



Annual Report 2017

Murrumbidgee Financial
Services Limited

ABN 12 118 357 467

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

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Chairman's report

For year ending 30 June 2017


As I begin to write this I am bolstered by the latest Regional Manager's report indicating that Harden is now seventh largest in the list of 16 **Community Bank**[®] branches within the region with in excess of \$100 million of funds under management. This includes the larger centres of Wagga, Griffith and Orange as well as older and more established branches such as Braidwood and Henty, and is in large part due to the hard work put in by our staff and their ability to seize opportunities. A recent example of this is our Rural Bank Branch Accreditation which is a significant achievement and reward for Allyson, our Manager and the staff.

Further opportunities have been created by the closure of major bank branches both in Harden and Grenfell. There is a significant loss to both communities when services of any description are reduced or removed, but where possible our staff have been and will continue to provide assistance to people affected by this change and continue to offer full banking services without leaving town. The results of this have been the growth in our business from this time last year including the reduction in our operating costs with overdraft almost erased, contributions back into the community continuing and a brighter and promising 12 months ahead.

The Board has seen several changes since this time last year, with the resignation of Cathy Sanderson, our General Secretary in January and Geoff Buckland, our Property Committee Chair in February. As Cathy has been an integral part of the **Community Bank**[®] company for the last 11 years ago when she was an original Steering Committee Member, it has meant a huge amount of accumulated knowledge Evelyn Shea, her replacement, has had to absorb very quickly. We are so fortunate to have had Cathy as part of our number and extend to her every good wish for the future. Geoff's contribution to the committees he sat on and presided over also will be remembered and missed. Outside events and Geoff was always able to get what ever was required and returned without any problems. His wise comments and questions at meetings would form the backdrop for a better debate before decisions were made. Geoff is greatly missed as well.

The performance of the **Community Bank**[®] company this last financial year has been considerably improved on the previous 12 months with pleasing growth in all areas brought about by hard work and circumstances outlined earlier. The financial figures reflect this and our circumstances will continue to improve due to our association with Rural Bank and a slightly healthier financial environment in which we operate. Our lending and borrowing books are more balanced, our margin of profit for the products and services we provide is consistent and improved and I have no reason to doubt that the year ahead will be a rewarding one.

The Board members have given so much time and energy to the tasks in front of them this past year, not only attending the continuous rounds of meetings each month, but the following up of decisions made at those meetings. I must especially thank both Ev Shea our Secretary and Sue McCarthy our Treasurer. Holidays and other plans have been re-scheduled and other appointments engineered around our meeting dates, rather than have them coincide where possible. I am acutely aware of this and it only further compounds my appreciation for all the Board members efforts. As our **Community Bank**[®] company grows, so does the effort and responsibility that the Board has to shoulder grow with it.



Hugh Pavitt
Chairman

Manager's report

For year ending 30 June 2017

It is my pleasure to provide my first annual performance report as Branch Manager of the Harden Murrumburrah **Community Bank**[®] Branch for the financial year ending 30 June 2017.

I commenced my role in December 2016, and am delighted to be back working in my local community after 15 years. I look forward to strengthening the relationships our **Community Bank**[®] branch has in Harden already, and in creating new relationships through delivering banking products and services that cater to our community's needs.

I sincerely thank my Team of Janelle, Gale, Sarah, Caron and Amanda for their dedication to providing excellent service to our customers, and for the way in which they have welcomed me and made me part of such a close-knit team. It is truly a pleasure to come to work every day with such a committed team to lead.

I also thank the Murrumbidgee Financial Services Limited Board of Directors for their support and guidance, which has been invaluable to me.

I am pleased to report that at the end of the 2016/17 Financial Year, our business continued to grow, our Business Footings have increased by 10.9 % to a total held of \$99.578 million

Our agency in Grenfell has continued to grow as well, with the share of agency footings at 30 June 2017 being \$14.022 million this is a growth of \$3.054 million for the past 12 months.

The 2016/17 financial year has been a big year for Harden Murrumburrah **Community Bank**[®] Branch. Not only did I commence as a new Branch Manager, but the branch celebrated its' 10th birthday in style with special guest appearances from Bendigo Banks' mascot Piggy, and the kids from Bunyip Pre-School. Janelle and Gale also celebrated an amazing achievement of 10 years of continuous service, well done! And by now, we will have welcomed a new addition to our 'Bendigo Family', Caron and Jamie's new baby. Congratulations!

