

Annual Report 2016

Murrumbula Financial
Services Limited

ABN 12 118 357 467

Harden Murrumburrah **Community Bank**[®] Branch

Contents

Chairman's report	2
Manager's report	3
Bendigo and Adelaide Bank report	4
Directors' report	5
Auditor's independence declaration	9
Financial statements	10
Notes to the financial statements	14
Directors' declaration	24
Independent audit report	25

Chairman's report

For year ending 30 June 2016

Just on 12 months ago I concluded my Charirman's report with reference to this year being full of promise and anticipated benefits from the start of our Grenfell agency. The agency is approaching 12 months in existence as I write this and has in excess of \$10.5 million Funds Under Management. In the current low interest environment, this represents a huge assistance to our overall performance. The most recent regional figures available has the Grenfell agency in first position out of ten in the region for agencies, and our branch third out of all branches, (including Wagga Wagga, Orange and Griffith) within the lending category amongst 13 outlets.

The low interest environment that I refer to is a little like heavily discounting. A small reward is the result of a large volume of turnover. Some of Bendigo Bank's products attract a greater return than others, often as little as 0.02% of prevailing interest charged. This is however the challenge that our hard working staff face in order for funds to be made available to distribute back into our community. Under a new structure being implemented by Bendigo and Adelaide Bank called Funds Transfer Pricing, our returns will be only marginally impacted. It is complex, however, our ability to invest back into the community, as at present, will remain.

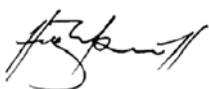
By the time you are reading this the Skate Park we are helping sponsor will be in full operation, having been built during some very challenging weather all winter. The Yard Dog Trials, so successful last year we will have again sponsored, as well as a host of other events such as a section of the Grenfell Business Awards, Camera Club and Arts Council Exhibition along with the Hawks and Hawkettes to name a few. A sponsorship information night was conducted in July to explain our sponsorship requirements and answer questions. This was well attended and will make the process easier for intending applicants.

During this year we have lost Brad Thorsby, Andrew Kennett, Brenden McKay and Yusef Khalfan from the Board. Brad, Andrew and Brenden had been so instrumental in the establishing of the Grenfell agency but other work commitments held precedence. Andrew, Brenden and Yusef have had a relationship with the Board going back to the Steering Committee days and Brad's banking knowledge also will be sorely missed.

Three new members have since joined our ranks, Kellie Forsyth, Geoff Orchison and John McFadyen and have already immersed themselves in the many tasks at hand. John, our local High School Principal has had previous Board experience at Coleambally, Kellie is a nurse at Harden Hospital and has banking experience in her background in Melbourne, whilst Geoff has recently retired from editing a newspaper in Canberra and before that chairing the Grafton Regional Art Gallery. We are very fortunate to have them and the diverse skill set they bring with them.

Jen Sheridan's way of banking is such that during a conversation people are enlightened to possibilities rather than just offered a product of two. This has filtered through the branch and there is an atmosphere within the branch that is purposeful, helpful, respectful and happy. Well done to both Jen and her hardworking staff.

My final thank you is to the members of the Board for the giving of their time, their valuable input into decision making, not always easy, and for the spirited debate that can draw a meeting into extra time occasionally.



Hugh Pavitt
Chairman

Manager's report

For year ending 30 June 2016

It is my pleasure to provide the annual performance report of the Harden Murrumburrah **Community Bank**[®] Branch for the financial year ending 30 June 2016.

We are pleased to report that at the end of the 2015/16 financial year, our business has continued to grow. Funds under management have increased by 8.4%, Customer numbers have increased by 8.2% and products per customer have increased by 9.8%.

At the end of September 2015, to complement the continued growth of our business, we opened an agency in Grenfell. At the close of the 2016 financial year, Grenfell held the position of number 1 agency within the region and has attracted customers from all banks including those affected by the closures of Westpac and ANZ Grenfell. Immediately the impact was through the deposit growth, as is the behaviour of agency openings. Lending growth is now on the increase.

