Annual Report 2016

Plantagenet Community Financial Services Ltd

ABN 89 096 387 816

Mount Barker **Community Bank®** Branch

Contents

Chairman's report

For year ending 30 June 2016

I would like to welcome you to the 14th Annual Report for Plantagenet Community Financial Services Ltd. In October this year we will be 15 years old, it certainly does not feel that long ago since we opened our doors.

Our Manager at the start of the year, Sharon Bambling who we were sharing with Tambellup / Cranbrook was, unfortunately, only with the branches for a short time. Our Customer Relationship Manager Tamara Knapp then stepped up and became our Acting Branch Manager, a role she put a lot of energy into and kept the branch functioning well. I would very much like to thank her for her efforts.

In April we recruited Stephen Harding as our new Branch Manager. After a period of training he has settled into his role with enthusiasm, bringing lots of new ideas with him, engendering a lot of enthusiasm from the staff also. Stephen is widely experienced in banking around Australia and in various parts of the world. As a Board we really look forward to a reinvigorated branch.

Although we did not make the growth of business we budgeted for, we still grew a little over $2 million to a total book of $127.68 million. This was a good result considering the impact of staff changes. I would also like to thank all the staff at our branch who have all put in a lot of effort to keep the branch running well throughout this period.

We were also able to reinstate a dividend of 4% which I am sure the shareholders were pleased to see.

At the end of April, we closed the branch on Saturday mornings. We were loath to do this as it has been something we were proud to do, but after much research and consideration, we decided that it was for the best that we did, as the service was being underutilised and was no longer economically sensible.

This year we have sponsored some 18 different organisations to a total of $36,000. This has gone to some regular ones like the year 11 geography trip to Bali, the RSL hall, Plantagenet Players and a new one, The Wine Show of Western Australia. As you may know they have lost their major sponsor and we are endeavouring to keep it as a local show, even if some events take place in Perth, the bulk still takes place in Mount Barker.

Our sponsorships and dividends can only be achieved by people banking with our **Community Bank**® branch, and the more that they do, the more we can invest back into our community. We are a full service bank and are proud of our service. Remember with the **Community Bank**® model, half of all profits earned from your banking stays in the community.

In closing I would like to thank all the members of the Board for all the volunteer hours and effort they have put in to our **Community Bank**® company to allow it to invest in our community in so many different ways.

John Howard
Chairman

Manager's report

For year ending 30 June 2016

As the recently appointed Branch Manager of the Mount Barker **Community Bank**® Branch, it is with pleasure that I provide my inaugural report on the positive results achieved by my colleagues over the 2015/16 Financial Year.

The period saw modest growth in our deposit base together with a small retraction of our loan portfolio due in part to the favourable seasonal conditions which enabled borrowers to pay down debt. Our overall combined lending and deposit portfolio sits at $127,680 as at 30 June 2016.

Notwithstanding, we have again continued our local support by committing funds back to the community and shareholders through sponsorship and dividends in the past year to the combined sum of over $55,000.

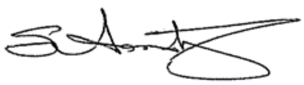
The considerable efforts of our team must be acknowledged and in that regard I must thank Tamara Knapp, who so ably stood in as Branch Manager for most of the year, supported by Lisa Clode, Sharon Ansel, Brook Heal, Rachell Wierobiej, Carla Fulcher for their significant efforts during the year. The standards they set in terms of customer service and support for the community is a magnificent example of teamwork and dedication which has enabled the Mount Barker **Community Bank**® Branch to continue its history of contribution and support for the residents of Mt. Barker and the greater region.

Thanks must also go to the staff at Walpole agency which continues to provide a banking service to a community without which, would have no banking facilities at all.

The continued and ongoing support of our customers and staff have enabled the branch to support numerous groups within the Shire including our continued sponsorship of Mt. Barker Community College year 11 Indonesian Geography East Bali Poverty Project, Youthcare and Mt. Barker Life Saving, to name a few.

My thanks also to the Board whose members play such a vital and prominent role in representing the **Community Bank**® branch so effectively in our community. It goes without saying that their continued support, commitment community engagement and time is very much appreciated.

Lastly, may I add my personal thanks to the Board for their confidence in appointing me to this role and to our customers who have so warmly welcomed my wife and I to Mount Barker. I have no doubt that the continued support and loyalty of our many customers will enable our **Community Bank**® branch to go from strength to strength over the new financial year and beyond.



Steve Harding
Branch Manager

Bali Tour 2016

This year eight intrepid Year 11 Geographers set off to make a positive difference to the lives of numerous students in remote parts of Bali while studying bamboo production, tropical diseases and natural hazards. After numerous fundraising events we were finally away with almost 100kg of education, health and sporting resources for our Bali friends.

Early morning starts to climb a volcano and venture up into East Bali were soon forgotten as each day developed into a new and rewarding life experience. The cycle tour took us into the lives of a typical Balinese family where realisations about ‘how good life is at home’ and ‘ I need to be nicer to my parents’ started to manifest. The cooking class also showed students how food can be tasty without being loaded with sugar or MSG and as master chef said – good food takes time.

A lot of these experiences gave our students a great insight into life in the real Bali.

