



Annual Report

30 June 2018

Picton & District Community
Enterprises Limited

ABN 73 145 546 121

Picton CommunityBank®Branch

About Community Bank®

A **Community Bank**® branch is a locally owned and operated company, which functions as a franchise of Bendigo and Adelaide Bank. The Bank provides the coverage of its banking licence, a full range of banking products, training of staff and ongoing support.

Depositors are protected by the Bank's imposing track record when it comes to the security of depositors' funds. We are one of Australia's oldest financial institutions, we have operated since 1858 and have declared a profit in every year and we have without fail honoured our depositors.

The Bank and the community company are each entitled to agreed portions of the revenue of the local **Community Bank**® branch and the local company is responsible for paying branch running costs.

When the local company begins to make a regular operating surplus, after the payment of branch running costs, and the Bank's share of the revenue is received, the remaining funds are available to be reinvested back into the community through dividends to shareholders and grants to community groups and projects.

Annual Report

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Picton & District Community Enterprises Ltd.

WHAT WE WANT TO BE?

- At the forefront of peoples mind with banking and community involvement
- A profitable Community Bank and a Bank of choice
- Be invited as part of the community
- We want to be connected and engaged

WHAT IS OUR REASON FOR BEING?

- Assist and strengthen our community

Our key strategies...

We Will:	By:
Support and develop the potential and growth of directors and staff	recognising achievements, maximising skills and staff retention
Develop a cohesive marketing strategy	extending our reach through a multi-media marketing campaign
Improve our engagement with shareholders customers and our community	increasing our presence in the community
Be an ethical, transparent and compliant organisation	implementing good governance practices
Grow the business	supporting the business plan.

About us...

Picton & District **Community Bank**[®] Branch opened its doors in 2011.

Starting off as a small business, we have grown steadily each year. Six years on we continue to provide local banking with quality customer service. We are proud to support our community with funds and involvement. To get this far is a real milestone and testament to the commitment and support of the Picton and district local community.

The branch contributes profits back to the community through its sponsorships & grants program found on page 14 of this Annual Report. The program assists local community groups with a wide range of projects, events and initiatives.

Shares are available to invest in our company and we have been working hard towards being able to declare a dividend for our shareholders.

We are pleased to be able to provide a great opportunity to be a part of a local business with a sustainable future. We employ local people and support our local community.

Our People...

Our Board

Chair:

Tia Veech



Deputy Chair:

Phil Digger



Treasurer:

Josh Muller



Company Secretary:

Ally Dench



Director:

Tristan Triffitt



Director:

Evelyn Szumski



Director:

Linda Difrancesco



Director:

Mel Thompson



Director:

Leanne Anderson



Our Staff

Branch Manager:

Steve Homann



Sr Customer Service Officer:

Mandy Hunt



Customer Service Officer

Jody Roy



Customer Service Officer

Emma Hawkins



Chairperson's Message...

30 June 2018

We have just finished operating the Picton & District Community Bank® Branch for our seventh year.

In our prospectus to buy shares, issued in 2010, we forecasted that after three years, we would have deposits and loans showing a total "bank book" of \$49.405 million.

In July this year, after 6.5 years of trading our "bank book" is sitting at \$ 51.573 million.

As chair I have often questioned how or why I am chair and have held this position for the last 3 years, but am excited that I am the chair, with a great board (past & present) as our company develops into the vision we all saw in the beginning. As a company we have cleared our overdraft and have been operating in profit each month. For our patient shareholders we are declaring a profit for the first time and the board will be considering at the AGM a dividend payment, what this will be with a view for payment in June 2019.

I was attracted to the Community Bank® model for the community aspect and I am happy with the support that our Community Bank® branch provides to our community, most recently with the Dilly Drought Drive and looking forward to our further involvement with the West Tigers Foundation.

We are finally in a position to start creating real change within our community and as before, the greater support we receive from our community the greater the support we can give back.

I have been a shareholder from the inception and a Board member now for five years. This last year as Chairman has been an exciting one. We have donated back to the community in many ways with grants to local charities including Dilly Drought Drive, RFS, Wests Tigers Foundation. We have supported local sporting clubs and have seen the completion of the Magpies BBQ hut at Victoria Park, Picton and the opening of the Centenary Walk at Tahmoor.

This past twelve months has been challenging staff wise with a high turnover of our junior staff members. This has now been rectified with Emma & Jodi joining our team, and we are in the process of employing a new loans officer. We have engaged the services of an admin assistant and are looking for a new community investment/marketing person to help grow our brand and our community footprint.

I wish to express my sincere gratitude to our branch staff, and particularly to our Manager Steve Homann, and CRO Mandy Hunt for another great effort this year. Our loans have once again increased considerably. Our rate of growth is still one of the highest in the Community Bank® network in Australia.

My thanks go to all of the Directors, branch staff and Bendigo Bank personally that I have had the pleasure of working with, and who have supported our efforts to establish a perpetual fundraising organisation for our local community.



Tia Louise Veech, Chairman

Directors Report...

Your directors submit the financial statements of the company for the financial year ended 30 June 2018

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

Tia Louise Veech

Chair

Occupation: Self-employed

Qualifications, experience and expertise: Aromatherapist currently self employed. Market Organiser - Wollondilly Markets, Light Up the Oaks & Time Travellers Worl Fair. Previously: Family Day operator, clerical positions and various direct sales positions. Currently helping with the Dilly Drought Drive. Involved in local women's networking groups and admin on a variety of local community and networking Facebook pages.

Other former directorships: Our Community Pantry

Special Responsibilities: Marketing Committee

Interest in shares: 2,000

Josephus Huibertus Muller

Treasurer

Occupation: Retired

Qualifications, experience and expertise: Teaching Certificate (Wagga Wagga Teachers College 1972), Bachelor of Financial Administration (UNE 1986) and Cert IV in Human Resources 2011 Macarthur TAFE. Has worked as a management accountant for New Zealand company, Ceramco, during 1984-90. Has helped form and subsequently manage a worker co-operative that functioned successfully for eleven years. During that period was appointed as a director of the Australian Co-Operatives Association. Is currently serving as a Secretary/Treasurer of Buxton Rural Fire Brigade having held the position for the past nine years.