We also saw the closure of our local NAB Branch in early June, which saddened us greatly. We did gain new customers, however, we all felt the loss of a significant business closure in our community. Our team remains focussed on assisting those customers affected by the closure through providing excellent service and products to meet their needs, as we do with all of our existing customers.

Since commencing in my role as Branch Manager, I have had the opportunity to increase my already diverse Banking skills, and am currently undergoing the accreditation processes for Small Business Lending and Agri Access Lending. Once gained, this means we will be able to service the needs of our Small Business clients and Rural Clients in branch ourselves.

We truly believe that successful customers build a successful community, and our aim for the coming 12 months is to ensure we play a significant part in Harden's success.



Allyson Wales
Branch Manager

Directors' report

For the financial year ended 30 June 2017

The Directors present their report on Murrumboola Financial Services Limited for the financial year ended 30 June 2017.

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	8 years as a Director, 5 years as Chairman
Special responsibilities	Chairman Duties
John McFadyen	Deputy Chairman
Experience	2 years as a Director with previous experience as a Community Bank [®] Board Director
Special responsibilities	Business Development & Collaborative Cluster Committees
Evelyn Shea	Secretary
Experience	8 years as a Director, 5 years as Deputy Chairperson
Special responsibilities	Budget & Finance, Governance & Audit, HR Committee
Susan McCarthy	Treasurer
Experience	10 years as a Director and Treasurer
Special responsibilities	Governance & Audit, Budget & Finance, Events & Newsletter Committees, Marketing & Sponsorship
Erica Glover	Director
Experience	3 years as a Director
Special responsibilities	HR, Marketing and Sponsorship, Budget & Finance, Events & Newsletter Committees
Geoffrey Orchison	Director
Experience	1 year as a Director
Special responsibilities	Business Development, Events & Newsletter, Marketing & Sponsorship Committees
Kellie Forsyth	Director
Experience	1 year as a Director
Special responsibilities	Events & Newsletter, Marketing & Sponsorship, HR Committees
Ann Wald	Director
Experience	Appointed as a Director in December 2016 & resigned in September 2017
Special responsibilities	Marketing & Sponsorship
Catherine Sanderson	Secretary
Experience	7 years as a Director and Secretary, resigned January 2017
Special responsibilities	Governance & Audit, HR Committee
Geoffrey Buckland	Director
Experience	8 years as a Director, resigned February 2017
Special responsibilities	Property, Events & Newsletter, Marketing & Sponsorship Committees

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

Directors' report (continued)

Company Secretary

Evelyn Shea was appointed Company Secretary on 12 January 2017 and held the position at the end of the financial year.

Principal activity

The principal activity of Murrumboola 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

The profit of the company after providing for income tax amounted to \$60,053 (2016: loss of \$ (42,094)).

Review of operations

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

- Employee benefits made up 50% of revenue (2016: 62%).
- As at 30 June 2017 current liabilities exceeded current assets by \$142,520 (2015: \$130,532).
- Revenue increased by \$79,499 with gross margin income increasing and trailer product commission decreasing by \$107,862 and \$13,943 respectively.
- The improvement in the operating result for the year was due to revenue being increased by approximately 13% while expenditure decreased by approximately 4%.

Significant changes in state of affairs

There were no 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.

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.

Directors' report (continued)

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	10
John McFadyen	12	9
Evelyn Shea	12	12
Susan McCarthy	12	11
Erica Glover	12	11
Geoffrey Orchison	12	10
Kellie Forsyth	12	9
Ann Wald	7	6
Catherine Sanderson	7	7
Geoffrey Buckland	8	4

Indemnification

The company has paid premiums to insure the 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.

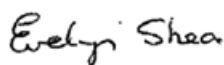
Auditor's independence declaration

The lead Auditor's independence declaration in accordance with section 307C of the Corporations Act 2001, for the year ended 30 June 2017 has been received and can be found on page 7 of the financial report.

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



Hugh Pavitt
Director



Evelyn Shea
Director

Dated 28 September 2017

Auditor's independence declaration



Murrumboola Financial Services Limited

ABN: 12 118 357 467

Auditor's Independence Declaration

For the Year Ended 30 June 2017

We declare that, to the best of our knowledge and belief, during the year ended 30 June 2017, 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.

