuneration benefits and payments

Other than detailed below, no Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Directors' remuneration

For the year ended 30 June 2016 the directors received total remuneration including superannuation, as follows:

	\$
Terry John Marshall	22,172
Margaret Calder Sank	20,541
Jillian Lorraine Rule	6,828
Gareth Little-Hales	2,506
Gai Williams	6,267
Iain Warren Fraser	2,506
Laura Elizabeth Lilley	5,953
Belinda Jane Wilson	2,506
Duuna Rochelle Landman (Appointed 8 March 2017)	-
Craig Keithley (Resigned 14 August 2017)	2,506
	71,785

Transactions with directors

	\$
Jillian Rule owns the premises situated at Shop 6-17 Wray crescent, Mt Evelyn. The premises are rented on normal commercial terms as administration offices and Board suite.	18,000

Directors' report (continued)

Directors' shareholdings

	Balance at start of the year	Changes during the year	Balance at end of the year
Terry John Marshall	-	-	-
Margaret Calder Sank	25,003	-	25,003
Jillian Lorraine Rule	83,628	-	83,628
Gareth Little-Hales	1,500	-	1,500
Gai Williams	27,000	-	27,000
Iain Warren Fraser	3,500	-	3,500
Laura Elizabeth Lilley	-	-	-
Belinda Jane Wilson	-	-	-
Duuna Rochelle Landman (Appointed 8 March 2017)	-	-	-
Craig Keithley (Resigned 14 August 2017)	3,000	-	3,000

Dividends

	Year ended 30 June 2017	
	Cents	\$
Dividends paid in the year	4	117,603

Significant changes in the state of affairs

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Indemnification and insurance of directors and officers

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

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

Directors' report (continued)

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		Human Resources	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Terry John Marshall	10	8	3	3	4	4
Margaret Calder Sank	10	7	3	3	4	4
Jillian Lorraine Rule	10	9	3	3	4	4
Gareth Little-Hales	10	9	-	-	-	-
Gai Williams	10	9	-	-	-	-
Iain Warren Fraser	10	7	-	-	-	-
Laura Elizabeth Lilley	10	9	3	3	-	-
Belinda Jane Wilson	10	9	-	-	-	-
Duuna Rochelle Landman *	4	3	-	-	-	-
Craig Keithley **	10	8	-	-	4	3

* Appointed 8 March 2017

** Resigned 14 August 2017

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 committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

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

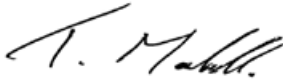
- all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, 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.

Directors' report (continued)

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 14.

Signed in accordance with a resolution of the board of directors at Mt Evelyn, Victoria on 23 September 2017.



**Terry John Marshall,
Chairman**

Auditor's independence declaration



Chartered Accountants

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

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

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

- i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

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

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

David Hutchings
Lead Auditor

Taxation | Audit | Business Services

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

Financial statements

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

	Notes	2017 \$	2016 \$
Revenue from ordinary activities	4	1,982,339	1,804,338
Employee benefits expense		(1,055,856)	(1,002,394)
Charitable donations, sponsorship, advertising and promotion		(179,776)	(159,711)
Occupancy and associated costs		(69,126)	(118,733)
Systems costs		(55,908)	(55,791)
Depreciation and amortisation expense	5	(60,268)	(62,917)
Finance costs	5	(83)	(92)
General administration expenses		(185,097)	(183,345)
Profit before income tax expense		376,225	221,355
Income tax expense	6	(103,461)	(60,859)
Profit after income tax expense		272,764	160,496
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		272,764	160,496
Earnings per share		¢	¢
Basic earnings per share	22	9.28	5.46

The accompanying notes form part of these financial statements.