We have now had students teaching with the East Bali Poverty Project for five years and once again this year’s students excelled. The highlight was perhaps the Darmaji Hotel where Brianna, Tiarna and Kate set up a hotel reception at the remote Darmaji School and delivered lessons in conversational English as you would see in a hotel. Rose and Kaila also made maths fun by creating interactive maths games where the numbers did the talking. We also had our music boys Daniel and Seb where percussion and guitar was brought together in a very appealing way. Perhaps of significant value were the computer lessons where students further developed their computer literacy thanks to the expertise of Brody Vitler and the five donated laptops! The following day our students were then taught by the Balinese students in the art of bamboo craft and traditional dance, certainly a cultural exchange for the ages!

The key message in this tour is about people and sustainability. Poverty is a global issue and groups like the East Bali Poverty Project are trying to make a difference through education and self-empowerment whereby people can develop the skills to improve their own standard of living. Bali is Australia’s playground yet so many live in poverty. Possibly the one image that made this real for many of us this year was teaching a 16 year old girl who looked about seven. She was from one of the more remote areas where malnutrition has been harder to combat. The interesting thing though is that even here in such a remote area, education is valued by all as it is the key to a better and more importantly longer life. So education is a sought after commodity.

A big thank you to Mrs Wallinger and Ms Vitler for accompanying the group on the tour, your time given and input on the tour was very much appreciated.

Finally our sponsors who make a world of difference perhaps without even realising it. It all adds up and in a big way. Thank you – Mount Barker **Community Bank**® Branch, Porongurup Shop, Harvey Norman Albany, West Cape Howe, Duggins and the kind and generous Mt Barker and Plantagenet community.

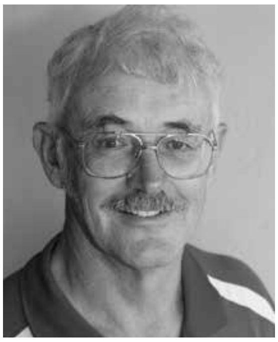
Directors' report

For the financial year ended 30 June 2016

The Directors present their report of the company for the financial year ended 30 June 2016.

Directors

The following persons were Directors of Plantagenet Community Financial Services Limited during or since the end of the financial year up to the date of this report:



John Reginald Howard

Chairperson

Occupation: Farmer

Qualifications, experience and expertise: John has lived in Mount Barker for 35 years and has been a Director of Plantagenet Community Financial Services Ltd for 11 years, 9 of those years as Chairman. John has a Higher National Diploma in Agriculture (U.K.) and has been the co-ordinator of the Mt Barker Machinery Field Day for 5 years.

Special responsibilities: Chairperson and member of the staff and profit distribution sub-committees.

Interest in shares: 4,000

Sarah Jane Wright

Vice-Chairperson

Occupation: Lawyer

Qualifications, experience and expertise: Sarah works part time in the Great Southern and Perth area for Wapropert Lawyers. Sarah is involved in the Mount Barker Community College and supports the Mount Barker Cricket Club in an administrative capacity. Sarah has good communication and negotiation skills and also possesses analytical skills.

Special responsibilities: Vice-Chairperson and member of the staff, publicity/marketing and profit distribution sub-committees.

Interest in shares: Nil

James Rhind

Secretary

Occupation: School Teacher

Special responsibilities: Secretary and member of the maintenance and finance sub-committees

Interest in shares: 400

Directors (continued)

Ian John Morgan

Treasurer

Occupation: Retired Corporate Secretary

Qualifications, experience and expertise: Ian holds a Bachelor of Business graduate degree in HRM & IR from Edith Cowan University and is a Fellow of the Institute of Public Accountants. Prior to his retirement he was also a Chartered member of the Australian Human Resource Institute and a Member of the Australian Institute of Management (WA). Ian has over 15 years' experience in Retail Banking, Building Society and Credit Union accounting and administration. In his fifty year working career, as well as his banking background he has been involved in Corporate legislation, accounting and administration in the Housing Industry Light Engineering Mining catering services, Retail and whole Co-operatives (wholesale Newsagency supplies Cooperative and retail Quairading Farmer's Co-operative), Farm Machinery dealership New Holland Franchise, and a Not for profit organisation (Indigenous Employment, Training and Legal Services). And a retired member of Mount Barker and Quairading Rotary Clubs (for 15 years).

Special responsibilities: Treasurer and a member of the staff and finance sub-committees.

Interest in shares: Nil

Grant Cooper

Director

Occupation: Farmer

Qualifications, experience and expertise: Grant has been farming for 34 years. Grant has held the positions of Captain and Weather Officer in the local bush fire brigade and is a committee member of the local football club.

Special responsibilities: A member of the maintenance and profit distribution sub-committees.

Interest in shares: 1,600

Sharon Nicole Lynch

Director

Occupation: Project Management

Qualifications, experience and expertise: Sharon is a busy mother of two. As the Treasurer of the Mount Barker Toy Library and Secretary of the Forest Hill Bushfire Brigade, Sharon is an active community member who also has skills in business administration, project management and event co-ordination.

Special responsibilities: A member of the finance and publicity/marketing sub-committees.

Interest in shares: Nil

Directors (continued)

Elizabeth Crawford Van Zeyl

Director

Occupation: Semi retired farmer

Qualifications, experience and expertise: For the last 24 years Liz has been helping run the family farm looking after the accounting side of the business. Liz has a Certificate II in Business and has been the president and now vice-president of Riding for the Disabled. In the past Liz has been a committee member of Plantagenet Villages Homes and Cranbrook Sporting Club.

Special responsibilities: A member of the finance, publicity/marketing and profit distribution sub-committees.