National Audits Group Pty Ltd
Authorised Audit Company



Steven J Watson
Managing Director

Wagga Wagga

Dated 29 September 2017

Financial statements

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

	Notes	2017 \$	2016 \$
Revenue	4	715,206	635,707
Agent commission		(57,394)	(46,377)
Auditor's remuneration	6	(13,000)	(6,830)
Bad and doubtful debts	5	(673)	(74)
Amortisation	5	(15,076)	(16,972)
Bank charges		(118)	(240)
Depreciation	5	(17,762)	(24,386)
Donations and sponsorships		(29,133)	(24,247)
Employee expenses		(360,897)	(394,799)
Freight, cartage and delivery		(15,745)	(18,918)
Insurance		(15,664)	(15,090)
Interest expense		(5,700)	(8,037)
IT expenses		(19,532)	(21,440)
Land and water rates		(2,818)	(2,838)
Other expenses		(66,109)	(60,042)
Postage, printing and stationery		(17,695)	(23,308)
Repairs and maintenance		(4,872)	(1,685)
Telephone and internet		(7,106)	(7,763)
Utilities		(7,792)	(9,193)
Profit/(loss) before income tax		58,120	(46,532)
Income tax benefit	7	1,933	4,438
Profit/(loss) for the year		60,053	(42,094)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		60,053	(42,094)
Earnings per share (EPS)		\$0.09	(\$0.06)

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Financial Position as at 30 June 2017

	Notes	2017 \$	2016 \$
Assets			
Current assets			
Cash and cash equivalents	8	13,658	-
Trade and other receivables	9	67,836	68,677
Other assets	10	1,664	6,751
Total current assets		83,158	75,428
Non current assets			
Property, plant and equipment	11	115,022	132,784
Intangible assets	12	60,305	-
Deferred tax assets	13	190,682	188,749
Total non current assets		366,009	321,533
Total assets		449,167	396,961
Liabilities			
Current liabilities			
Trade and other payables	14	123,585	41,657
Borrowings	15	65,489	148,249
Employee benefits	16	36,604	41,063
Total current liabilities		225,678	230,969
Non current liabilities			
Employee benefits	16	2,433	4,989
Total non current liabilities		2,433	4,989
Total liabilities		228,111	235,958
Net assets		221,056	161,003
Equity			
Issued capital	17	688,108	688,108
Accumulated losses		(467,052)	(527,105)
Total equity		221,056	161,003

The accompanying notes form part of these financial statements.

Financial statements (continued)

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

	2017	2016
	\$	\$
Accumulated losses		
Accumulated losses at the beginning of the year	(527,105)	(485,011)
Profit/(loss) for the year	60,053	(42,094)
Accumulated losses at the end of the year	(467,052)	(527,105)
Issued capital		
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	221,056	161,003

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		714,114	615,747
Payments to suppliers and employees		(611,996)	(634,481)
Interest paid		(5,700)	(2,838)
Net cash provided by/(used in) operating activities	18	96,418	(21,572)
Cash flows from financing activities:			
Repayment of borrowings		(4,607)	(4,241)
Net cash used by financing activities		(4,607)	(4,241)
Net increase/(decrease) in cash and cash equivalents held		91,811	(25,813)
Cash and cash equivalents at beginning of year		(78,153)	(52,340)
Cash and cash equivalents at end of financial year	8	13,658	(78,153)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2017

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

The functional and presentation currency of Murrumboola Financial Services Limited is Australian dollars (\$AUD) and the amounts presented have been rounded to the nearest dollar.

The financial report was authorised for issue by the Directors on 28 September 2017.

Note 1. Basis of preparation

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

The financial statements have been prepared on an accruals basis and are based on historical costs.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

Note 2. Summary of significant accounting policies

(a) Income tax

The income 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.

Notes to the financial statements (continued)

Note 2. Summary of significant accounting policies (continued)

(b) Revenue and other income (continued)

Bendigo and Adelaide Bank Limited is the Australian Financial Services Licence (AFSL) holder in which Murrumbula Financial Services Limited operates under. The company's main source of revenue is generated from the services they provide under the licence. All revenue is stated net of the amount of goods and services tax (GST) and recognised on accrual basis when the company is entitled to it.

(c) 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 payables 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.

(d) 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.

(e) 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).

Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

Notes to the financial statements (continued)

Note 2. Summary of significant accounting policies (continued)

(e) Financial instruments (continued)

Loans and receivables (continued)

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The company's trade and other receivables fall into this category of financial instruments.

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.

(f) 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.

(g) 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.

