



Annual Report 2016

Port Lincoln Community
Enterprises Limited

ABN 29 127 996 187

Port Lincoln **Community Bank**® Branch

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Chairman's report

For year ending 30 June 2016

The past year has produced a record profit of \$547,092 before tax and grants to our community. This is due to the hard work of our team of staff and Directors. Our Manager and staff are to be commended for the way they go about their work, setting very high standards of customer service. As a result, customers have become our most important advocates and business continues to build as they spread the word about how well they are treated at the branch.

The Board has transferred \$418,000 to the Community Enterprise Foundation™ during the year. This does a couple of things, firstly it saves the company a substantial amount of tax as it obtains a tax deduction for amounts contributed to the Foundation. This money finds its way back into our community by way of grants to local clubs and organisations. If we didn't do this, the company would pay a lot more tax and this would mean there would be less money to distribute in to our community. Secondly, it 'banks' additional money that can be distributed into the Port Lincoln community into the future. As it stands at 30 June 2016, there was \$527,000 sitting in our account within the Bendigo Foundation available for distribution.

In total, the company had \$1.072 million in cash reserves (including the Bendigo Foundation) at 30 June 2016. You might note that the Net Assets in the Balance Sheet decreased from \$740,000 last year to \$710,000 this year, a reduction of \$30,000. This is because the company put the \$418,000 mentioned above into the Community Enterprise Foundation™ account during the year. Your Board needs to manage its cash reserves carefully. There is a commitment for the local pool of \$250,000 and this will have been paid to the City Council by the time you read this report. We also intend to distribute over \$200,000 in our next grant round. Branch renovations planned for commencement soon are expected to cost up to \$130,000 in the next year.

We have one big challenge ahead of us over the coming years and that relates to the change in profit sharing arrangements between the Bendigo Bank and our branch. This was flagged by the Chairman in last year's report. This is affecting all branches across the network. It is likely to affect our branch materially from 2018/19 but is not expected to have significant adverse effect over the next two years.

The Board welcomes Mark Carr, Matt Noonan and Di Baker-Tagg as Directors. All have been appointed as Interim Directors and will seek endorsement from the shareholders at the Annual General Meeting as full Directors. Cameron Foster has resigned and we thank him for his valuable contribution in the past.

The Directors all act on a voluntary basis and all are to be commended for the work they do in their various subcommittees. The Board operates with several subcommittees; Human Resources, Audit, Marketing and Sponsorship, Property, Business Development, Governance and Youth. All Directors serve on at least one subcommittee. There is always lots of activity, especially for the Marketing and Youth subcommittees and this is constantly visible with the high profile that the branch maintains in our community.

Finally, many thanks to our customers, without whom we wouldn't have a business. Keep spreading the good word about our service. Your custom makes it possible for this business to make large and meaningful contributions for the betterment of our community.



Greg Eden
Chairman

Manager's report

For year ending 30 June 2016

Our business has continued to grow and flourish over the past 12 months. Our total funds under management has grown to \$210 million from our 30 June 2015 figure of \$185 million realising a growth in business of \$25 million or 13.5%. With close to 3,500 customers, we are now starting to gain significance in the market.

A recent survey by Bendigo Bank has estimated our market share in the 5606, 5607 and 5670 post codes as 19.6%. This does not happen without providing outstanding customer service, competitive and relevant products. The word of mouth referrals from existing customers remains our greatest asset and we again thank you sincerely for continuing to advocate for us to your family and friends.

The economic circumstances on Eyre Peninsula are difficult to say the least. The position of Arium at Whyalla and the closure of the power station at Port Augusta have been well documented and will have a severe impact on those towns.

Thankfully here in Port Lincoln we not only have a strong and vibrant rural industry that has been a solid performer for generations, in addition we are growing in fishing, aquaculture, tourism and developing mining industries that offer significant opportunities into the future. It remains a premier place to live with many rural families retiring here from all over the Coast.

Our grants program this financial year has seen \$418,000 going into community projects, this has been a fantastic outcome and a clear demonstration of the power of the **Community Bank**[®] model. These funds have been distributed across many areas in Port Lincoln with a clear emphasis on assisting youth, mental health, community engagement, sport and our aging population. This now brings our contributions in total to \$1.6 million. There are so many clubs and organisations that have benefited, from a playground at North Shields, to the Gym Club at Port Lincoln which achieved the Number one Club for SA. A great effort on their part helped along by their **Community Bank**[®] branch.

Our staff have remained stable over the past 12 months. Jon Thompson finished his Traineeship and Tim Kidney has taken up a trainee role, we welcome him into the business. Gail Bassham has continued to grow into the Senior Lending role and is constantly building a can do attitude and has a reputation for sound and timely advice.

Congratulations to Danielle Heaslip who has attained her own DLA during the year. Our teller team of Sally, Elke, Natasha and Tim strive to complete your transaction as quickly and friendly as possible. Prue and Brea handle most of our account opening and administration function. I remain fiercely proud of each and every one of them, confident in the knowledge that you our customers will be treated with respect and diligence every time you visit the branch.