Interest in shares: 1,500

Rachel Jane Wright

Director

Occupation: Health professional - BaSci(H.I.M), PGrad DipHlthServMgt, PGrad Dip Public Hlth

Qualifications, experience and expertise: Rachel's interest in Directorship stems from a strong belief that vibrant rural communities that are built upon residents who are strongly informed and involved in their communities. She is an active member of the community and has a keen interest in 'giving back' to services and organisations that value add to this community with benefit to all. Rachel works in health care management and over the past decade has held executive employment portfolios across a broad range of areas including mental health, primary care, public health as well as service delivery and business growth. She has a strong interest in community engagement, but her predominant professional passion is in addressing health inequity. She has been a resident of the Mt Barker community since 2002. She has keen sporting interests, in particular hockey where she is both a player and representative to the Sounness Park Working Group for the hockey club. Rachel currently manages her own consultancy business in between juggling farm life and raising two lively young boys.

Special responsibilities: A member of the staff and marketing/publicity sub-committees.

Interest in shares: Nil

Grant Dufty

Director

Occupation:

Special responsibilities: A member of the maintenance and profit distribution sub-committees.

Interest in shares: Nil

Heather York

Director

Small Business Owner

Resigned 1 September 2015

Directors (continued)

Melanie Greeney
Director
Veterinary Assistant
Resigned 23 November 2015

Rachel Handasyde
Director
Administration Officer
Resigned 23 November 2015

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

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

Directors' meetings

Attendances by each Director during the year were as follows:

	Board meetings	
Director	**A**	**B**
John Howard	12	12
Sarah Wright	12	10
James Rhind	12	12
Ian Morgan	12	12
Elizabeth Van Zeyl	12	9
Grant Cooper	12	10
Heather York	2	2
Melanie Greeney	6	4
Rachel Handasyde	6	6
Grant Dufty	6	5
Rachel Wright	6	6
Sharon Lynch	6	6

A - The number of meetings eligible to attend.
B - The number of meetings attended.

Principal activities

The principal activities of the company during the course of the financial year were in providing **Community Bank**® branch services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

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

Review of operations

The profit/(loss) of the company for the financial year after provision for income tax was $72,521 (2015 profit/(loss): $24,311).

Dividends

Dividends paid or declared since the start of the financial year.

Dividends (continued)

A fully franked final dividend of 4.0 cents per share was declared and paid during the year for the year ended 30 June 2015. No dividend has been declared or paid for the year ended 30 June 2016 as yet.

Options

No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report.

Significant changes in the state of affairs

No significant changes in the company's state of affairs occurred during the financial year.

Events subsequent to the end of the reporting period

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

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor

The company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The company also has Officers Insurance for the benefit of Officers of the company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the company or in or arising out of the discharge of the Officer's duties.

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.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or 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 any part of those proceedings. The company was not a party to any such proceedings during the year.

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 10 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Signed in accordance with a resolution of the Board of Directors at Mount Barker on 29 September 2016.

John Howard
Director

Auditor's independence declaration

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AUDITOR'S INDEPENDENCE DECLARATION
AS REQUIRED BY SECTION 307C OF THE CORPORATIONS ACT 2001

As lead Auditor for the audit of Plantagenet Community Financial Services Ltd for the year ended 30 June 2016, I declare to the best of my knowledge and belief, that there have been:

a) no contraventions of the Auditor independence requirements of the Corporations Act 2001, in the relation to the audit, and

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

This Declaration is made in respect of Plantagenet Community Financial Services Ltd during the period of the audit.

Paul Gilbert, CPA MBA Director
Macleod Corporation Pty Ltd
Dated this 7th day of September 2016

CERTIFIED PRACTICING ACCOUNTANTS

CPA

Financial statements

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

	Notes	2016 $	2015 $
Revenue	2	894,875	911,481
Expenses			
Employee benefits expense	3	(460,888)	(455,011)
Depreciation and amortisation	3	(20,400)	(22,729)
Administration and general costs		(166,084)	(189,291)
Finance costs	3	(11,926)	(18,782)
Bad and doubtful debts expense	3	(192)	(661)
Occupancy expenses		(22,942)	(28,968)
IT costs		(21,645)	(22,507)
Decrease in valuation of asset		-	(16,193)
Other expenses		(55,186)	(68,212)
Operating profit / (loss) before charitable donations and sponsorships		**135,612**	**89,127**
Charitable donations and sponsorships		(33,111)	(51,814)
Profit / (loss) before income tax		**102,501**	**37,313**
Income tax expense / (benefit)	4	29,980	13,002
Profit/(loss) for the year		**72,521**	**24,311**
Other comprehensive income		-	-
Total comprehensive income for the year		**72,521**	**24,311**
Profit / (loss) attributable to members of the company		72,521	24,311
Total comprehensive income attributable to members of the company		**72,521**	**24,311**

Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share		14.97	5.02

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2016

	Notes	2016 $	2015 $
Assets			
Current assets			
Cash and cash equivalents	5	122,580	191,505
Trade and other receivables	6	88,532	85,826
Financial assets	7	118	118
Current tax asset	4	-	10,035
Other assets	8	1,052	1,321
Total current assets		**212,282**	**288,805**
Non-current assets			
Property, plant and equipment	9	653,994	664,371
Intangible assets	10	25,951	31,614
Deferred tax assets	4	928	-
Total non-current assets		**680,873**	**695,985**
Total assets		**893,155**	**984,790**
Liabilities			
Current liabilities			
Trade and other payables	11	63,567	72,309
Current tax liability	4	24,795	-
Borrowings	12	12,674	21,119
Provisions	13	31,281	21,510
Total current liabilities		**132,317**	**114,938**
Non-current liabilities			
Borrowings	12	166,062	322,598
Provisions	13	11,566	16,387
Deferred tax liability	4	-	797
Total non-current liabilities		**177,628**	**339,782**
Total liabilities		**309,945**	**454,720**
Net assets		**583,210**	**530,070**
Equity			
Issued capital	14	484,525	484,525
Retained earnings / (Accumulated losses)	15	98,685	45,545
Total equity		**583,210**	**530,070**

The accompanying notes form part of these financial statements.