During a period of lower interest rates, we have focussed not only on the growth of our deposit and loan book but also growth within insurance and wealth products.

Importantly, all of these results come down to the positive impact we have continued to have in the community, not only through our partnerships, but also through our willingness to assist our customers with their financial well-being and the leverage this has provided in the further creation of a strong brand.

Building the brand, building relationships and building the business means greater opportunities for our wonderful community.

Within my role as Branch Manager, I have continued to enjoy being a part of the local community through both business and community event interactions, including our sponsorships of the Harden Hawks Football, The Springtime Show, Can Assist, Australia Day celebrations and the Kite Festival, to name a few. We are pleased to assist with the increase in capital works within our community by our \$10,000 sponsorship of the Harden Skate Park.

The team; Janelle Slavin – Customer Relationship Manager, Gale Curtis – Customer Service Supervisor, Sarah Prosser – Customer Relationship Officer, Caron Cantrill – Customer Service Officer and Amanda Beeson – Maternity Relief, have continually worked at a high level, consistently exceeding expectations of the branch and the community.

I sincerely thank my team for their dedication to our clients and each other. Testimony to this was our ranking as 6th Nationally for the 2015/16 financial year and more recently as the recipients, at the State Branch Manager conference, of the State awards for Wealth (Branch Award) and Insurance (Highest Personal Sales Award).

I also thank the Murrumbidgee Financial Services Limited Board of Directors for their support during the year. All of the Directors give their time and commitment voluntarily with a view to creating a successful bank and thereby assisting in building a successful community. This was fantastic and appreciated team effort.

We look forward to an exciting 2016/17 financial year. We have widened our footprint and are looking forward to building on this.

We continue to offer great relationships where banking is on a holistic level allowing financial growth and stability for our clients. With our competitive banking products and services, I would like to invite our shareholders and community members to meet with me for a review to enhance your own situations.



Jen Sheridan
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2016

It's been 18 years since Bendigo Bank and two rural communities announced they were joining forces to open **Community Bank**[®] branches.

The initial aim was to return traditional bank branches to regional communities.

It was soon obvious that the 'community' aspect of this unique banking model was going to be just as important to all types of communities; whether they are rural, regional or urban.

Today, there are 312 **Community Bank**[®] communities in every state and territory of Australia.

The statistics are impressive:

- More than \$148 million in community contributions returned to local communities
- 1,900 Directors
- 1,500 staff
- More than \$38 million in shareholder dividends.

Yes, these figures are staggering.

But dig a little deeper and what's more significant is that social issues affecting every community in Australia have received funding from **Community Bank**[®] companies.

- Aged care
- Youth disengagement
- Homelessness
- Domestic and family violence
- Mental health
- Unemployment
- Environment

I have no doubt that your **Community Bank**[®] company has already had a role to play, either in a funding grant, sponsorship support or connecting locals with relevant government, corporate and not-for-profit organisations.

Behind every **Community Bank**[®] branch is a company Board of Directors. These people are local mums and dads, tradespeople, small business operators, farmers, lawyers, accountants, school teachers, office workers... and the list goes on.

As **Community Bank**[®] company Directors they volunteer their time, their professional expertise and their local knowledge to make your **Community Bank**[®] branch the success it is today.

To every single one of our 1,900-plus **Community Bank**[®] company Directors, thank you for your commitment, your confidence in Bendigo and Adelaide Bank and your vision to make your community a better place to live.

As a **Community Bank**[®] community, you're all change makers.

As a shareholder, you're critical to helping make things happen for the benefit of your community.

On behalf of Bendigo Bank, thank you.

Thank you for your support as a shareholder, your belief in your community and your faith in what a **Community Bank**[®] community can achieve.



Robert Musgrove
Executive Community Engagement

Directors' report

For the financial year ended 30 June 2016

The Directors present their report on Murrumboola Financial Services Limited for the financial year ended 30 June 2016.