Special responsibilities: Finance and Governance Committee.

Interest in shares: 500

Alison Nancy Dench

Secretary

Occupation: Executive Director, Local Government

Qualifications, experience and expertise: B. Social Science & BA Hons Politics. Over 25 years experience in the human and community services sectors holding various roles in government and non-government services. Experience in direct care, service management, service delivery and policy development. Current Executive Director Community and Corporate with Wollondilly Shire Council.

Former directorships: Carrington Centennial Care

Special responsibilities: Company Secretary and Governance committee.

Interest in shares: 1,501

Phillip Lee Digger

Director

Occupation: Small Business Owner

Qualifications, experience and expertise: Upholsterer, Carpet Sales and Flooring layer. Life member of Picton Rugby League Football Club. Tafe in Upholstery & Carpet Laying.

Special responsibilities: Nil

Interest in shares: 2,001

Evelyn Szumski

Director

Occupation: Coach and Trainer

Qualifications, experience and expertise: Holding key management and leadership roles within the Telstra corporation for 23 years, Evelyn was regarded as the 'go to' person on a range of corporate areas including employee coaching, mentoring, employee rights, nationwide policies, procedures and rollout of systems, demonstrating the high regard held for her by the Telstra Corporation. She also specialises in coaching business owners and company CEOs. Evelyn helps business owners identify their goals, understand and formalise them and strategize the implementation of achieving these goals in simple, easy to manage steps over allocated time

frames and practices brain-based coaching being an authorised YB12 coach. She is also an accredited SEI EQ Assessor, Six Seconds Certified EQ Assessor, YB12 Coach Authorisation, Neuro leadership coaching accreditation, Executive coach Master Business accelerator, Certified Leading Dimensions Profiler, Cert IV TAE, Diploma of Management, Deakin University - Team leader development program, Diploma of Business Administration.
Special responsibilities: Governance Committee.
Interest in shares: Nil

Linda Maree Difrancesco

Director

Occupation: Director

Qualifications, experience and expertise: Director of Sydney West Furniture Repairs. Began career in retail management before opening her own furniture and repairs restoration business in 1994. Has lived in Wollondilly since 2001 and worked for a local real estate agent. Is a Parramatta advocate for her local community.

Special responsibilities: Marketing Committee.

Interest in shares: 10,000

Tristan Triffitt

Director (*Appointed 8 December 2017*)

Occupation: Real Estate Agent

Qualifications, experience and expertise: Being heavily involved in Real Estate for over a decade, Tristan Triffitt has achieved truly outstanding results. In his first year as an agent he sold a record number of properties. He was recognised by the Real Estate Institute of NSW for award of excellence. Every year since, Tristan has been awarded with a Top Sales Person award from his peers in the industry, this is a record that few can match. Today, Tristan is a partner at McGrath, sales manager and the licensee-in-charge of the Picton office. Not only is he a fully licensed real estate agent, he's also a licensed auctioneer, licensed stock and station agent and even a qualified real estate trainer. Given all this, Tristan is able to offer superb service to clients wishing to sell their home. Buyers also benefit dealing with Tristan. His knowledge of the local market allows him to provide sound advice to buyers and he is quick to advise when new listings become available.

Special responsibilities: Nil

Interest in shares: Nil

Leanne Maree Anderson

Director (*Appointed 8 December 2017*)

Occupation: Licensed Conveyancer

Qualifications, experience and expertise: Worked in a legal practice for over 36 years. Volunteer Fire Fighter with Thirlmere Brigade. Treasurer for last 3 years with Thirlmere Fire Brigade. Volunteered for Thirlmere Roosters Footy Club for 10 years.

Special responsibilities: Governance and Finance Committee

Interest in shares: 1,000

Melissa Thompson

Director (*Appointed 8 December 2017*)

Occupation: Disability Support Worker

Qualifications, experience and expertise: Employed by a local not for profit disability support organisation, Melissa has a strong focus on equality, community and customer service. In addition to her other qualifications Melissa is currently studying a Certificate IV in Disability.

Special responsibilities: Nil

Interest in shares: Nil

Marilyn Anne Dollemore

Director (*Resigned 8 December 2017*)

Occupation: Driver

Qualifications, experience and expertise: Marilyn has some accounting skills and has acted as head of accounting in several family businesses. She has completed for restaurateurs and publicans and spent about ten years in catering and entertainment. Marilyn helped in organisations for softball which was the main competitive her children participated in. She has some management skills which were acquired through her in family businesses.

Special responsibilities: Finance Committee.

Interest in shares: 50,000

Anthony Tyron Watters

Director (Resigned 8 December 2017)

Occupation: Director

Qualifications, experience and expertise: Anthony has a Diploma in Mortgage Broking, Cert IV in Management & Finance, is a Justice of the Peace. Has been a Company Director for the past 14 years, Bank Manager for 17 years at Commonwealth Bank of Australia, ST George and IMB.

Special responsibilities: Governance and Finance Committee.

Interest in shares: Nil

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

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

Company Secretary

The company secretary is Alison Nancy Dench. Alison was appointed to the position of secretary on 2 August 2010.

Qualifications, experience and expertise: B. Social Science & BA Hons Politics. Over 25 years in the human and community services sectors holding various roles within government and non-government agencies. Experience in direct care, service management and delivery and policy development. Current Executive Director Community Services and Corporate Support at Wollondilly Shire Council.