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

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2014		484,525	21,234	505,759
Profit / (loss) for the year		-	24,311	24,311
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		**-**	**-**	**-**
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	23	-	-	-
Balance at 30 June 2015		**484,525**	**45,545**	**530,070**
Balance at 1 July 2015		484,525	45,545	530,070
Profit / (loss) for the year		-	72,521	72,521
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		**-**	**-**	**-**
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	23	-	(19,381)	(19,381)
Balance at 30 June 2016		**484,525**	**98,685**	**583,210**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2016

	Notes	2016 $	2015 $
Cash flows from operating activities			
Receipts from customers		894,780	917,505
Payments to suppliers and employees		(768,881)	(847,425)
Dividends received		6	8
Interest paid		(11,926)	(18,782)
Interest received		1,227	2,263
Income tax (received)/paid		3,122	(23,313)
Net cash provided by / (used in) operating activities	**16b**	**118,328**	**30,256**
Cash flows from investing activities			
Purchase of property, plant and equipment		(4,360)	(402,650)
Net cash flows from / (used in) investing activities		**(4,360)**	**(402,650)**
Cash flows from financing activities			
Proceeds from borrowings		-	398,513
Repayment of borrowings		(165,536)	(74,423)
Dividends paid		(17,357)	-
Net cash provided by / (used in) financing activities		**(182,893)**	**324,090**
Net increase / (decrease) in cash held		**(68,925)**	**(48,304)**
Cash and cash equivalents at beginning of financial year		191,505	239,809
Cash and cash equivalents at end of financial year	**16a**	**122,580**	**191,505**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2016

These financial statements and notes represent those of Plantagenet Community Financial Services Limited.

Plantagenet Community Financial Services Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 29 September 2016.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The company is a for profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, were applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

Economic dependency

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank®** branches at Mount Barker.

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

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

"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 Managers 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;

Note 1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Economic dependency (continued)

- The formulation and implementation of advertising and promotional programs; and
- Sale techniques and proper customer relations.

(b) Income tax

The income tax expense / (income) for the year comprises current income tax expense / (income) and deferred tax expense / (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred income tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

(c) Fair value of assets and liabilities

The company may measure some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair value of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

(d) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, any accumulated depreciation and impairment losses.

Note 1. Summary of significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Property

Freehold land and buildings are carried at their fair value (refer note 1 (c)), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated over the asset's useful life to the company commencing from the time the asset is held ready for use.

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

Class of asset	Rate	Method
Buildings	2.5%	SL
Plant and equipment	7.5 - 100%	SL
Motor vehicles	20%	DV

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Note 1. Summary of significant accounting policies (continued)

(e) 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 recognising 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 recognised as expenses in the periods in which they are incurred.

(f) Impairment of assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

(g) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(h) Employee benefits

<u>Short-term employee benefits</u>

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled. The liability for annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

Note 1. Summary of significant accounting policies (continued)

(h) Employee benefits (continued)

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurement for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(i) Intangible assets

Franchise fees have been initially recorded at cost and amortised on a straight line basis at a rate of 10% per annum. Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation in the Statement of Profit or Loss and Other Comprehensive Income.

(j) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(k) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any discounts and volume rebates allowed. Revenue comprises service commissions and other income received by the company.

Interest revenue is recognised on a time proportional basis that taken into account the effective yield on the financial asset.

Dividend revenue is recognised when the right to the income has been established.

Rental income is recognised on a straight line basis over the lease term.

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

(l) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provision for doubtful debts. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. A provision for doubtful debts is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the assets carrying amount and the present value of estimated cash flows, discounted at the effective interest rate. The amount of the provision is recognised on profit or loss.

Note 1. Summary of significant accounting policies (continued)

(m) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(n) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measures at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings as classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(o) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

(p) Dividends

Provision is made for the amount of any dividends declared being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year, but not distributed at balance date.

(q) New and amended accounting policies adopted by the company

There are no new and amended accounting policies that have been adopted by the company this financial year.

(r) Comparative figures

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

(s) Earnings per share

<u>Basic earnings per share</u>

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

(t) New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company.

The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in the future reporting periods is set below:

Note 1. Summary of significant accounting policies (continued)

(t) New accounting standards for application in future periods (continued)

(i) AASB 9 Financial Instruments and associated Amending Standards (applicable for annual reporting periods beginning on or after 1 January 2018).

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

a) Financial assets that are debt instruments will be classified based on:

   (i) the objective of the entity's business model for managing the financial assets; and

   (ii) the characteristics of the contractual cash flows.

b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

c) Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.

d) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

e) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

   - the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI)

   - the remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- classification and measurement of financial liabilities; and

- derecognition requirements for financial assets and liabilities

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.

Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements.

Note 1. Summary of significant accounting policies (continued)

(t) New accounting standards for application in future periods (continued)

(ii) AASB 15: Revenue from Contracts with Customers (applicable for annual reporting periods commencing on or after 1 January 2018).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with customers;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

In May 2015, the AASB issued ED 260 Income of Not-for-Profit Entities, proposing to replace the income recognition requirements of AASB 1004 Contributions and provide guidance to assist not-for-profit entities to apply the principles of AASB 15. The ED was open for comment until 14 August 2015 and the AASB is currently in the process of redeliberating its proposals with the aim of releasing the final amendments in late 2016.