During the year, the company renewed its franchise fee for a further five year period, commencing from 1 July 2016.

(h) Cash and cash equivalents

Cash and cash equivalents comprises cash at bank which is readily convertible to known amounts of cash and is subject to an insignificant risk of change in value.

Bank overdrafts also 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.

(i) Employee benefits

A liability is made for the company's 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.

(j) 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.

(k) 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.

Notes to the financial statements (continued)

Note 2. Summary of significant accounting policies (continued)

(l) 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.

(m) Going concern

Notwithstanding the company's deficiency in current assets of \$142,520 and accumulated losses of \$462,508 as at 30 June 2017, 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)

	2017 \$	2016 \$
Note 4. Revenue and other income		
Fee income	56,662	53,770
Gross margin	428,960	321,098
Interest income	2	1
Market development fund	34,583	50,000
Sundry income	4,482	15,646
Trailer product commission	154,882	168,825
Upfront product commission	35,635	26,367
	715,206	635,707

Note 5. Result for the year

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

Amortisation	15,076	16,972
Bad and doubtful debts	673	74
Depreciation	17,762	24,386
	33,511	41,432

Note 6. Auditor's remuneration

Remuneration of the Auditor National Audits Group Pty Ltd, for:

audit and preparation of the financial statements	13,000	6,830
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The Auditor's remuneration represents the audit and preparation of financial statements for both half year and full year engagements.

Note 7. Income tax benefit

Income tax benefit	(1,933)	(4,438)
Prima facie tax payable/(recoverable) from ordinary activities before income tax at 30% (2016: 30%)	17,436	(13,960)
Add net tax effect of:		
non deductible/non assessable items	648	(487)
Taxable profit/(loss) at 30%	18,084	(14,447)
Less:		
movement in deferred tax assets	259	(10,009)
prior year over provision of tax	19,758	-
income tax benefit	(1,933)	(4,438)

Notes to the financial statements (continued)

	2017 \$	2016 \$
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Note 8. Cash and cash equivalents

Current

Cash at bank	13,658	-
	13,658	-

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	2017 \$	2016 \$
Cash and cash equivalents		13,658	-
Bank overdrafts	15	-	(78,153)
Balance as per statement of cash flows		13,658	(78,153)

Note 9. Trade and other receivables

Current

Trade debtors	67,836	68,677
	67,836	68,677

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.

	2017 \$	2016 \$
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Note 10. Other assets

Current

Prepayments	1,664	6,751
	1,664	6,751

Note 11. Property, plant and equipment

Non current

Freehold land		
At cost	30,000	30,000
	30,000	30,000

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 11. Property, plant and equipment (continued)		
Buildings		
At cost	323,635	323,635
Accumulated depreciation	(242,790)	(225,814)
	80,845	97,821
Plant and equipment		
At cost	31,471	31,471
Accumulated depreciation	(27,294)	(26,508)
	4,177	4,963
Total property, plant and equipment	115,022	132,784

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 2017				
Balance at the beginning of year	30,000	97,821	4,963	132,784
Depreciation expense	-	(16,976)	(786)	(17,762)
Balance at the end of the year	30,000	80,845	4,177	115,022
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

	2017 \$	2016 \$
Note 12. Intangible assets		
Non current		
Franchise fee		
At cost	75,381	69,322
Accumulated amortisation	(15,076)	(69,322)
	60,305	-

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 13. Tax assets and liabilities		
Non current		
Deferred tax assets	190,682	188,749
	190,682	188,749

Note 14. Trade and other payables

Current		
Trade payables	14,041	17,293
Franchise fee payable	75,381	-
Other payables	34,163	24,364
	123,585	41,657

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

Note 15. Borrowings

Current		
Bank overdraft	-	78,153
Bank loans	65,489	70,096
	65,489	148,249

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 Murrumbula Financial Services Limited, being the whole of the land described in Folio Identifier 1/554340 and Folio Identifier 2/736833; and
- Registered First Company Debenture Mortgage from Murrumbula Financial Services Limited in its own right and as Trustee for any Trust of which it acts as Trustee to secure the facilities.

	2017 \$	2016 \$
Note 16. Employee benefits		
Current		
Long service leave	20,043	25,009
Annual leave	16,561	16,054
	36,604	41,063

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 16. Employee benefits (continued)		
Non current		
Long service leave	2,433	4,989
	2,433	4,989

Note 17. Issued capital

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

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.