Financial statements (continued)

Balance Sheet as at 30 June 2017

	Notes	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	1,314,250	1,070,354
Trade and other receivables	8	198,737	191,746
Total Current Assets		1,512,987	1,262,100
Non-Current Assets			
Property, plant and equipment	9	991,227	1,023,213
Intangible assets	10	103,344	61,927
Deferred tax asset	11	35,068	34,824
Total Non-Current Assets		1,129,639	1,119,964
Total Assets		2,642,626	2,382,064
LIABILITIES			
Current Liabilities			
Current tax liabilities	11	74,180	45,873
Trade and other payables	12	213,340	148,193
Borrowings	13	1,653	1,563
Provisions	14	135,588	124,575
Total Current Liabilities		424,761	320,204
Non-Current Liabilities			
Provisions	14	22,462	21,618
Total Non-Current Liabilities		22,462	21,618
Total Liabilities		447,223	341,822
Net Assets		2,195,403	2,040,242
Equity			
Issued capital	15	1,527,561	1,527,561
Retained earnings	16	667,842	512,681
Total Equity		2,195,403	2,040,242

The accompanying notes form part of these financial statements.

Financial statements (continued)

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

	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2015	1,527,561	425,687	1,953,248
Total comprehensive income for the year	-	160,496	160,496
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(73,502)	(73,502)
Balance at 30 June 2016	1,527,561	512,681	2,040,242
Balance at 1 July 2016	1,527,561	512,681	2,040,242
Total comprehensive income for the year	-	272,764	272,764
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(117,603)	(117,603)
Balance at 30 June 2017	1,527,561	667,842	2,195,403

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
Cash flows from operating activities			
Receipts from customers		2,151,826	1,949,004
Payments to suppliers and employees		(1,720,384)	(1,676,318)
Interest received		8,001	19,923
Interest paid		-	(4)
Income taxes paid		(75,398)	(34,136)
Net cash provided by operating activities	17	364,045	258,469
Payments for property, plant and equipment		(2,546)	-
Net cash used in investing activities		(2,546)	-
Cash flows from financing activities			
Dividends paid		(117,603)	(73,502)
Net cash used in financing activities		(117,603)	(73,502)
Net increase in cash held		243,896	184,967
Cash and cash equivalents at the beginning of the financial year		1,070,354	885,387
Cash and cash equivalents at the end of the financial year	7(a)	1,314,250	1,070,354

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2017

Note 1. Summary of significant accounting policies

a) Basis of preparation

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

Compliance with IFRS

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

Critical accounting estimates

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

Historical cost convention

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

Comparative figures

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

Application of new and amended accounting standards

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

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

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

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

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 Mt Evelyn and Montrose, Victoria.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

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.

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 and assistance in relation to:

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

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

b) Revenue

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

Revenue calculation

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Core banking products

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

Margin

Margin is arrived at through the following calculation:

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

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.

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.

Products and services on which margin is paid include variable rate deposits and variable rate home loans.

Commission

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

Fee income

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

Discretionary financial contributions

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

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

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

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

Ability to change financial return

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Ability to change financial return (continued)

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

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

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

Monitoring and changing financial return

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

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

c) Income tax

Current tax

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

Deferred tax

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

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

c) Income tax (continued)

Deferred tax (continued)

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

Current and deferred tax for the period

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

d) Employee entitlements

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

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

e) Cash and cash equivalents

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

f) Trade receivables and payables

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

g) Property, plant and equipment

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

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

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

- buildings 40 years
- leasehold improvements 40 years
- plant and equipment 2.5 - 40 years
- motor vehicles 3 - 5 years

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

h) Intangibles

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

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

i) Payment terms

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

j) Borrowings

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

k) Financial instruments

Recognition and initial measurement

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

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

Derecognition

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

Classification and subsequent measurement

(i) Loans and receivables

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

(ii) Held-to-maturity investments

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

(iii) Financial liabilities

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

Impairment

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

l) Leases

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

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

m) Provisions

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

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

n) Contributed equity

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

o) Earnings per share

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

p) Goods and Services Tax

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

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

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

Notes to the financial statements (continued)

Note 2. Financial risk management

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

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

(i) Market risk

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

(ii) Price risk

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

(iii) Credit risk

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

(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

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

(vi) Capital management

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

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

The distribution limit is the greater of:

- (a) 20% of the profit or funds of the franchisee otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the franchisee over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

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

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

Notes to the financial statements (continued)

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.