This Standard will require retrospective restatement, as well as enhanced disclosure regarding revenue.

When this Standard is first adopted for the year ending 30 June 2019, it is not expected that there will be a material impact on the transactions and balances recognised in the financial statements.

(iii) AASB 16: Leases (applicable for annual reporting periods commencing on or after 1 January 2019).

AASB 16:

- replaces AASB 117 Leases and some lease-related Interpretations;
- requires all leases to be accounted for ‘on-balance sheet’ by lessees, other than short-term and low value asset leases;
- provides new guidance on the application of the definition of lease and on sale and lease back accounting;
- largely retains the existing lessor accounting requirements in AASB 117; and
- requires new and different disclosures about leases.

The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity’s preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

(u) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company. Estimates and judgements are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and judgements that have a significant risk of causing material adjustments to the carrying values of assets and liabilities are as follows:

Note 1. Summary of significant accounting policies (continued)

(u) Critical accounting estimates and judgements (continued)

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and intangible assets. The depreciation and amortisation charge will increase where useful lives are less than previously estimated lives.

Fair value assessment of non-current physical assets

The AASB 13 Fair Value standard requires fair value assessments that may involved both complex and significant judgement and experts. The value of land and buildings may be materially misstated and potential classification and disclosure risks may occur.

Employee benefits provision

Assumptions are required for wage growth and CPI movements. The likelihood of employees reaching unconditional service is estimated. The timing of when employee benefit obligations are to be settled is also estimated.

Income tax

The company is subject to income tax. Significant judgement is required in determining the deferred tax asset. Deferred tax assets are recognised only when it is considered sufficient future profits will be generated. The assumptions made regarding future profits is based on the company's assessment of future cash flows.

Impairment

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

Note 2. Revenue

	2016 $	2015 $
Revenue		
- services commissions	881,002	903,232
	881,002	**903,232**
Other revenue		
- interest received	1,227	2,263
- dividends received	6	8
- rental income	12,580	5,940
- other revenue	60	38
	13,873	**8,249**
Total revenue	**894,875**	**911,481**

	2016 $	2015 $

Note 3. Expenses

Profit before income tax includes the following specific expenses:

	2016 $	2015 $
Employee benefits expense		
- wages and salaries	397,712	400,433
- superannuation costs	42,274	50,437
- other costs	20,902	4,141
	460,888	**455,011**
Depreciation and amortisation		
Depreciation		
- plant and equipment	9,764	12,234
- buildings	4,973	4,921
	14,737	**17,155**
Amortisation		
- franchise agreement	5,000	5,000
- establishment costs	663	574
	5,663	**5,574**
Total depreciation and amortisation	**20,400**	**22,729**
Finance costs		
- Interest paid	11,926	18,782
Bad and doubtful debts expenses	192	661
Auditors' remuneration		
Remuneration of the Auditor for:		
- Audit or review of the financial report	5,600	6,000
- Taxation services	-	-
- Share registry services	-	-
	5,600	**6,000**

Note 4. Income tax

a. The components of tax expense / (income) comprise:

	2016 $	2015 $
Current tax expense / (income)	31,706	9,416
Deferred tax expense / (income) relating	(1,726)	3,586
Recoupment of prior year tax losses	-	-
Under / (over) provision of prior years	-	-
	29,980	**13,002**

	2016 $	2015 $
Note 4. Income tax (continued)		
b. Prima facie tax payable		
The prima facie tax on profit / (loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit / (loss) before income tax at 28.5% (2015: 30%)	29,213	11,194
Add tax effect of:		
- Utilisation of previously unrecognised carried forward tax losses		
- Under / (over)provision of prior years	-	-
- Non-deductible expenses	2,493	1,808
Income tax attributable to the entity	**31,706**	**13,002**
The applicable weighted average effective tax rate is	29.25%	34.85%
c. Current tax liability		
Current tax relates to the following:		
Current tax liabilities / (assets)		
Opening balance	(10,035)	3,862
Income tax paid/(refunded)	3,124	(23,313)
Current tax	31,706	9,416
Under / (over) provision prior years	-	-
	24,795	**(10,035)**
d. Deferred tax asset / (liability)		
Deferred tax relates to the following:		
Deferred tax assets balance comprises:		
Employee provisions	12,266	11,368
Unused tax losses	-	-
	12,266	**11,368**
Deferred tax liabilities balance comprises:		
Property, plant & Equipment	11,338	12,165
	11,338	**12,165**
Net deferred tax asset / (liability)	**928**	**(797)**
Total carried forward tax losses not recognised as deferred tax assets	-	-

	2016 $	2015 $
Note 4. Income tax (continued)		
e. Deferred income tax (revenue)/expense included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	(898)	8,304
(Decrease) / increase in deferred tax liabilities	(828)	(4,718)
Under / (over) provision prior years	-	-
	(1,726)	**3,586**

Note 5. Cash and cash equivalents

	2016 $	2015 $
Cash at bank and on hand	122,580	191,505
	122,580	**191,505**

Note 6. Trade and other receivables

	2016 $	2015 $
Current		
Trade receivables	75,575	77,071
GST receivable	11,726	8,755
Other receivables	1,231	-
	88,532	**85,826**

Credit risk

The main source of credit risk relates to a concentration of trade receivables owing by Bendigo and Adelaide Bank Limited, which is the source of the majority of the company's income.