Principal Activities

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

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

Operating results

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

Year ended 30 June 2018	Year ended 30 June 2017
\$	\$
119,648	(8,493)

Dividends

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

Significant changes in the state of affairs

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

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

Indemnification and insurance of directors and officers

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

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

Directors' meetings

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

Board Meetings:

	<i>Eligible to attend</i>	<i>Number attended</i>	
Tia Louise Veech	11	10	
Josephus Huibertus Muller	11	11	
Alison Nancy Dench	11	9	
Phillip Lee Digger	11	6	
Evelyn Szumski	11	9	
Linda Maree Difrancesco	11	10	
Tristan Triffitt	6	5	<i>(Appointed 8 December 2017)</i>
Leanne Maree Anderson	6	4	<i>(Appointed 8 December 2017)</i>
Melissa Thompson	6	5	<i>(Appointed 8 December 2017)</i>
Marilyn Anne Dollemore	5	1	<i>(Resigned 8 December 2017)</i>
Anthony Tyron Watters	5	3	<i>(Resigned 8 December 2017)</i>

Committee Meetings:

Governance & HR	<i>Eligible to attend</i>	<i>Number attended</i>
Tia Louise Veech	6	1
Josephus Huibertus Muller	6	3
Alison Nancy Dench	6	6
Evelyn Szumski	6	6
Leanne Maree Anderson	6	5
Melissa Thompson	1	0
Anthony Tyron Watters	1	1

Marketing	<i>Eligible to attend</i>	<i>Number attended</i>
Tia Louise Veech	10	8
Linda Maree Difrancesco	10	8
Tristan Triffitt	6	5

Finance	<i>Eligible to attend</i>	<i>Number attended</i>
Josephus Huibertus Muller	6	5
Leanne Maree Anderson	6	5

Proceedings on behalf of the company

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

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

Non audit services

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

The board of directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

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

All non-audit services have been reviewed by the board to ensure they do not impact on the impartiality and objectivity of the auditor

None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 24.

Signed in accordance with a resolution of the board of directors at Picton, New South Wales on 24 August 2018.



Tia Louise Veech, Chairman

Managers' report...

Financial year 2017/18

Picton and Districts Community Branch has had another very successful and productive year where we have continued to grow and evolve. Not only through our continued business growth but through our staff as well.

During the year we have welcomed 2 new staff members to our team, Emma Hawkins and Jodie Roy taking up positions as Customer Service Officers and both recently passing their probation, and they are now contributing to the growth and profitability of the Branch, joining myself and Mandy Hunt as Bendigo Bank Picton team.

Over the 12 months period we have seen our customers numbers grow by 11.9% with our customer base now at 1,292 with an average product per customer of 1.869.

We approved \$24.199 million in new loans, representing a 9.6% growth from the previous year. With a total of \$ 18,077 million in loans drawn, with our overall growth for the year of \$3,078 million.

Our lending book finished the year at \$ 51.573 million with our customers buying and selling properties. We had discharges of \$ 9 million with a majority of these being customers selling homes and downsizing to smaller home or capitalising on the current high market values.

Deposits however did go backwards slightly during the financial year ending the year at \$41,121 million a drop from the 2016-2017 financial year of \$ 2,594 million.

Our team has continued to offer our customers a wide and varied suite of Banking products ranging from travel insurance, home and contents insurance, funeral bonds to home loans and bridging finance, transaction accounts to term investments, any product a client may need we will have the answer.

Our overall performance has seen our footings grow from \$93.5 million to \$97.1 mill at the end of the financial year.

Our focus has continued to be our customers offering friendly and professional "old fashion service" which was acknowledge by the Branch being nominated in the Outstanding Professional Service category in the 2017 Camden and Wollondilly Local Business Awards and I am proud to say we made the finals however, we did not take the trophy home this year. A great result for a new team.

Finally, I would like to acknowledge the Board for their unwavering support throughout the year, under the leadership of Tia Veech as Chairperson, Ally Dench our Secretary, Josh Muller the Treasurer, thank you to all board members for your contributions and I look forward to working together in the new financial year.

Stephen Homann



Branch Manager

Congratulations to our staff...



We would like to say a very big thank you to all of our customers and those who continue to support our community bank.

Congratulations to our great team!

A snapshot of some of our activities...

Illuminarte Major Media Sponsor - \$5500 Radio advertising

We were proud to continue to be IlluminARTE Wollondilly major Media Broadcaster for this year's festival.

C91.3 broadcasted LIVE from the Picton Hotel from Monday 24 April till Saturday 29 April for Breakfast, Morning, Afternoon and Drive Shows. Picton and District Community Bank were

proud to be the major Media Sponsor to enable this to happen and were able to promote the great benefits of local banking for the community.



Paint the Town REaD project

Paint the Town REaD a great initiative to bring books to the community and improve literacy in our youngsters. If you are cleaning out your children's books, please drop them into the branch or contact Paint the town REaD, all donations of books are greatly appreciated. It was wonderful to see, in amongst all the activity at Illuminarte, children stopping and sitting down with books for break, dragging parents in to sit in the bean bags and to look at books with them.

Dilly Drought Drive – Partnership to help our Farmers

Picton & District Community Bank Branch & Lions Club of Tahmoor Inc & Dilly Drought Drive & Camden Coles working together for our community



Sponsoring Shenali youth Ambassador to attend the United Nations



This is the amazing young lady we recently sponsored to get to the UN for International Women's Day. Shenali Dona has been appointed Task Force Member of the United Nations inter agency and will be representing Australia in talks on inequality and other basic human rights. It was our pleasure to have Shenali at our meeting and hear more about her work with the United Nations. We look forward to furthering our association with this amazing young local woman.




LOVE GIVE MONEY FOOD
WORK HUMANITARIAN LOVE GIVING
COMMUNITY


**Celebrating our
Local Youth**

Miss Shenali Dona
Task Force Member of the United Nations
Inter-Agency Network on Youth Development
Working Group on Youth and Gender Equality
(UN IANYD WG).

As a Task Force Member, Miss Dona and other members engage in a multi-disciplinary approach to address issues surrounding women and youth at an international scale. These issues will be addressed in conjunction with the UN Women HQ.



UNITED NATIONS INTER-AGENCY NETWORK ON **YOUTH DEVELOPMENT**



See the change your banking can make.
Switch and be the change

YOUTH WEEK

Bendigo Bank
Bigger than a bank

Continuing to support The Community Pantry



Supporting our RFS at the Thirlmere Festival of Steam

This year's Thirlmere Festival of Steam had perfect weather (first year without rain 😊) and our cabanas were out and about protecting our wonderful RFS volunteers. If you made it out to the festival, hope you had a wonderful day.