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.

Notes to the financial statements (continued)

Note 3. Critical accounting estimates and judgements (continued)

Impairment of assets (continued)

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

	2017	2016
	\$	\$
Note 4. Revenue from ordinary activities		
Operating activities:		
- gross margin	1,706,998	1,464,668
- services commissions	19,381	17,743
- fee income	170,773	190,938
- market development fund	47,500	94,583
Total revenue from operating activities	1,944,652	1,767,932
Non-operating activities:		
- interest received	16,024	14,743
- rental revenue	21,663	21,663
Total revenue from non-operating activities	37,687	36,406
Total revenues from ordinary activities	1,982,339	1,804,338

Note 5. Expenses

Depreciation of non-current assets:

- buildings	11,886	11,886
- plant and equipment	8,743	10,609
- motor vehicle	9,162	10,569
- leasehold improvements	4,741	4,743

Amortisation of non-current assets:

- franchise agreement	10,708	13,813
- franchise renewal fee	15,028	11,297
	60,268	62,917

Finance costs:

- interest paid	83	92
Bad debts	2,646	8,139

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 6. Income tax expense		
The components of tax expense comprise:		
- Current tax	103,705	68,373
- Movement in deferred tax	(244)	(2,017)
- Adjustment to deferred tax to reflect change to tax rate in future periods	-	1,266
- Under/(Over) provision of tax in the prior period	-	(6,763)
	103,461	60,859

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

Operating profit	376,225	221,355
Prima facie tax on profit from ordinary activities at 27.5% (2016: 28.5%)	103,461	63,086
Add tax effect of:		
- timing difference expenses	244	5,287
	103,705	68,373
Movement in deferred tax	(244)	(2,017)
Adjustment to deferred tax to reflect change of tax rate in future periods	-	1,266
Under/(Over) provision of income tax in the prior year	-	(6,763)
	103,461	60,859

Note 7. Cash and cash equivalents

Cash at bank and on hand	750,214	514,311
Term deposits	564,036	556,043
	1,314,250	1,070,354

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	750,214	514,311
Term deposits	564,036	556,043
	1,314,250	1,070,354

Note 8. Trade and other receivables

Trade receivables	162,367	158,537
Prepayments	24,227	29,097
Other receivables and accruals	12,143	4,112
	198,737	191,746

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 9. Property, plant and equipment		
Land and buildings		
Freehold land		
At cost	378,030	378,030
Buildings		
At cost	475,422	475,422
Less accumulated depreciation	(111,885)	(99,999)
	363,537	375,423
Leasehold improvements		
At cost	189,663	189,663
Less accumulated depreciation	(40,717)	(35,976)
	148,946	153,687
Plant and equipment		
At cost	275,040	273,362
Less accumulated depreciation	(233,889)	(226,014)
	41,151	47,348
Motor vehicles		
At cost	114,150	114,150
Less accumulated depreciation	(54,587)	(45,425)
	59,563	68,725
Total written down amount	991,227	1,023,213
Movements in carrying amounts:		
Land		
Carrying amount at beginning	378,030	378,030
Additions	-	-
Disposals	-	-
Less: depreciation expense	-	-
Carrying amount at end	378,030	378,030
Buildings		
Carrying amount at beginning	375,423	387,309
Additions	-	-
Disposals	-	-
Less: depreciation expense	(11,886)	(11,886)
Carrying amount at end	363,537	375,423