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be high credit quality.

Note 6. Trade and other receivables (continued)

Credit risk (continued)

			Past due but not impaired			
	Gross amount $	Past due and impaired $	< 30 days $	31-60 days $	> 60 days $	Not past due $
2016						
Trade receivables	75,575	-	-	-	-	75,575
Other receivables	12,957	-	-	-	-	12,957
Total	**88,532**	**-**	**-**	**-**	**-**	**88,532**
2015						
Trade receivables	77,071	-	-	-	-	77,071
Other receivables	8,755	-	-	-	-	8,755
Total	**85,826**	**-**	**-**	**-**	**-**	**85,826**

	2016 $	2015 $
Note 7. Financial assets		
Available for sale financial assets		
Listed investments	118	118
	118	**118**
Note 8. Other assets		
Prepayments	1,052	1,321
	1,052	**1,321**
Note 9. Property, plant and equipment		
Land		
4 Henton Peak Heights at Fair Value	382,500	382,500
4 Short Street at cost	79,419	79,419
	461,919	**461,919**
Buildings		
At cost	210,036	206,901
Less accumulated depreciation	(61,083)	(56,110)
	148,953	**150,791**

	2016 $	2015 $
Note 9. Property, plant and equipment (continued)		
Plant and equipment		
At cost	170,135	168,910
Less accumulated depreciation	(127,013)	(117,249)
	43,122	**51,661**
Total property, plant and equipment	**653,994**	**664,371**
Movements in carrying amounts		
Land		
Balance at the beginning of the reporting period	461,919	79,419
Additions	-	382,500
Disposals	-	-
Balance at the end of the reporting period	**461,919**	**461,919**
Buildings		
Balance at the beginning of the reporting period	150,791	152,946
Additions	3,135	2,766
Disposals	-	-
Depreciation expense	(4,973)	(4,921)
Balance at the end of the reporting period	**148,953**	**150,791**
Plant and equipment		
Balance at the beginning of the reporting period	51,661	62,703
Additions	1,225	1,191
Disposals	-	-
Depreciation expense	(9,764)	(12,233)
Balance at the end of the reporting period	**43,122**	**51,661**
Total property, plant and equipment		
Balance at the beginning of the reporting period	664,371	295,068
Additions	4,360	386,457
Disposals	-	-
Depreciation expense	(14,737)	(17,154)
Balance at the end of the reporting period	**653,994**	**664,371**

	2016 $	2015 $

Note 10. Intangible assets

	2016 $	2015 $
Franchise fee		
At cost	150,000	150,000
Less accumulated amortisation	(125,000)	(120,000)
	25,000	**30,000**
Preliminary expenses		
At cost	3,857	3,857
Less accumulated amortisation	(2,906)	(2,243)
	951	**1,614**
Total intangible assets	**25,951**	**31,614**
Movements in carrying amounts		
Franchise fee		
Balance at the beginning of the reporting period	30,000	35,000
Additions	-	-
Amortisation expense	(5,000)	(5,000)
Balance at the end of the reporting period	**25,000**	**30,000**
Preliminary expenses		
Balance at the beginning of the reporting period	1,614	388
Additions	-	1,800
Amortisation expense	(663)	(574)
Balance at the end of the reporting period	**951**	**1,614**
Total intangible assets		
Balance at the beginning of the reporting period	31,614	35,388
Additions	-	1,800
Amortisation expense	(5,663)	(5,574)
Balance at the end of the reporting period	**25,951**	**31,614**

Note 11. Trade and other payables

	2016 $	2015 $
Current		
Unsecured liabilities:		
Trade creditors	26,271	21,179
Other creditors and accruals	37,296	51,130
	63,567	**72,309**

The average credit period on trade and other payables is one month.

Note 12. Borrowings

	2016 $	2015 $
Current		
Secured liabilities		
Bank loan	7,520	13,751
Chattel Mortgage	5,154	7,368
	12,674	**21,119**
Non-current		
Secured liabilities		
Bank loan	166,062	317,424
Chattel Mortgage	-	5,174
	166,062	**322,598**

(a) Bank loans

The company has a mortgage loan which is subject to normal terms and conditions. The current interest rate is 5.06%. This loan has been created to fund the purchase of 4 Henton Peak Heights and is secured by the land & buildings at 4 Henton Peaks Heights.

(b) Chattel Mortgage

The company has a chattel mortgage which is subject to normal terms and conditions. This chattel mortgage has been created to fund the purchase of Ford Territory.

Note 13. Provisions

	2016 $	2015 $
Current		
Employee benefits	31,281	21,510
Non-current		
Employee benefits	11,566	16,387
Total provisions	**42,847**	**37,897**

Note 14. Share capital

484,525 Ordinary shares fully paid	484,525	484,525
	484,525	**484,525**

	2016 $	2015 $

Note 14. Share capital (continued)

Movements in share capital

	2016 $	2015 $
Fully paid ordinary shares:		
At the beginning of the reporting period	484,525	484,525
Shares issued during the year	-	-
At the end of the reporting period	**484,525**	**484,525**

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

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 Statement of Financial Position.

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

(i) the Distribution Limit is the greater of:

  (a) 20% of the profit or funds of the company 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; and

(ii) 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 can be seen in the Statement of Profit or Loss and Comprehensive Income.