Supporting Local love for Jackson



Inaugural Time Travellers World Fair

The Picton & District Community Bank Branch cabanas we're out and supporting the inaugural Time Travellers World Fair at the Campbelltown Steam & Machinery Museum . What an amazing local event with visitors to our region from all over NSW. Was great to see so many locals involved and supporting the event - C91.3FM, Vintage FM, AGL Energy, Wollondilly Markets



Sponsoring Flynn Day Ryan for NSW Softball Team

At the end of last we sponsored Flynn Day to help him represent the NSW Public School Sport Assoc. Softball team completing in the Pacific School Games in Adelaide in Dec 2017. The Pacific School Games involves 15 countries including Aust state/ Territories, which covers High School and Primary schools.

What a fabulous achievement and we couldn't be prouder to help out one of our local shining stars



Strategic Planning



Huge thank you to the board members and staff who voluntarily gave up their Saturday to work on our Branch's Strategic Plan. Welcome to the new board members who contributed so much and helped us with our direction for the next twelve months. Excited to start implementing some of the new community initiatives. Our bank is a Community Bank and we wouldn't be here without our wonderful community - our shareholders, our board of directors and of course all our customers: personal, loans, small business, business, charities, sporting & community groups and more.

Gymnastic Kids sponsorship

Congratulations Gymtastic Kids on a great demo tonight. Loved the organised chaos that was hundreds of happy children showing many proud parents and grandparents what they can do. Thank you for our certificate of appreciation for our sponsorship.



Being the boss sometimes means getting in and getting dirty. Here is our community banks chairman and the boss lady from Gymtastic Kids putting our sticker on the new trailer that we helped fundraise for.

Great job Gymtastic Kids in Osaka, Japan.



Setup for Down Syndrome Walk 2017



Pioneer Cemetery Restoration Project & Tahmoor Centenary Walk

The Bank donated the funds for the restoration of 1 headstone and challenged other small businesses to contribute to this project.

Picton & District Community Bank Branch is also a proud sponsor of the Tahmoor Centenary Walk. A great combination of photos and history celebrating 100 years of the naming of Tahmoor. Great walk and some cool history.



West Leagues Foundation 13

An opportunity to market the Branch through the West Tigers leagues Club arose as part of our branding and marketing strategy. The board approved to become a Foundation 13 member.

Foundation 13 is an exclusive group of 13 individuals and groups who will be forever known as the Foundation 13 who led the way in launching the Wests Tigers Foundation and the success that comes from it. There are only 13 exclusive spots available in this group and as a result we will be recognised and acknowledged for our contribution and the difference it will make to West Tigers and the community they connect with.

The Foundation 13 program vision statement of *Enriching the Lives of Our Community* aligns with the Picton and District Boards vision. The Foundation has developed over 60 programs across six key pillars.

The Board saw this opportunity with West Tigers as a way to influence the lives of individuals and groups through the Tigers profile as an elite sporting club and their visions aligns with ours to use this influence for the greater good. Whilst we have been able to reach a significant amount of individuals in the community and know the difference that these programs make on these individuals, our desire is to continue to do more - to reach more people and to make a greater impact through this initiative.

Getting the Bank out there....

Build it and they will come – right?

Launch the website and sales will start pinging through – right?

Have a great product – you'll always have customers – right?

WRONG!

This year has been another big one about getting our name out there!!

We have been working really hard this year on our marketing strategy to get the word out about the Picton Community Bank and the benefits our business has for our Community.

We continue to implement our sound market research, promoted our products and got the brand out there all within a well-considered budget.

Our strategy to use a number of ways to get the word out about our business without it “breaking the bank” continues and following are some of the initiatives that have been implemented:

- ✓ Taking advantage of the Community Bank marketing initiatives and templates
- ✓ Designing and promoting our social media presence
- ✓ Collaborating with other key community players
- ✓ Offering our services and product as a competition prizes
- ✓ Promoting referral marketing with the help of our Branch Manger
- ✓ Getting our name out there through radio and the print media for example:
 - Macarthur Advertiser: one press ad per month, show casing our state based promotions & sponsorship.
 - Local Radio C91.3 - at 3.55 pm weekdays (15 sec ad) and Sat 9-10am two live reads to point out our point of difference from the other banks in the area. We are emphasising we are open till 5pm work days and from 9am till noon Saturdays and this has been working great for our brand awareness.

Trading Shares in Picton & District Community Enterprises Ltd.

Picton & District Community Bank[®] Branch of Bendigo Bank is operated by Picton & District Community Enterprises Limited. Picton & District Community Enterprises Limited also operates a Special Market called a Low Volume Market (LVM), to facilitate the trading of its shares.

There are no recent share trades for Picton & District Community Enterprises Limited. In order to buy or sell shares in Picton & District Community Enterprises Limited you must first register your interest formally with the Company Secretary.

If a registered buyer and seller agree to trade shares, the buyer must first seek approval from the Company's Board by completing the Share Purchase Form and sending it to the Company Secretary.

Once approved, the registered buyer and seller must complete the Security Transfer Form and send it to the Company Secretary.

Stamp Duty may also be payable and it is wise to check with the State Revenue Office for details. If Stamp Duty applies, the buyer must comply with State Revenue Office regulations prior to submitting the Security Transfer Form to the Company Secretary.

All LVM interest and transactions should be posted to:

Ally Dench
Company Secretary
Picton & District Community Enterprises Limited
PO Box 660, Picton NSW 2571

A full list of the current interested traders (including number of shares and desired trading price) is provided below.

Parcel	Min Sale Price (Per Share)	ID	Interest Lodged
500	\$1.00	20	23/11/2016
1000	\$1.20	19	13/07/2016
10000	\$1.00	18	09/11/2015
1000	\$1.00	17	25/08/2015
5000	\$1.00	16	17/08/2015
15000	\$1.00	15	04/08/2015
2500	\$1.00	13	07/04/2014

Parcel	Min Sale Price (Per Share)	ID	Interest Lodged
10000	\$1.10	10	25/02/2014
1000	\$1.10	9	14/11/2013
2500	\$1.00	7	09/09/2013
29000	\$0.80	6	01/05/2013
11200	\$0.80	5	01/05/2013
20000	\$1.00	4	06/11/2012
5000	\$2.00	3	03/09/2012
20000	\$1.50	2	19/08/2012
12700	\$1.00	1	15/03/2012

The identity of participants will be disclosed only to persons who register an interest

Special Market Condition Notices - Low Volume Market (LVM)

Picton & District Community Enterprises Limited does not hold a license to operate a financial market and is not subject to market obligations, in particular the obligation to ensure that the market is fair, transparent and orderly. The market is covered by an exemption under section 791C of the Corporations Act. Picton & District Community Enterprises Limited does not provide a settlement service for trading in the market – it is the responsibility of the parties to a transaction to arrange payment between themselves.