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 9. Property, plant and equipment (continued)		
Leasehold improvements		
Carrying amount at beginning	153,687	158,430
Additions	-	-
Disposals	-	-
Less: depreciation expense	(4,741)	(4,743)
Carrying amount at end	148,946	153,687
Plant and equipment		
Carrying amount at beginning	47,348	57,957
Additions	2,546	-
Disposals	-	-
Less: depreciation expense	(8,743)	(10,609)
Carrying amount at end	41,151	47,348
Motor vehicles		
Carrying amount at beginning	68,725	79,294
Additions	-	-
Disposals	-	-
Less: depreciation expense	(9,162)	(10,569)
Carrying amount at end	59,563	68,725
Total written down amount	991,227	1,023,213

Note 10. Intangible assets

Franchise fee		
At cost	90,257	79,065
Less: accumulated amortisation	(73,033)	(62,325)
	17,224	16,740
Renewal processing fee		
At cost	112,445	56,484
Less: accumulated amortisation	(26,325)	(11,297)
	86,120	45,187
Total written down amount	103,344	61,927

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 11. Tax		
Current:		
Income tax payable	74,180	45,873
Non-Current:		
Deferred tax assets		
- accruals	1,100	1,031
- employee provisions	43,464	40,203
	44,564	41,234
Deferred tax liability		
- accruals	3,339	1,131
- property, plant and equipment	6,157	5,279
	9,496	6,410
Net deferred tax asset	35,068	34,824
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	(244)	(750)

Note 12. Trade and other payables

Current:

Trade creditors	9,407	8,373
Other creditors and accruals	203,933	139,820
	213,340	148,193

Note 13. Borrowings

Current:

Bank loans	1,653	1,563
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Bank loans are repayable monthly, with the final instalment due on 31 January 2018. Interest is recognised at an average rate of 6.04%.

The loan is secured by a fixed and floating charge over the company's assets.

Note 14. Provisions

Current:

Provision for annual leave	59,327	50,188
Provision for long service leave	76,261	74,387
	135,588	124,575

Non-Current:

Provision for long service leave	22,462	21,618
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Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 15. Contributed equity		
2,940,081 ordinary shares fully paid (2016: 2,940,081)	1,527,561	1,527,561

Rights attached to shares

(a) Voting rights

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

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

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

(b) Dividends

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

(c) Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 494. As at the date of this report, the company had 531 shareholders.

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

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

Notes to the financial statements (continued)

Note 15. Contributed equity (continued)

Prohibited shareholding interest (continued)

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

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

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

	2017	2016
	\$	\$
Note 16. Retained earnings		
Balance at the beginning of the financial year	512,681	425,687
Net profit from ordinary activities after income tax	272,764	160,496
Dividends paid or provided for	(117,603)	(73,502)
Balance at the end of the financial year	667,842	512,681

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	272,764	160,496
Non cash items:		
- depreciation	34,532	37,807
- amortisation	25,736	25,110
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(6,991)	(26,545)
- (increase)/decrease in other assets	(244)	(750)
- increase/(decrease) in payables	(1,916)	14,134
- increase/(decrease) in provisions	11,857	20,744
- increase/(decrease) in current tax liabilities	28,307	27,473
Net cash flows provided by operating activities	364,045	258,469

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 18. Auditor's remuneration		
Amounts received or due and receivable by the auditor of the company for:		
- audit and review services	5,500	5,250
- share registry services	6,728	6,724
- non audit services	2,625	2,830
	14,853	14,804

Note 19. Leases

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	18,720	18,000
- between 12 months and 5 years	60,774	-
	79,494	18,000

The operating lease for 2/17 Wray Street, Mount Evelyn is a non-cancellable lease with a five-year term ending 6 June 2021, with rent payable monthly in advance.

Note 20. Director and related party disclosures

Key Management Personnel Remuneration

Short-term employee benefits	71,785	70,018
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Detailed remuneration disclosures are provided in the remuneration report, included as part of the directors' report.

Transactions with Key Management Personnel

Jillian Rule owns the premises situation at Shop 6-17 Wray Crescent, Mt Evelyn. The premises are rented on normal commercial terms as administration offices and Board suite.

18,000	21,057
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Key Management Personnel Shareholdings

Ordinary shares fully paid	143,631	143,631
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Detailed shareholding disclosures are provided in the remuneration report, included as part of the directors' report.