General information

Information on Directors

The names of each person who has been a Director during the year and to the date of this report are:

Hugh Pavitt	Chairman
Experience	7 years as a Director, 4 years as Chairman
Special responsibilities	Chairman's Duties
Evelyn Shea	Deputy Chairman
Experience	7 years as a Director
Special responsibilities	Budget & Finance, Governance & Audit, HR Committee, Marketing & Sponsorship
Catherine Sanderson	Secretary
Experience	6 years as a Director
Special responsibilities	Governance and Audit, HR Committee
Susan McCarthy	Treasurer
Experience	9 year's as a Director
Special responsibilities	Governance & Audit, Budget & Finance, Events & Newsletter Committees, Marketing & Sponsorship
Brenden McKay	Director
Experience	8 years as Director, 1 year as Chairman, resigned in November 2015
Special responsibilities	Business Development, HR, Property Committees
Dr Yusufali Khlfan	Director
Experience	9 year's as a Director, resigned in January 2016
Special responsibilities	Budget & Finance Committee
Geoffrey Buckland	Director
Experience	7 years as a Director
Special responsibilities	Property, Events & Newsletter, Marketing & Sponsorship Committees
Andrew Kennett	Director
Experience	3 years as a Director, resigned in March 2016
Special responsibilities	Business Development Committee
Erica Glover	Director
Experience	2 Years as a Director, actively involved in a number of community organisations
Special responsibilities	HR, Marketing and Sponsorship, Budget & Finance, Events & Newsletter Committees

Directors' report (continued)

General information (continued)

Information on Directors (continued)

James Wright	Director
Experience	7 years as a Director, resigned 17/12/2015
Special responsibilities	Company Secretary
Bradley Thorsby	Director
Experience	Appointed as a Director in July 2015, resigned in February 2016
Geoffrey Orchison	Director
Experience	Appointed as a Director 17/03/2016
Special responsibilities	Business Development, Events & Newsletter Committees
John McFadyen	Director
Experience	Appointed as a Director 18/02/2016, previous Community Bank Board member
Special responsibilities	Business Development & Events and Newsletter Committees
Kellie Forsyth	Director
Experience	Appointed as a Director 09/04/2016, actively involved in a number of community organisations
Special responsibilities	Events & Newsletter Committee

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

Catherine Sanderson was appointed Company Secretary on 26 November 2015.

Principal activity

The principal activity of Murrumbula Financial Services Limited during the financial year was providing **Community Bank**[®] services under management rights to operate a franchised branch of the Bendigo and Adelaide Bank Limited.

No significant changes in the nature of the company's activity occurred during the financial year.

Operating results and review of operations for the year

Operating results

The loss of the company after providing for income tax amounted to \$(42,094) (2015: \$ (41,086)).

Review of operations

A review of the operations of the company during the financial year identified the following:

- Employee benefits made up 62% of revenue (2015: 62%).
- As at 30 June 2016 current liabilities exceeded current assets by \$130,532 (2015: \$130,897).
- Revenue increased by \$98,685 with gross margin income and trailer product commission increasing by \$41,357 and \$35,801 respectively.
- The improvement in the operating result for the year was due to revenue being increased by approximately 18% while expenditure increased by approximately 17%.

Directors' report (continued)

Other items

Significant changes in state of affairs

The company entered into an agreement with Ashton and Joyce Pty Ltd on 28 September 2015. Ashton and Joyce Pty Ltd is an agency located at 124 Main Street, Grenfell which opened for business on 28 September 2015. The Board undertook this expansion in order to maximise their income generated.

There have been no other significant changes in the state of affairs of the company during the year.