Shares in Picton & District Community Enterprises Limited have characteristics that may differ from mainstream securities.

Special characteristics of Community Bank® companies

- ‘One shareholder one vote’ constitutions rather than ‘one share one vote’.
- Shareholder limit of 10% of issued capital for individuals and related entities.
- There is a limit on profits that can be distributed to shareholders, including through dividends. By way of overview, the limit is the higher of: (a) 20% of the profits of the Company otherwise available for distribution to shareholders in the financial year, and (b) the relevant rate of return (being the weighted average interest rate on 90 day bank bills over the 12 month period plus 5%) multiplied by the average level of share capital over the 12 month period.

- Persons who do not possess a “close connection” with the community served by Picton & District Community Enterprises Limited can be prohibited from acquiring shares in the Company.
- Share transfers which result in the number of shareholders in Picton & District Community Enterprises Limited falling below a fixed “Base Number” will be prohibited.
- These restrictions are intended to embed the community nature of Picton & District Community Enterprises Limited.
- Directors of Picton & District Community Enterprises Limited have the right to refuse to register any transfer of shares in their unlimited discretion.
- Full details of the restrictions on holding shares and Directors’ powers to refuse to register a transfer of shares are set out in the Company’s constitution. A copy of the constitution is available on request from the Company Secretary
- Stamp duty may apply in your State/Territory. Please refer to the State Revenue Office in your State for details.

Investor relations...

Shareholders - Contact Us

Company Details:

Picton & District Community Enterprises Ltd
 ABN - 73 145 546 12
 PO Box 660
 Picton NSW 2571

Shop T20 Picton Mall,
 9-13 Margaret St
 Picton NSW 2571

Secretary Details:

Ally Dench
 c/- PO Box 660
 PICTON NSW 2571
 Phone: 0408 651 923

Share Registry Details:

AFS & Associates Pty Ltd
 61-65 Bull Street
 Bendigo VIC 3550

Postal Address
 PO Box 454
 Bendigo VIC 3552

Phone: 03 5443 0344
 Fax: 03 5443 5304
 Email: shareregistry@afsbendigo.com.au
 Web: www.afsbendigo.com.a



Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Picton & District Community Enterprises Limited

As lead auditor for the audit of Picton & District Community Enterprises Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

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

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 24 August 2018

David Hutchings
Lead Auditor

Picton & District Community Enterprises Limited

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Revenue from ordinary activities	4	684,688	584,027
Employee benefits expense		(312,563)	(362,656)
Charitable donations, sponsorship, advertising and promotion		(31,722)	(52,833)
Occupancy and associated costs		(57,812)	(56,607)
Systems costs		(20,887)	(19,806)
Depreciation and amortisation expense	5	(21,456)	(18,010)
Finance costs	5	(2,472)	(4,335)
General administration expenses		(71,984)	(81,494)
Profit/(loss) before income tax		165,792	(11,714)
Income tax (expense)/credit	6	(46,144)	3,221
Profit/(loss) after income tax		119,648	(8,493)
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		119,648	(8,493)
Earnings per share		¢	¢
Basic earnings per share	22	13.53	(0.96)

The accompanying notes form part of these financial statements

Picton & District Community Enterprises Limited Balance Sheet

as at 30 June 2018

	Notes	2018 \$	2017 \$
ASSETS			
Current assets			
Cash and cash equivalents	7	63,121	-
Trade and other receivables	8	56,683	52,141
Total current assets		119,804	52,141
Non-current assets			
Property, plant and equipment	9	96,322	101,906
Intangible assets	10	44,027	57,457
Deferred tax asset	11	169,948	216,092
Total non-current assets		310,297	375,455
Total assets		430,101	427,596
LIABILITIES			
Current liabilities			
Trade and other payables	12	48,641	38,042
Borrowings	13	-	112,340
Provisions	14	16,011	18,839
Total current liabilities		64,652	169,221
Non-current liabilities			
Trade and other payables	11	31,161	46,741
Provisions	14	8,068	5,062
Total non-current liabilities		39,229	51,803
Total liabilities		103,881	221,024
Net assets		326,220	206,572
EQUITY			
Issued capital	15	848,252	848,252
Accumulated losses	16	(522,032)	(641,680)
Total equity		326,220	206,572

The accompanying notes form part of these financial statements

Picton & District Community Enterprises Limited
Statement of Changes in Equity
for the year ended 30 June 2018

	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2016	848,252	(633,187)	215,065
Total comprehensive income for the year	-	(8,493)	(8,493)
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2017	848,252	(641,680)	206,572
Balance at 1 July 2017	848,252	(641,680)	206,572
Total comprehensive income for the year	-	119,648	119,648
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2018	848,252	(522,032)	326,220

The accompanying notes form part of these financial statements

Picton & District Community Enterprises Limited
Statement of Cash Flows
for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Cash flows from operating activities			
Receipts from customers		749,170	653,624
Payments to suppliers and employees		(555,365)	(638,874)
Interest paid		(2,472)	(4,335)
Net cash provided by operating activities	17	191,333	10,415
Cash flows from investing activities			
Payments for property, plant and equipment		(2,441)	(3,902)
Payments for intangible assets		(13,431)	(13,431)
Net cash used in investing activities		(15,872)	(17,333)
Net increase/(decrease) in cash held		175,461	(6,918)
Cash and cash equivalents at the beginning of the financial year		(112,340)	(105,422)
Cash and cash equivalents at the end of the financial year	7(a)	63,121	(112,340)

The accompanying notes form part of these financial statements

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Summary of significant accounting policies

a) Basis of preparation

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

Compliance with IFRS

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

Critical accounting estimates

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

Historical cost convention

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

Comparative figures

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

Application of new and amended accounting standards

There are a number of amendments to accounting standards issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 July 2017, and are therefore relevant for the current financial year.