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

Note 15. Retained earnings / (accumulated losses)

	2016 $	2015 $
Balance at the beginning of the reporting period	45,545	21,234
Profit/(loss) after income tax	72,521	24,311
Dividends paid	(19,381)	-
Balance at the end of the reporting period	**98,685**	**45,545**

	2016 $	2015 $

Note 16. Statement of cash flows

(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:

	2016 $	2015 $
Cash and cash equivalents (Note 6)	191,505	239,809
As per the Statement of Cash Flow	**191,505**	**239,809**

(b) Reconciliation of cash flow from operations with profit after income tax

	2016 $	2015 $
Profit / (loss) after income tax	72,521	24,311
Non-cash flows in profit		
- Depreciation	14,737	17,155
- Amortisation	5,663	5,574
- Interest & Fees on Loans	555	16,519
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(2,706)	7,296
- (increase) / decrease in prepayments and other assets	269	(1,237)
- (Increase) / decrease in deferred tax asset	(1,725)	-
- Increase / (decrease) in trade and other payables	(10,766)	(246)
- Increase / (decrease) in current tax liability	34,830	-
- Increase / (decrease) in provisions	4,950	(39,116)
Net cash flows from / (used in) operating activities	**118,328**	**30,256**

(c) Credit standby arrangement and loan facilities

The company has the option to establish a bank overdraft or commercial bill facility. This may be granted at any time at the option of the bank. At 30 June 2016 was not yet established. Variable interest rates may apply to these overdraft and bill facilities.

Note 17. Earnings per share

	2016 $	2015 $
Basic earnings per share (cents)	15.0	5.0
Earnings used in calculating basic and diluted earnings per share	72,521	24,311
Weighted average number of ordinary shares used in calculating basic earnings per share.	484,525	484,525

Note 18. Key management personnel and related party disclosures

(a) Key management personnel

Any person(s) having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company is considered key management personnel.

(b) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(c) Transactions with key management personnel and related parties

Other than detailed below, no key management personnel or related party has entered into any contracts with the company. No Director fees have been paid as the positions are held on a voluntary basis.

The Plantagenet Community Financial Services Ltd has accepted the Bendigo and Adelaide Bank Limited's **Community Bank**® Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits.

The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be $2,000 for the year ended 30 June 2016. The estimated benefits per Director is as follows:

	2016 $	**2015 $**
John Howard	2,000	2,000
Sarah Wright	-	-
James Rhind	-	-
Ian Morgan	-	-
Elizabeth Van Zeyl	-	-
Grant Cooper	-	-
Heather York	-	-
Melanie Greeney	-	-
Rachel Handasyde	-	-
Sharon Lynch	-	-
	2,000	**2,000**

Note 18. Key management personnel and related party disclosures (continued)

(d) Key management personnel shareholdings

The number of ordinary shares in Plantagenet Community Financial Services Ltd held by each key management personnel of the company during the financial year is as follows:

	2016	2015
John Howard	4,000	4,000
Sarah Wright	-	-
James Rhind	400	400
Ian Morgan	-	-
Elizabeth Van Zeyl	1,500	1,500
Grant Cooper	1,000	1,000
Heather York	-	-
Melanie Greeney	-	-
Rachel Handasyde	-	-
Sharon Lynch	-	-

There was no movement in key management personnel shareholdings during the year. Each share held has a paid up value of $1 and is fully paid.

(e) Other key management transactions

There has been no other transactions involving equity instruments other than those described above.

Note 19. Events after the reporting period

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

Note 20. Contingent liabilities and contingent assets

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

Note 21. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one geographic area being Mount Barker, WA. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2015: 100%).

Note 22. Company details

The registered office and principle place of business is: 4 Short Street, Mount Barker.

	2016 $	2015 $

Note 23. Dividends paid or provided for on ordinary shares

Dividends paid or provided for during the year		
Final fully franked ordinary dividend of 4 cents per share (2015: nil) franked at the tax rate of 30%.	19,381	-

Note 24. Fair value measurements

The company measures and recognises the following assets at fair value on a recurring basis after initial recognition:

- freehold land and buildings

The company does not subsequently measure any liabilities at fair value on a non-recurring basis.

(a) Fair value hierarchy

AASB 13: Fair value measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

Fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the company are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Note 24. Fair value measurements (continued)

(a) Fair value hierarchy (continued)

Valuation techniques (continued)

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the company's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

	Note	30 June 2016			
		Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements					
Non-financial assets					
4 Henton Peak Heights			382,500	-	382,500
Total non-financial assets recognised at fair value on a recurring basis		**-**	**382,500**	**-**	**382,500**

	Note	30 June 2015			
		Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements					
Non-financial assets					
4 Henton Peak Heights			382,500	-	382,500
Total non-financial assets recognised at fair value on a recurring basis		**-**	**382,500**	**-**	**382,500**

There were no transfers between Levels for assets measured at fair value on a recurring basis during the reporting period (2015: no transfers).

(b) Valuation techniques and inputs used to measure Level 2 fair values

Description	Fair value at 30 June 2016 $	Description of valuation techniques	Inputs used
4 Henton Peak Heights	382,500	Real estate agent evaluation	Market Approach

(i) The fair value of freehold land and buildings is determined at least every three years based on valuations by an independent valuer. At the end of each intervening period, the Directors review the independent valuation and, when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data and discounted cash flow methodologies.

There were no changes during the period in the valuation techniques used by the company to determine Level 2 fair values.