Matters or circumstances arising after the end of the year

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

Future developments and results

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

Environmental matters

The company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

Dividends paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Meetings of Directors

During the financial year, 12 meetings of Directors were held. Attendances by each Director during the year were as follows:

	Number eligible to attend	Number attended
Hugh Pavitt	12	12
Evelyn Shea	12	12
Catherine Sanderson	12	12
Susan McCarthy	12	12
Brenden McKay	5	5
Dr Yusufali Khlfan	6	1
Geoffrey Buckland	12	12
Andrew Kennett	9	4
Erica Glover	12	10
Bradley Thorsby	8	5
Geoffrey Orchison	3	2
John McFadyen	4	1
Kellie Forsyth	4	4

Directors' report (continued)

Other items (continued)

Indemnification and insurance of Officers and Auditors

The company has paid premiums to insure each of the following Directors against liabilities for cost and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the company, other than conduct involving a wilful breach of duty in relation to the company:

Hugh Pavitt	Evelyn Shea
Catherine Sanderson	Susan McCarthy
Brenden Robert McKay	Dr Yusufali Khalfan
Geoffrey Buckland	Andrew Kennet
Erica Glover	James Wright
Bradley Thorsby	Geoffrey Orchison
John McFadyen	Kellie Forsyth

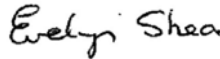
Auditor's independence declaration

The lead Auditor's independence declaration in accordance with section 307C of the Corporations Act 2001, for the year ended 30 June 2016 has been received and can be found on page 9 of the financial report.

Signed in accordance with a resolution of the Board of Directors:



Hugh Pavitt
Director



Evelyn Shea
Director

Dated 26 October 2016

Auditor's independence declaration



MURRIMBOOLA FINANCIAL SERVICES LIMITED ABN: 12 118 357 467

AUDITORS INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF MURRIMBOOLA FINANCIAL SERVICES LIMITED

We declare that, to the best of our knowledge and belief, during the year ended 30 June 2016, there have been:

- (i) no contraventions of the auditor independence requirements as set out in 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.

Countplus National Audits Pty Ltd
Authorised Audit Company

A handwritten signature in black ink, appearing to read "Steven J Watson", is written over a horizontal line.

Steven J Watson CA
Director

WAGGA WAGGA NSW 2650

Dated 26 October 2016

Financial statements

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

	Notes	2016 \$	2015 \$
Revenue	4	635,707	537,022
Bad and doubtful debts	5	(74)	(877)
Amortisation	5	(16,972)	(17,331)
Bank charges		(240)	(405)
Depreciation	5	(24,386)	(24,240)
Donations and sponsorships		(24,247)	(32,969)
Employee expenses		(394,799)	(330,948)
Freight, cartage and delivery		(18,918)	(20,399)
Insurance		(15,090)	(13,712)
Interest expense		(8,037)	(5,856)
IT expenses		(21,440)	(21,263)
Land and water rates		(2,838)	(2,582)
Other expenses		(113,249)	(73,319)
Postage, printing and stationery		(23,308)	(15,683)
Repairs and maintenance		(1,685)	(5,052)
Telephone and internet		(7,763)	(7,212)
Utilities		(9,193)	(9,968)
Profit/(loss) before income tax		(46,532)	(44,794)
Income tax (expense)/benefit	6	4,438	3,708
Profit/(loss) for the year		(42,094)	(41,086)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		(42,094)	(41,086)

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Financial Position as at 30 June 2016

	Notes	2016 \$	2015 \$
Assets			
Current assets			
Trade and other receivables	8	68,677	53,155
Other assets	9	6,751	6,805
Total current assets		75,428	59,960
Non current assets			
Property, plant and equipment	10	132,784	157,170
Intangible assets	11	-	16,972
Deferred tax assets	12	188,749	184,311
Total non current assets		321,533	358,453
Total assets		396,961	418,413
Liabilities			
Current liabilities			
Trade and other payables	13	41,657	52,449
Borrowings	14	148,249	126,677
Employee benefits	15	16,054	11,731
Total current liabilities		205,960	190,857
Non current liabilities			
Employee benefits	15	29,998	24,459
Total non current liabilities		29,998	24,459
Total liabilities		235,958	215,316
Net assets		161,003	203,097
Equity			
Issued capital	16	688,108	688,108
Accumulated losses		(527,105)	(485,011)
Total equity		161,003	203,097

The accompanying notes form part of these financial statements.