AASB 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This accounting standard is not expected to have a material impact on the financial

AASB 15 Revenue from Contracts with Customers establishes a comprehensive framework for determining whether, how much and when revenue is recognised. This accounting standard is not expected to have a material impact on the financial statements.

There are also a number of accounting standards and interpretations issued by the AASB that become effective in future accounting periods.

The company has elected not to apply any accounting standards or interpretations before their mandatory operative date for the annual reporting period beginning 1 July 2017. These future accounting standards and interpretations therefore have no impact on amounts recognised in the current period or any prior period.

AASB 16 Leases is effective for annual periods beginning on or after 1 January 2019. The standard introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Summary of significant accounting policies (*continued*)

a) Basis of preparation (*continued*)

Application of new and amended accounting standards (continued)

The company has completed an initial assessment of the potential impact on its financial statements but has not yet completed its detailed assessment. The actual impact of applying AASB 16 on the financial statements in the period of initial application will depend on future economic conditions, including the company's borrowing rate at 1 January 2019, the composition of the lease portfolio at that date, the latest assessment of whether the company will exercise any lease renewal options and the extent to which the company chooses to use practical expedients and recognition exemptions.

So far, the most significant impact identified is that the company will recognise new assets and liabilities for its operating lease of its branch. As at 30 June 2018, the company's future minimum lease payment under non-cancellable operating leases amount to \$112,032, on an undiscounted basis (see Note 18).

No significant impact is expected for the company's finance leases.

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Bank[®] branch at Picton, New South Wales.

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

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

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

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

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

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

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

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Summary of significant accounting policies (continued)

b) Revenue

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

Revenue calculation

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

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

Core banking products

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

Margin

Margin is arrived at through the following calculation:

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

Margin is paid on all core banking products. A funds transfer pricing model is used for the method of calculation of the cost of funds, deposit return and margin.

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

Commission

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

Fee income

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

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Summary of significant accounting policies (*continued*)

b) Revenue (*continued*)

Discretionary financial contributions

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

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

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

Ability to change financial return

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

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

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

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

Monitoring and changing financial return

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

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

c) Income tax

Current tax

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

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Summary of significant accounting policies (*continued*)

c) Income tax (*continued*)

Deferred tax

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

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

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

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

Current and deferred tax for the period

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

d) Employee entitlements

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

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

e) Cash and cash equivalents

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

f) Trade receivables and payables

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

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Summary of significant accounting policies *(continued)*

g) Property, plant and equipment

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

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

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

- leasehold improvements	5 - 15	years
- plant and equipment	2.5 - 40	years

h) Intangibles

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

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

i) Payment terms

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

j) Borrowings

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

k) Financial instruments

Recognition and initial measurement

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

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

Derecognition

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

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Summary of significant accounting policies (*continued*)

k) Financial instruments (*continued*)

Classification and subsequent measurement

(i) *Loans and receivables*

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

(ii) *Financial liabilities*

Financial liabilities include borrowings, trade and other payables and non-derivative financial liabilities (excluding financial guarantees). They are subsequently measured at amortised cost using the effective interest rate method.

Impairment

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

l) Leases

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

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

m) Provisions

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

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

n) Issued capital

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

o) Earnings per share

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

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Summary of significant accounting policies (*continued*)

p) Goods and Services Tax

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

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

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

Note 2. Financial risk management

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

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

(i) Market risk

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

(ii) Price risk

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

(iii) Credit risk

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

(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

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

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2018

Note 2. Financial risk management (*continued*)

(vi) Capital management

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

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

The distribution limit is the greater of:

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

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2018 can be seen in the Statement of Profit or Loss and Other Comprehensive Income.

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

Note 3. Critical accounting estimates and judgements

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

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

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

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

Taxation

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

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

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

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Critical accounting estimates and judgements *(continued)*

Estimation of useful lives of assets

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

Impairment of assets

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

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

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

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

Note 4. Revenue from ordinary activities	2018	2017
	\$	\$
Operating activities:		
- gross margin	586,360	456,015
- services commissions	27,365	51,552
- fee income	35,963	35,555
- market development fund	35,000	35,000
Total revenue from operating activities	<u>684,688</u>	<u>578,122</u>
Non-operating activities:		
- other income - insurance claim	<u>-</u>	<u>5,905</u>
Total revenues from ordinary activities	<u>684,688</u>	<u>584,027</u>

Picton & District Community Enterprises Limited
Notes to the Financial Statements
for the year ended 30 June 2018

Note 5. Expenses	2018	2017
	\$	\$
Depreciation of non-current assets:		
- plant and equipment	4,278	4,072
- leasehold improvements	3,747	4,241
Amortisation of non-current assets:		
- franchise agreement	2,239	1,616
- franchise renewal fee	11,192	8,081
	<u>21,456</u>	<u>18,010</u>
Finance costs:		
- interest paid	<u>2,472</u>	<u>4,335</u>
Bad debts	<u>834</u>	<u>1,083</u>
<hr/>		
Note 6. Income tax expense/(credit)		
The components of tax expense/(credit) comprise:		
- Future income tax benefit attributable to losses	3,990	(3,067)
- Movement in deferred tax	42,154	(154)
	<u>46,144</u>	<u>(3,221)</u>
The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense/(credit) as follows		
Operating profit/(loss)	165,792	(11,714)
Prima facie tax on profit/(loss) from ordinary activities at 27.5% (2017: 27.5%)	45,593	(3,221)
Add tax effect of:		
- non-deductible expenses	551	-
- timing difference expenses	(3,990)	154
	<u>42,154</u>	<u>(3,067)</u>
Movement in deferred tax	<u>3,990</u>	<u>(154)</u>
	<u>46,144</u>	<u>(3,221)</u>

Picton & District Community Enterprises Limited
Notes to the Financial Statements
for the year ended 30 June 2018

Note 7. Cash and cash equivalents	2018	2017
	\$	\$
Cash at bank and on hand	<u>63,121</u>	<u>-</u>

Note 7.(a) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

Cash at bank and on hand		63,121	-
Bank overdraft	Note 13	-	(112,340)
		<u>63,121</u>	<u>(112,340)</u>