Note 18. Cash flow information

Reconciliation of net income to net cash provided by operating activities:

Profit/(loss) for the year	60,053	(42,094)
Non cash flows in profit:		
amortisation	15,076	16,972
depreciation	17,762	24,386
Changes in assets and liabilities:		
(increase)/decrease in trade and other receivables	841	(15,522)
(increase)/decrease in other assets	3,154	(4,384)
increase/(decrease) in trade and other payables	6,547	(10,792)
increase/(decrease) in employee benefits	(7,015)	9,862
Cash flows from operations	96,418	(21,572)

Note 19. Related parties

Entities exercising control over the company

The ultimate parent entity, which exercises control over the company, is Bendigo and Adelaide Bank Limited. Bendigo and Adelaide Bank Limited is the Australian Financial Services Licence (AFSL) holder in which Murrumboola Financial Services Limited operates under.

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:

Notes to the financial statements (continued)

Note 19. Related parties (continued)

- Hugh Pravitt (Chairman)
- John McFadyen (Deputy Chairman)
- Evelyn Shea (Company Secretary)
- Susan McCarthy (Treasurer)
- Erica Glover (Director)
- Geoffrey Orchison (Director)
- Kellie Forsyth (Director)
- Ann Wald (Director: appointed December, 2016 and resigned September, 2017)
- Catherine Sanderson (Director: resigned January, 2017)
- Geoffrey Buckland (Director: resigned February, 2017)
- Allyson Wales (Branch Manager: appointed January, 2017)
- Jennifer Sheridan (Branch Manager: resigned October, 2016)

For details of remuneration disclosures relating to key management personnel, refer to Note 20: Key Management Personnel Disclosures. Other transactions with KMP and their related entities are shown below.

Other related parties

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.

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:

- The company made a \$660 donation to the Harden Historic Truck Club in which Sue McCarthy was a Committee Member during the year.
- The company made a \$2,000 donation to the Murrumburrah High School P&C in which Kellie Forsyth was a Committee Member during the year.

Note 20. Key management personnel disclosures

The total remuneration paid to key management personnel of the company during the year was \$86,700 (2016: \$112,116).

Note 21. Contingencies

In the opinion of the Directors, the company did not have any contingencies at 30 June 2017 (30 June 2016:None).

Note 22. 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.

Notes to the financial statements (continued)

Note 23. Events occurring after the reporting date

The financial report was authorised for issue on 28 September 2017 by the Board of Directors.

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 24. Company details

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

Murrumbula Financial Services Limited
23 Neill Street,
Harden NSW 2587

Directors' declaration

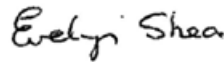
The Directors of the company declare that:

1. The financial statements and notes, as set out on pages 8 to 22, are in accordance with the Corporations Act 2001 and:
 - a. comply with Australian Accounting Standards; and
 - b. give a true and fair view of the financial position as at 30 June 2017 and of the performance of the company for the year then ended.
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 28 September 2017

Independent audit report



Murrumboola Financial Services Limited

ABN: 12 118 357 467

Independent Auditor's Report

For the Year Ended 30 June 2017

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Murrumboola Financial Services Limited (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Company 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 financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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. 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be in the same terms if given to the Directors as at the time of this auditor's report.

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

Responsibilities of Directors for the Financial Report

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

In preparing the financial report, the Directors are responsible for assessing the 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 to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

1/185 Morgan Street, PO Box 5545, Wagga Wagga NSW 2650 | T: 1300 734 707 | E: info@audits.com.au

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Independent audit report (continued)



Murrumboola Financial Services Limited

ABN: 12 118 357 467

INDEPENDENT AUDITOR'S REPORT

For the Year Ended 30 June 2017

Auditor's Responsibilities for the Audit of the Financial Report (Continued)

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

National Audits Group 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
Managing Director

Wagga Wagga

Dated 29 September 2017

1/185 Morgan Street, PO Box 5545, Wagga Wagga NSW 2650 | T: 1300 734 707 | E: info@audits.com.au

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Harden Murrumburrah **Community Bank**[®] Branch
23 Neill Street, Harden NSW 2587
Phone: (02) 6386 5083 Fax: (02) 6386 5110

Franchisee: Murrumbula Financial Services Limited
23 Neill Street, Harden NSW 2587
Phone: (02) 6386 5083 Fax: (02) 6386 5110
ABN: 12 118 357 467

www.bendigobank.com.au/harden_murrumburrah
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