Finally to you our customers, thank you for your support, keep spreading the word. To our shareholders who invested our initial start-up capital - those \$1 shares have recently traded at \$2.00. Effectively we have doubled the value of your investment as well as now paying you fully franked dividends along the way.

I say again to you shareholders if you are not currently banking with us you should be!

We confidently look forward to further growth, which will further enable us to invest back to our fantastic community.



Phil Channon
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2016

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

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

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

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

The statistics are impressive:

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

Yes, these figures are staggering.

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

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

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

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

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

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

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

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

On behalf of Bendigo Bank, thank you.

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



Robert Musgrove
Executive Community Engagement

Directors' report

For the financial year ended 30 June 2016

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

Directors

The following persons were Directors of Port Lincoln Community Enterprises Limited during or since the end of the financial year up to the date of this report:

Greg Eden, Retired Accountant, Chairman, Appointed 22 September 2015

Experience and expertise	30 years practicing accountant in own business, involved in many community organisations over the past 30 years.
Other current Directorships	Director and Treasurer of Eyre Peninsula Community Foundation Inc.
Former Directorships in last 3 years	Nil
Special responsibilities	Nil

Terri Christensen, Retired Manager, Company Secretary, Appointed 15 October 2007

Experience and expertise	Bachelor of Arts in Business Administration, experience in marketing and communications management.
Other current Directorships	Nil
Former Directorships in last 3 years	Nil
Special responsibilities	Nil

Pat Callaghan, Retired Dentist, Appointed 15 October 2007

Experience and expertise	Past Chairman of state and regional dental groups, life member of Port Lincoln Apex Club.
Other current Directorships	Nil
Former Directorships in last 3 years	Nil
Special responsibilities	Nil

Anne-Marie Hammond, Career Employment Manager, Appointed 15 October 2007

Experience and expertise	Employed by a non-profit organisation as a field officer, experienced the benefits of the Cummins Community Bank [®] Branch.
Other current Directorships	Nil
Former Directorships in last 3 years	Nil
Special responsibilities	Nil

Steven James, Accountant, Treasurer, Appointed 15 October 2007

Experience and expertise	Board member of several local community organisations, over 25 years accounting experience.
Other current Directorships	Nil
Former Directorships in last 3 years	Nil
Special responsibilities	Nil

Directors' report (continued)

Directors (continued)

Michael Munro, Business Proprietor, Appointed 28 July 2011, Resigned 12 November 2015

Experience and expertise	Experience managing a diverse range of businesses, member of local sporting, recreational and service clubs.
Other current Directorships	Nil
Former Directorships in last 3 years	Nil
Special responsibilities	Nil

Angela Cordon, Civil Celebrant, Appointed 28 July 2011, Resigned 12 November 2015

Experience and expertise	Involved in a wide range of community networks, extensive experience as Justice of the Peace.
Other current Directorships	Nil
Former Directorships in last 3 years	Nil
Special responsibilities	Nil

Cameron Foster, Financial Planner, Appointed 24 March 2014, Resigned 25 July 2016

Experience and expertise	Involved in other community organisations, has 7 years experience in financial planning.
Other current Directorships	Nil
Former Directorships in last 3 years	Nil
Special responsibilities	Nil

Sandra Lukin, Business Proprietor, Appointed 12 January 2015

Experience and expertise	Experience managing a diverse range of businesses, member of local sporting, recreational and service clubs.
Other current Directorships	Nil
Former Directorships in last 3 years	Nil
Special responsibilities	Nil

Directors (continued)

Diana Smith, Training Educator Project Management, Appointed 12 January 2015

Experience and expertise	Experience in education, including international education and small business management, active involvement with many local organisations.
Other current Directorships	Nil
Former Directorships in last 3 years	Nil
Special responsibilities	Nil

Matt Noonan, Solicitor, Appointed 23 November 2015

Experience and expertise	Bachelor of Laws and Bachelor of Arts, commercial solicitor with 9 years experience, firefighter in the Metropolitan Fire Service.
Other current Directorships	Nil
Former Directorships in last 3 years	Nil
Special responsibilities	Nil

Directors' report (continued)

Directors (continued)

Diane Baker-Tagg, Appointed 23 November 2015

Experience and expertise	Sergeant of the SA Police force, 26 years experience as a police officer, Diploma in Policing, qualified operational safety trainer, involved in local netball committee and other events.
Other current Directorships	Nil
Former Directorships in last 3 years	Nil
Special responsibilities	Nil

Mark Carr, Appointed 25 July 2016

Experience and expertise	40 years owning and operating farm supplies, seafood and fishing businesses.
Other current Directorships	Nil
Former Directorships in last 3 years	Nil
Special responsibilities	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.