Note 8. Trade and other receivables

Trade receivables		51,924	47,265
Prepayments		3,558	4,876
Other receivables and accruals		1,201	-
		<u>56,683</u>	<u>52,141</u>

Note 9. Property, plant and equipment

Leasehold improvements			
At cost		116,688	116,688
Less accumulated depreciation		(39,260)	(35,513)
		<u>77,428</u>	<u>81,175</u>
Plant and equipment			
At cost		66,559	64,118
Less accumulated depreciation		(47,665)	(43,387)
		<u>18,894</u>	<u>20,731</u>
Total written down amount		<u>96,322</u>	<u>101,906</u>

Picton & District Community Enterprises Limited
Notes to the Financial Statements
for the year ended 30 June 2018

Note 9. Property, plant and equipment (<i>continued</i>)	2018	2017
	\$	\$
Movements in carrying amounts:		
Leasehold improvements		
Carrying amount at beginning	81,175	85,247
Additions	-	-
Disposals	-	-
Less: depreciation expense	(3,747)	(4,072)
Carrying amount at end	<u>77,428</u>	<u>81,175</u>
Plant and equipment		
Carrying amount at beginning	20,731	21,070
Additions	2,441	3,902
Disposals	-	-
Less: depreciation expense	(4,278)	(4,241)
Carrying amount at end	<u>18,894</u>	<u>20,731</u>
Total written down amount	<u>96,322</u>	<u>101,906</u>

Note 10. Intangible assets		
Establishment fee		
At cost	100,000	100,000
Less: accumulated amortisation	(100,000)	(100,000)
	<u>-</u>	<u>-</u>
Franchise fee		
At cost	21,192	21,192
Less: accumulated amortisation	(13,854)	(11,616)
	<u>7,338</u>	<u>9,576</u>
Renewal processing fee		
At cost	55,961	55,961
Less: accumulated amortisation	(19,272)	(8,080)
	<u>36,689</u>	<u>47,881</u>
Total written down amount	<u>44,027</u>	<u>57,457</u>

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2018

Note 11. Tax	2018	2017
	\$	\$
Non-current:		
Deferred tax assets		
- accruals	770	1,272
- employee provisions	6,622	6,573
- tax losses carried forward	169,666	211,819
	<u>177,058</u>	<u>219,664</u>
Deferred tax liability		
- property, plant and equipment	7,110	3,572
	<u>7,110</u>	<u>3,572</u>
Net deferred tax asset	<u>169,948</u>	<u>216,092</u>
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	<u>46,144</u>	<u>(3,221)</u>

Note 12. Trade and other payables

Current:		
Trade creditors	468	5,919
Other creditors and accruals	48,173	32,123
	<u>48,641</u>	<u>38,042</u>
Non-current:		
Other creditors and accruals	<u>31,161</u>	<u>46,741</u>

Note 13. Borrowings

Current:		
Bank overdrafts	Note 7(a)	<u>-</u>
		<u>112,340</u>

The Cheque account overdraft facility limit is \$230,000. The interest rate is currently on a variable rate of 4.03%. The bank overdraft has a rolling renewal date and is secured by a floating charge over the Company's assets.

Note 14. Provisions

Current:		
Provision for annual leave		<u>16,011</u>
		<u>18,839</u>
Non-current:		
Provision for long service leave		<u>8,068</u>
		<u>5,062</u>

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2018

Note 15. Issued capital	2018	2017
	\$	\$
884,509 ordinary shares fully paid (2017: 884,509)	884,509	884,509
Less: equity raising expenses	(36,257)	(36,257)
	<u>848,252</u>	<u>848,252</u>

Rights attached to shares

(a) *Voting rights*

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

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

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

(b) *Dividends*

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

(c) *Transfer*

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

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

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2018

Note 15. Issued capital (*continued*)

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 192. As at the date of this report, the company had 213 shareholders.

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

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

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

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

Note 16. Accumulated losses	2018	2017
	\$	\$
Balance at the beginning of the financial year	(641,680)	(633,187)
Net profit/(loss) from ordinary activities after income tax	119,648	(8,493)
Balance at the end of the financial year	<u>(522,032)</u>	<u>(641,680)</u>

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2018

Note 17. Statement of cash flows	2018	2017
	\$	\$
Reconciliation of profit/(loss) from ordinary activities after tax to net cash provided by operating activities		
Profit/(loss) from ordinary activities after income tax	119,648	(8,493)
Non cash items:		
- depreciation	8,025	8,313
- amortisation	13,431	9,697
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(4,542)	7,721
- (increase)/decrease in other assets	45,410	(56,944)
- increase in payables	9,183	43,163
- increase in provisions	178	6,958
Net cash flows provided by operating activities	<u>191,333</u>	<u>10,415</u>

Note 18. Leases

Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments:		
- not later than 12 months	37,344	36,480
- between 12 months and 5 years	74,688	109,440
	<u>112,032</u>	<u>145,920</u>

The business premises lease was renewed on 1 July 2016. The property lease is a non-cancellable lease with a five-year term, with an option available to further renew for 5 years.

Note 19. Auditor's remuneration

Amounts received or due and receivable by the auditor of the company for:		
- audit and review services	4,400	4,200
- share registry services	1,885	1,885
- non audit services	2,430	2,390
	<u>8,715</u>	<u>8,475</u>

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Director and related party disclosures

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

Tia Louise Veech
 Josephus Huibertus Muller
 Alison Nancy Dench
 Phillip Lee Digger
 Evelyn Szumski
 Linda Maree Difrancesco
 Tristan Triffitt (*Appointed 8 December 2017*)
 Leanne Maree Anderson (*Appointed 8 December 2017*)
 Melissa Thompson (*Appointed 8 December 2017*)
 Marilyn Anne Dollemore (*Resigned 8 December 2017*)
 Anthony Tyron Watters (*Resigned 8 December 2017*)

No director or related entity has entered into a material contract with the company. No director's fees have been paid as the positions are held on a voluntary basis.