Financial statements (continued)

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

	2016	2015
	\$	\$
Accumulated losses at the beginning of the year	(485,011)	(416,401)
Loss for the year	(42,094)	(41,086)
Dividends paid	-	(27,524)
Accumulated losses at the end of the year	(527,105)	(485,011)
Issued capital at the beginning of the year	688,108	688,108
Net movement in issued capital during the year	-	-
Issued capital at the end of the year	688,108	688,108
Total equity at the end of the year	161,003	203,097

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
Cash flows from operating activities:			
Cash receipts in the course of operations		615,747	532,479
Cash payments in the course of operations		(634,481)	(554,814)
Interest paid		(2,838)	(5,856)
Net cash provided by/(used in) operating activities		(21,572)	(28,191)
Cash flows from investing activities:			
Purchase of property, plant and equipment		-	(1,316)
Net cash used by investing activities		-	(1,316)
Cash flows from financing activities:			
Repayment of borrowings		(4,241)	(3,864)
Dividends paid		-	(27,524)
Net cash used by financing activities		(4,241)	(31,388)
Net increase/(decrease) in cash and cash equivalents held		(25,813)	(60,895)
Cash and cash equivalents at beginning of year		(52,340)	8,555
Cash and cash equivalents at end of financial year	7	(78,153)	(52,340)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2016

The financial report covers Murrumbolla Financial Services Limited as an individual entity. Murrumbolla Financial Services Limited is a for profit company limited by shares, incorporated and domiciled in Australia.

The functional and presentation currency of Murrumbolla Financial Services Limited is Australian dollars and the amounts presented have been rounded to the nearest dollar.

The financial report was authorised for issue by the Directors on 26 October 2016.

Comparatives are consistent with prior years, unless otherwise stated.

Note 1. Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards Reduced Disclosure Requirements and the Corporations Act 2001.

Note 2. Summary of significant accounting policies

(a) Income tax

The tax benefit recognised in the statement of profit or loss and other comprehensive income comprises of current income tax plus deferred tax.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(b) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

Other income

Other income is recognised on an accruals basis when the company is entitled to it.

Notes to the financial statements (continued)

Note 2. Summary of significant accounting policies (continued)

(c) Finance costs

Finance cost includes all interest related expenses, other than those arising from financial assets at fair value through profit or loss.

(d) Goods and services tax (GST)

Revenue, 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 Australian Taxation Office (ATO).

Receivables and payable are stated exclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on an inclusive basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(e) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment.

Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight line basis over the assets useful life to the company, commencing when the asset is ready for use.

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

Fixed asset class	Depreciation rate
Freehold land	Nil
Buildings	2.5%
Plant and equipment	10% 20%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(f) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial liabilities

The company's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Notes to the financial statements (continued)

Note 2. Summary of significant accounting policies (continued)

(g) Impairment of non financial assets

At the end of each reporting period the Directors determine whether there is evidence of an impairment indicator for non financial assets.

Where this indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(h) Intangible assets – franchise fees

Franchise fees are initially recognised at cost when acquired. Franchise fees have a finite useful life of five years and are subsequently recognised and measured at cost less accumulated amortisation. Franchise fees are amortised over their useful life of five years.

The five years expired as at 30 June 2016 and at the date of this report, no renewal has been made.

(i) Cash and cash equivalents

Bank overdrafts form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(j) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(k) Provisions

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

(l) Earnings per share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share adjusts the basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(m) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

Notes to the financial statements (continued)

Note 2. Summary of significant accounting policies (continued)

(n) Going concern

Notwithstanding the company's deficiency in current assets of \$130,532 and accumulated losses of \$527,105 as at 30 June 2016, the financial report has been prepared on a going concern basis. This basis has been adopted as the company has received a guarantee of continuing financial support from the Bendigo and Adelaide Bank Limited as per their franchise agreement to allow the company to meet its liabilities. It is the belief of the Directors that such financial support will continue to be made available.

Note 3. Critical accounting estimates and judgments

The Directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates – impairment of property, plant and equipment

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

Key estimates – receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best available information at the reporting date.