Note 25. Financial risk management

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Specific financial risk exposure and management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and other price risk. There have been no substantial changes in the types of risks the company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

The company's financial instruments consist mainly of deposits with banks, short term investments, account receivables and payables, bank overdraft and loans. The totals for each category of financial instruments measured in accordance with AASB 139 Financial Instruments: Recognition and Measurement as detailed in the accounting policies are as follows:

	Note	2016 $	2015 $
Financial assets			
Cash and cash equivalents	5	122,580	191,505
Trade and other receivables	6	88,532	85,826
Financial assets	7	118	118
Total financial assets		**211,230**	**277,449**
Financial liabilities			
Trade and other payables	11	63,567	72,309
Borrowings	12	178,736	343,717
Total financial liabilities		**242,303**	**416,026**

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the table above.

The company has significant concentrations of credit risk with Bendigo and Adelaide Bank Limited. The company's exposure to credit risk is limited to Australia by geographic area.

Note 25. Financial risk management (continued)

(a) Credit risk (continued)

None of the assets of the company are past due (2015: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

The company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Limited and therefore credit risk is considered minimal.

(b) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis:

30 June 2016	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
Cash and cash equivalents	0.5%	122,580	122,580	-	-
Trade and other receivables	0%	88,532	88,532	-	-
Financial assets	0%	118	118	-	-
Total anticipated inflows		**211,230**	**211,230**	**-**	**-**
Financial liabilities					
Trade and other payables	0%	63,567	63,567	-	-
Borrowings	5.06%	178,736	12,674	30,096	135,966
Bank overdraft *	0%	-	-	-	-
Total expected outflows		**242,303**	**76,241**	**30,096**	**135,966**
Net inflow / (outflow) on financial instruments		**(31,073)**	**134,989**	**(30,096)**	**(135,966)**

Note 25. Financial risk management (continued)

(b) Liquidity risk (continued)

30 June 2015	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
Cash and cash equivalents	0.5%	191,505	191,505	-	-
Trade and other receivables	0%	85,826	85,826	-	-
Financial assets	0%	118	118	-	-
Total anticipated inflows		**277,449**	**277,449**	**-**	**-**
Financial liabilities					
Trade and other payables	0%	72,309	72,309	-	-
Borrowings	4.86%	343,716	21,119	60,179	262,418
Bank overdraft *	0%	-	-	-	-
Total expected outflows		**416,025**	**93,428**	**60,179**	**262,418**
Net inflow / (outflow) on financial instruments		**(138,576)**	**184,021**	**(60,179)**	**(262,418)**

* The Bank overdraft has no set repayment period and as such all has been included as current.

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments that primarily expose the company to interest rate risk are borrowings and cash and cash equivalents.

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

Note 25. Financial risk management (continued)

(c) Market risk (continued)

	Profit $	Equity $
Year ended 30 June 2016		
+/- 1% in interest rates (interest income)	1,227	1,227
+/- 1% in interest rates (interest expense)	(1,787)	(1,787)
	(560)	**(560)**
Year ended 30 June 2015		
+/- 1% in interest rates (interest income)	1,916	1,916
+/- 1% in interest rates (interest expense)	(3,437)	(3,437)
	(1,521)	**(1,521)**

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

<u>Fair values</u>

Fair value estimation

The fair values of financial assets and liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position.

Differences between fair values and the carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied to the market since their initial recognition by the company.

	2016		2015	
	Carrying amount $	Fair value $	Carrying amount $	Fair Value $
Financial assets				
Cash and cash equivalents (i)	122,580	122,580	191,505	191,505
Trade and other receivables (i)	88,532	88,532	85,826	85,826
Financial assets	118	118	118	118
Total financial assets	**211,230**	**211,230**	**277,449**	**277,449**
Financial liabilities				
Trade and other payables (i)	63,567	63,567	72,309	72,309
Borrowings	178,736	178,736	343,717	343,717
Total financial liabilities	**242,303**	**242,303**	**416,026**	**416,026**

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.

Directors' declaration

In accordance with a resolution of the Directors of Plantagenet Community Financial Services Limited, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 11 to 40 are in accordance with the Corporations Act 2001 and:

   (i) comply with Australian Accounting Standards which, as stated in accounting policy Note 1(a) to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

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

2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

John Howard
Director

Signed at Mount Barker on 29 September 2016.

Independent audit report

MACLEOD CORPORATION PTY LTD.

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INDEPENDENT AUDITOR'S REPORT
To: The Members of Plantagenet Community Financial Services Ltd

Report on the Financial Report
We have audited the accompanying financial report of Plantagenet Community Financial Services Ltd, which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in Equity, statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies, and the directors' declaration.

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

Auditor's Responsibility
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

Opinion
In our opinion the financial report of Plantagenet Community Financial Services Ltd 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 2016 and of its performance for the year ended on that date; and
(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

CERTIFIED PRACTICING ACCOUNTANTS

CPA

LIABILITY LIMITED BY A SCHEME APPROVED UNDER PROFESSIONAL STANDARDS LEGISLATION

Other Reporting Obligations

(a) We have been given all information, explanation and assistance necessary for the conduct of the audit; and

(b) In our opinion Plantagenet Community Financial Services Ltd has kept financial records sufficient to enable a financial report to be prepared and audited; and

(c) In our opinion Plantagenet Community Financial Services Ltd has kept other records and registers as required by the Corporations Act, 2001.

Paul Gilbert
Macleod Corporation Pty Ltd
Dated this 27th day of September 2016

CPA LIABILITY LIMITED BY A SCHEME APPROVED UNDER PROFESSIONAL STANDARDS LEGISLATION

CERTIFIED PRACTICING ACCOUNTANTS

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