Directors Shareholdings	<u>2018</u>	<u>2017</u>
Tia Louise Veech	2,000	2,000
Josephus Huibertus Muller	500	500
Alison Nancy Dench	1,501	1,501
Phillip Lee Digger	2,001	2,001
Evelyn Szumski	-	-
Linda Maree Difrancesco	10,000	10,000
Tristan Triffitt (<i>Appointed 8 December 2017</i>)	-	-
Leanne Maree Anderson (<i>Appointed 8 December 2017</i>)	1,000	1,000
Melissa Thompson (<i>Appointed 8 December 2017</i>)	-	-
Marilyn Anne Dollemore (<i>Resigned 8 December 2017</i>)	50,000	50,000
Anthony Tyron Watters (<i>Resigned 8 December 2017</i>)	-	-

There was no movement in directors shareholdings during the year.

Note 21. Key management personnel disclosures

No director of the company receives remuneration for services as a company director or committee member.

There are no executives within the company whose remuneration is required to be disclosed.

Note 22. Earnings per share	2018	2017
	\$	\$
(a) Profit/(loss) attributable to the ordinary equity holders of the company used in calculating earnings per share	119,648	(8,493)
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	884,509	884,509

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2018

Note 23. Events occurring after the reporting date

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

Note 24. Contingent liabilities and contingent assets

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

Note 25. Segment reporting

The economic entity operates in the service sector where it facilitates Community Bank® services in Picton, New South Wales pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 26. Registered office/Principal place of business

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

Registered Office:	Principal Place of Business:
Shop T20 Picton Mall	Shop T20 Picton Mall
9 Margaret Street	9 Margaret Street
PICTON NSW 2571	PICTON NSW 2571

Picton & District Community Enterprises Limited Notes to the Financial Statements for the year ended 30 June 2018

Note 27. Financial instruments

Financial Instrument Composition and Maturity Analysis

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

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash and cash equivalents	63,121	-	-	-	-	-	-	-	-	-	Nil	Nil
Receivables	-	-	-	-	-	-	-	-	51,924	47,265	N/A	N/A
Financial liabilities												
Interest bearing liabilities	-	112,340	-	-	-	-	-	-	-	-	5.04	3.74
Payables	-	-	-	-	-	-	-	-	468	5,919	N/A	N/A

Net Fair Values

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

Credit Risk

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

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

Interest Rate Risk

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

Sensitivity Analysis

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

As at 30 June 2018, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2018	2017
	\$	\$
Change in profit/(loss)		
Increase in interest rate by 1%	631	(1,123)
Decrease in interest rate by 1%	(631)	1,123
Change in equity		
Increase in interest rate by 1%	631	(1,123)
Decrease in interest rate by 1%	(631)	1,123

Picton & District Community Enterprises Limited Directors' Declaration

In accordance with a resolution of the directors of Picton & District Community Enterprises Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

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



Tia Louise Veech, Chairman

Signed on the 24th of August 2018.



Chartered Accountants

61 Bull Street, Bendigo 3550
PO Box 454, Bendigo 3552
03 5443 0711
afsbendigo.com.au

Independent auditor's report to the members of Picton & District Community Enterprises Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial report of Picton & District Community Enterprises Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards.

What we have audited

Picton & District Community Enterprises Limited's (the company) financial report comprises the:

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

Basis for opinion

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

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

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

Other information

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

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

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

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

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

Directors' responsibility for the financial report

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

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

Auditor's responsibility for the audit of the financial report

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

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



Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated: 24 August 2018



David Hutchings
Lead Auditor

How you can get involved...

Become a shareholder

Be a part of something special! **Become a Shareholder** in the Picton and District Community Bank

An opportunity exists for you to buy Shares in the operation of our Community Bank® Branch in Picton. By supporting your **Community Bank®** branch, you are directly supporting your community.

By doing this you will help secure banking services for your community and also share in the prospect of income which can be used to generate further development in our Area

Contact us on (02) 4677 1601

Community Banking

There is an overarching philosophy behind much of the work carried out by Bendigo and Adelaide Bank in both its day-to-day banking activities and in the work it does with Australian communities on activities unrelated to banking.

In particular, our **Community Bank®** initiative continues to resonate with customers and their communities a decade after it was first introduced.

Community Bank® branches provide communities with more than just quality banking services – they deliver employment opportunities for local people, keep local capital in the community, are a local investment option for shareholders and provide a source of revenue for important community projects determined by the local community.

We've created a number of unique partnerships and services which enable us to do this. To find out more about the following services visit <http://www.bendigobank.com.au/public/community/community-promise>

- [Community banking](#)
- [Our branches](#)
- [Community stories](#)
- [Community partnerships](#)
- [Community campaigns & programs](#)
- [Fundraising & grant management](#)
- [Scholarships](#)
- [Not-for-profit banking](#)

Bendigo and Adelaide Bank Ltd announces a strong full year result

Bendigo and Adelaide Bank, Australia's fifth largest retail bank, announced today an after tax statutory profit of \$434.5 million for the 12 months ending 30 June 2018.

Underlying cash earnings were \$445.1m, a 6.4 percent increase

We believe...

successful customers and successful communities create a successful bank – in that order.

As we work to provide banking products and services for our customers, we consider the bigger picture.

We think about what we can do beyond banking to help our customers and strengthen the communities they live in.

First and foremost, we're a good bank. But it's the time and effort we spend innovating in the community that makes us unique and sets us apart.

It's why so many people choose to bank with us.

Contact Us...

Address

Shop T20 Picton Mall Shopping Centre
9-13 Margaret Street
Picton NSW 2571
Ph:
(02) 4677 1601
Fax:
(02) 4677 1763

Email:

Secretary.picton@communitybank.org.au

Services

- ATM (pin changing)
- Business Banker
- Financial Planner

Operating Hours:

Mon-Fri 9:00am-5:00pm
Sat 9:00am-12:00pm

BSB:

633-000

Facebook:

Facebook Picton & District Community Bank® Branch of Bendigo Bank

Picton **Community Bank**@ Branch
Shop T20 Picton Mall Shopping Centre,
9-13 Margaret Street, Picton NSW 2571
Phone: (02) 4677 1601 Fax: (02) 4677 1763

Franchisee: Picton & District Community Enterprises Ltd
PO Box 660 Picton NSW 2571
Phone: (02) 4677 1601 Fax: (02) 4677 1763
ABN: 73 145 546 121

www.bendigobank.com.au/picton

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