Key judgments – taxes

Determining income tax provisions involves judgment on the tax treatment of certain transactions. Deferred tax is recognised on tax losses not yet used and on temporary differences where it is probable that there will be taxable revenue against which these can be offset. Management has made judgments as to the probability of future taxable revenues being generated against which tax losses will be available for offset based on budgets, current and future expected economic conditions.

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 4. Revenue and other income		
Fee income	53,770	52,433
Gross margin	321,098	279,741
Interest income	1	4
Market development fund	50,000	50,000
Sundry income	15,646	5,078
Trailer product commission	168,825	133,024
Upfront product commission	26,367	16,742
	635,707	537,022

Note 5. Result for the year

The result for the year was derived after charging the following non cash items:

Amortisation	16,972	17,331
Bad and doubtful debts	74	877
Depreciation	24,386	24,240
	41,432	42,448

Note 6. Income tax expense/benefit

Income tax expense/(benefit)	(4,438)	(3,708)
	(4,438)	(3,708)
Prima facie tax payable/(recoverable) from ordinary activities before income tax at 30% (2015: 30%)	(13,960)	(13,438)
Add net tax effect of:		
non deductible/non assessable items	(487)	3,706
Taxable profit/(loss) at 30%	(14,447)	(9,732)
Less:		
movement in deferred tax assets	(10,009)	(6,024)
Income tax expense/(benefit)	(4,438)	(3,708)

Notes to the financial statements (continued)

Note 7. Cash and cash equivalents

Reconciliation of cash

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand and at banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	Note	2016 \$	2015 \$
Bank overdrafts	14	(78,153)	(52,340)
Balance as per statement of cash flows		(78,153)	(52,340)

Note 8. Trade and other receivables

Current

Sundry Debtors		68,677	53,155
		68,677	53,155

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

Note 9. Other assets

Current

Prepayments		6,751	6,805
		6,751	6,805

Note 10. Property, plant and equipment

Freehold land

At cost		30,000	30,000
Total freehold land		30,000	30,000

Buildings

At cost		323,635	323,635
Accumulated depreciation		(225,814)	(202,455)
Total buildings		97,821	121,180

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 10. Property, plant and equipment (continued)		
Plant and equipment		
At cost	31,471	31,471
Accumulated depreciation	(26,508)	(25,481)
Total plant and equipment	4,963	5,990
Total property, plant and equipment	132,784	157,170

(a) Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land \$	Buildings \$	Plant and Equipment \$	Total \$
Year ended 30 June 2016				
Balance at the beginning of year	30,000	121,180	5,990	157,170
Depreciation expense	-	(23,359)	(1,027)	(24,386)
Balance at the end of the year	30,000	97,821	4,963	132,784

Note 11. Intangible assets

Franchise fee

At cost	69,322	69,322
Accumulated amortisation	(69,322)	(52,350)
	-	16,972

Note 12. Tax assets and liabilities

Deferred tax assets	188,749	184,311
	188,749	184,311

Note 13. Trade and other payables

Current

Trade payables	17,293	12,811
GST payable	15,951	-
Franchise fee payable	-	10,563
Other payables	8,413	29,075
	41,657	52,449

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 14. Borrowings		
Current		
Bank overdraft	78,153	52,340
Bendigo mortgage loan	70,096	74,337
	148,249	126,677

Bendigo and Adelaide Bank Limited have approved a bank overdraft limit of \$250,000. This amount was not exceeded during the year.

The Bendigo mortgage loan is a building loan secured by the following:

- Registered all Monies Mortgage over the property known as 23 Neill Street Harden 2587 in the name of Murrumbolla Financial Services Limited, being the whole of the land described in Folio Identifier 1/554340 and Folio Identifier 2/736833.
- Registered First Company Debenture Mortgage from Murrumbolla Financial Services Limited in its own right and as Trustee for any Trust of which it acts as Trustee to secure the facilities.