Notes to the financial statements (continued)

	2017 \$	2016 \$
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Note 21. Dividends paid or provided

a. Dividends paid during the year

Current year dividend		
100% (2016: 100%) franked dividend - 4 cents (2016: 2.5 cents) per share	117,603	73,502

The tax rate at which dividends have been franked is 27.5% (2016: 30%).

b. Franking account balance

Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	262,170	231,380
- franking credits that will arise from payment of income tax as at the end of the financial year	4,180	45,873
- 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:	336,350	277,253
- 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	336,350	277,253

Note 22. Earnings per share

(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	272,764	160,496
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	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	2,940,081	2,940,081

Note 23. 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 24. 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 25. Community Enterprise Foundation™

During the period the company contributed funds to the Community Enterprise Foundation™ (CEF), the philanthropic arm of the Bendigo and Adelaide Bank Group. These contributions form part of charitable donations and sponsorship expenditure included in the Statement of Profit or Loss and Other Comprehensive Income.

Notes to the financial statements (continued)

Note 25. Community Enterprise Foundation™ (continued)

The funds contributed are held by the CEF in trust on behalf of the company and are available for distribution as grants to eligible applicants. The balance of funds held by the CEF as at 30 June 2017 is as follows:

	2017	2016
	\$	\$
Opening balance	3,009	-
Contributions	44,000	3,009
Grants paid	(4,000)	-
Interest	7	-
Management fees	(2,000)	-
Balance available for distribution	41,016	3,009

Note 26. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank**® services in Mt Evelyn and Montrose, Victoria 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 place of business is:

Registered Office

37 Wray Crescent
Mt Evelyn
Victoria 3796

Principal Place of Business

37 Wray Crescent
Mt Evelyn
Victoria 3796

Notes to the financial statements (continued)

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.

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 %	2016 %
Financial assets												
Cash and cash equivalents	750,214	514,311	564,036	556,043	-	-	-	-	-	-	1.37	0.00
Receivables	-	-	-	-	-	-	-	-	162,367	158,537	N/A	N/A
Financial liabilities												
Interest bearing liabilities	1,653	1,563	-	-	-	-	-	-	-	-	5.18	0.00
Payables	-	-	-	-	-	-	-	-	9,407	8,373	N/A	N/A

Net Fair Values

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

Credit Risk

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

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

Interest Rate Risk

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

Sensitivity Analysis

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

Notes to the financial statements (continued)

Note 28. Financial instruments (continued)

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

	2017	2016
	\$	\$
Change in profit/(loss)		
Increase in interest rate by 1%	13,126	10,688
Decrease in interest rate by 1%	(13,126)	(10,688)
Change in equity		
Increase in interest rate by 1%	13,126	10,688
Decrease in interest rate by 1%	(13,126)	(10,688)

Directors' declaration

In accordance with a resolution of the directors of Mt Evelyn & Districts 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 2017 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

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



Terry John Marshall,
Chairman

Signed on the 23rd of September 2017.

Independent audit report



Partners in success

Chartered Accountants

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

Independent auditor's report to the members of Mt Evelyn & Districts Financial Services Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial report of Mt Evelyn & Districts Financial Services Limited is in accordance with the *Corporations Act 2001*, including:

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

What we have audited

Mt Evelyn & Districts Financial Services Limited's (the company) financial report comprises the:

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

Basis for opinion

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

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

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

Other information

The company usually prepares an annual report that will include the financial statements, directors' report and declaration and our independence declaration and audit report (the financial report). The annual report may also include "other information" on the entity's operations and financial results and financial position as set out in the financial report, typically in a Chairman's report and Manager's report, and reports covering governance and shareholder matters.

The directors are responsible for the other information. The annual report is expected to be made available to us after the date of this auditor's report.

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Independent audit report (continued)

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

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

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

Report on the remuneration report

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

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Mt Evelyn & Districts Financial Services Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Key audit matters

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

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

Directors' responsibility for the financial report

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

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

Auditor's responsibility for the audit of the financial report

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

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



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



David Hutchings
Lead Auditor

NSX report

Mt Evelyn & Districts Financial Services Limited is a public company incorporated in Australia and listed on the National Stock Exchange of Australia (NSX).

Shareholding

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

Number of shares held	Number of shareholders	Number of shares held
1 to 1,000	164	109,515
1,001 to 5,000	243	633,750
5,001 to 10,000	59	425,484
10,001 to 100,000	64	1,600,332
100,001 and over	1	171,000
Total shareholders	531	2,940,081

Equity securities

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

There are no substantial shareholders (holding more than 10% of voting rights) as each shareholder is entitled to 1 vote. Normally holding more than 10% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the company.

There are 42 shareholders holding less than a marketable parcel of shares (\$500 in value).

There are no restricted securities on issue.

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

Ten largest shareholders

The following table shows the 10 largest shareholders including equal holdings -

Shareholder	Number of fully paid shares held	Percentage of issued capital
Scipio Nominees Pty Ltd	171,000	5.82%
Capricorn Investment Partners (Nominees) Pty Ltd <L & L Harrington A/C>	99,000	3.37%
Giuliano Sciore & Marisa Sciore	75,000	2.55%
Northern Suburbs Secretarial Services Pty Ltd <Juleton A/C>	63,628	2.16%
Jillian Lorraine Rule <The Rule Super Fund A/C>	60,000	2.04%
Eda Paige	60,000	2.04%
Karalee Services Pty Ltd <Karalee Superannuation Fund>	50,000	1.70%
Russell James Wallis & Heather Henderson Wallis	40,000	1.36%
John Schneider <Schneider Family S/Fund A/C>	39,000	1.33%
Timothy Brendan Herlihy & Paula Ruth Herlihy	30,001	1.02%
Total of securities	687,629	23.39%

NSX report (continued)

Security register

The security register (share register) is kept at:

AFS & Associates Pty Ltd

61 Bull Street
Bendigo VIC 3550
Phone: (03) 5443 0344

Company Secretary

Margi Sank took over the role of Company Secretary on 22 June 2011 which was previously held by James Chapman. She has been a Director of the company since incorporation on May 2001 and held the position of Company Secretary for the company's first two years of operation. Margi has over 30 years of experience in running an accounting practice and has extensive skills in advising small and medium sized enterprises. She holds a Bachelor of Business and is a Certified Practising Accountant and is a member of other professional and community organisations.

Corporate governance

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

- (a) The establishment of an audit committee. Members of the audit committee are Margi Sank, Terry Marshall, Jill Rule, Laura Lilley and David Watt
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

Annexure 3

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

5 Year summary of performance

		2013	2014	2015	2016	2017
Gross revenue	\$	1,809,781	1,828,750	1,822,337	1,804,338	1,982,339
Net profit before tax	\$	227,254	169,355	117,998	221,355	376,225
Total assets	\$	2,091,822	2,183,595	2,164,938	2,382,064	2,642,626
Total liabilities	\$	182,525	231,123	211,690	341,822	447,223
Total equity	\$	1,909,297	1,952,472	1,953,248	2,040,242	2,195,403

Mt Evelyn **Community Bank**[®] Branch
Shop 2, 35-39 Wray Crescent, Mt Evelyn VIC 3796
Phone: (03) 9737 1833 Fax: (03) 9737 1844
www.bendigobank.com.au/mtevelyn

Montrose **Community Bank**[®] Branch
Shop 7, 926-930 Mt Dandenong Tourist Road, Montrose VIC 3765
Phone: (03) 9728 3177 Fax: (03) 9728 3952
www.bendigobank.com.au/montrose

Franchisee: Mt Evelyn & Districts Financial Services Limited
Shop 2, 35-39 Wray Crescent, Mt Evelyn VIC 3796
ABN: 93 096 782 240

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