	2016 \$	2015 \$
Note 15. Employee benefits		
Current		
Annual leave	16,054	11,731
	16,054	11,731
Non current		
Long service leave	29,998	24,459
	29,998	24,459

Note 16. Issued capital

688,108 Fully paid ordinary shares of \$1	688,108	688,108
	688,108	688,108

(a) Ordinary shares

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the company. On a show of hands at meetings of the company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The company does not have authorised capital or par value in respect of its shares.

Notes to the financial statements (continued)

Note 17. Capital commitments

In the opinion of the Directors, the company did not enter into any significant capital commitments before or since the end of the financial year.

Note 18. Key management personnel disclosures

The total remuneration paid to key management personnel of the company is \$ 112,116 (2015: \$ 86,700).

Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 19: Related Party Transactions.

Note 19. Related parties

(a) The company's main related parties are as follows:

(i) Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity are considered key management personnel. Key management personnel of the company during the year were as follows:

Hugh Pravitt	(Chairman)
Evelyn Shea	(Deputy Chairman)
Catherine Sanderson	(Company Secretary)
Susan McCarthy	(Treasurer)
Brenden McKay	(Director)
Dr Yusufali Khlifan	(Director)
Geoffrey Buckland	(Director)
Andrew Kennett	(Director)
Erica Glover	(Director)
James Wright	(Director)
Bradley Thorsby	(Director)
Geoffrey Orchison	(Director)
John McFadyen	(Director)
Kellie Forsyth	(Director)
Jennifer Sheridan	(Branch Manager)

For details of remuneration disclosures relating to key management personnel, refer to Note 18: Key Management Personnel Disclosures.

Other transactions with KMP and their related entities are shown below.

(ii) Other related parties include close family members of key management personnel and entities that are controlled

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

Notes to the financial statements (continued)

Note 19. Related parties (continued)

(b) Transactions with related parties

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

The following transactions occurred with related parties during the year:

- A Director is a Committee Member of the Harden Kite Festival and a donation of \$2,500 was made.
- A Director is a Committee Member of the Historic Truck Club and sponsorship of \$250 was provided.

Note 20. Contingencies

In the opinion of the Directors, the company did not have any contingencies at 30 June 2016 (30 June 2015:None).

Note 21. Events occurring after the reporting date

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

Note 22. Company details

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

Murrumbolla Financial Services Limited
23 Neill Street,
HARDEN NSW 2587

Directors' declaration

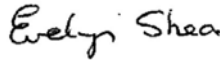
The Directors of the company declare that:

1. The financial statements and notes, as set out on pages 10 to 23, are in accordance with the Corporations Act 2001 and:
 - a. comply with Accounting Standards Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 30 June 2016 and of the performance of the company for the year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Hugh Pavitt
Director



Evelyn Shea
Director

Dated 26 October 2016

Independent audit report



Authorised Audit Company No: 325055

MURRIMBOOLA FINANCIAL SERVICES LIMITED

ABN: 12 118 357 467

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF MURRIMBOOLA FINANCIAL SERVICES LIMITED

Report on the Financial Report

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

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

Independence

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

Opinion

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

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

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22

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Independent audit report (continued)



Authorised Audit Company No: 325055

MURRIMBOOLA FINANCIAL SERVICES LIMITED

ABN: 12 118 357 467

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF MURRIMBOOLA FINANCIAL SERVICES LIMITED

Emphasis of Matter

We draw attention to Note 2(n) to the financial statements which describes the existence of a material uncertainty that may cast doubt about the Company's ability to realise its debts and discharge its liabilities in the normal course of business, and subsequently continue as a going concern. However, notwithstanding the deficiency in the Company's current assets, the financial report has been prepared on a going concern basis. This basis has been applied as the Company has received a guarantee of continuing financial support from Bendigo and Adelaide Bank Limited and it is the Directors belief that such financial support will continue to be made available.

Our opinion is not qualified in respect of this matter.

Countplus National Audits Pty Ltd
Authorised Audit Company

A handwritten signature in black ink, appearing to read "Steven J Watson", is written over a horizontal line.

Steven J Watson CA
Director

WAGGA WAGGA NSW 2650

Dated 26 October 2016

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