Directors' meetings

Attendances by each Director during the year were as follows:

Director	Board meetings		Audit committee meetings	
	A	B	A	B
Greg Eden	10	9	2	2
Terri Christensen	12	12	N/A	N/A
Pat Callaghan	12	9	1	1
Ann-Marie Hammond	12	11	N/A	N/A
Steven James	12	11	2	2
Michael Munro	5	3	N/A	N/A
Angela Cordon	5	5	N/A	N/A
Cameron Foster	12	10	N/A	N/A
Sandra Lukin	12	11	N/A	N/A
Diana Smith	12	10	N/A	N/A
Matthew Noonan	7	7	2	2
Diane Baker-Tagg	7	4	N/A	N/A
Mark Carr	-	-	N/A	N/A

A - The number of meetings eligible to attend.

B - The number of meetings attended.

N/A - not a member of that committee.

Directors' report (continued)

Company Secretary

Terri Christensen has been the Company Secretary of Port Lincoln Community Enterprises Limited since date of incorporation in 2007.

Terri's qualifications and experience include a Bachelor of Arts & Business.

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 of the company for the financial year after provision for income tax was \$51,569 (2015 profit: \$56,085), which is a 19% increase as compared with the previous year.

Dividends

A fully franked final dividend of 9 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.

Directors' report (continued)

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 out 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 Port Lincoln on 29 September 2016.



Greg Eden
Director

Auditor's independence declaration



**Richmond
Sinnott &
Delahunty**

Chartered Accountants

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Auditor's Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Port Lincoln Community Enterprises Limited.

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016 there has been no contraventions of:

- (i) the Auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants


P. P. Delahunty
Partner
Bendigo
Dated: 4 October 2016

Richmond Sinnott Delahunty
ABN 60 616 244 309
Liability limited by a scheme approved under Professional Standards Legislation

Partners:
Kathie Teasdale
David Richmond
Philip Delahunty
Cara Hall
Brett Andrews

Financial statements

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

	Notes	2016 \$	2015 \$
Revenue	2	1,577,519	1,426,351
Expenses			
Employee benefits expense	3	(660,315)	(582,354)
Depreciation and amortisation	3	(59,969)	(56,624)
Administration and general costs		(153,334)	(120,966)
Finance costs	3	(2,728)	(3,401)
Bad and doubtful debts expense	3	(1,154)	(805)
Occupancy expenses		(45,465)	(45,465)
IT costs		(23,792)	(22,693)
Freight		(22,836)	(23,784)
Other expenses		(60,834)	(86,603)
Operating profit before charitable donations and sponsorships		547,092	483,656
Charitable donations and sponsorships		(473,637)	(404,384)
Profit before income tax		73,455	79,272
Income tax expense	4	21,886	23,187
Profit for the year		51,569	56,085
Other comprehensive income		-	-
Total comprehensive income for the year		51,569	56,085
Profit attributable to members of the company		51,569	56,085
Total comprehensive income attributable to members of the company		51,569	56,085
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share		5.73	6.23

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Financial Position as at 30 June 2016

	Notes	2016 \$	2015 \$
Assets			
Current assets			
Cash and cash equivalents	5	118,664	148,814
Trade and other receivables	6	161,691	135,540
Financial assets	7	418,790	407,600
Other assets	8	25,747	11,659
Total current assets		724,892	703,613
Non-current assets			
Plant and equipment	9	136,553	188,784
Intangible assets	10	4,121	6,508
Deferred tax assets	4	24,330	18,730
Total non-current assets		165,004	214,022
Total assets		889,896	917,635
Liabilities			
Current liabilities			
Trade and other payables	11	37,263	54,531
Current tax liability	4	2,126	4,561
Borrowings	12	15,013	15,542
Provisions	13	102,328	65,391
Total current liabilities		156,730	140,025
Non-current liabilities			
Borrowings	12	22,989	38,002
Total non-current liabilities		22,989	38,002
Total liabilities		179,719	178,027
Net assets		710,177	739,608
Equity			
Issued capital	14	900,008	900,008
Accumulated losses	15	(189,831)	(160,399)
Total equity		710,177	739,609

The accompanying notes form part of these financial statements.

Financial statements (continued)

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

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2014		900,008	(135,483)	764,525
Profit for the year		-	56,085	56,085
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	56,085	56,085
Transactions with owners, in their capacity as owners				
Dividends paid or provided	4	-	(81,001)	(81,001)
Balance at 30 June 2015		900,008	(160,399)	739,609
Balance at 1 July 2015		900,008	(160,399)	739,609
Profit for the year		-	51,569	51,569
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	51,569	51,569
Transactions with owners, in their capacity as owners				
Dividends paid or provided	24	-	(81,001)	(81,001)
Balance at 30 June 2016		900,008	(189,831)	710,177

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
Cash flows from operating activities			
Receipts from customers		1,694,712	1,395,966
Payments to suppliers and employees		(1,592,349)	(1,234,254)
Interest paid		(2,728)	(3,401)
Interest received		13,221	15,054
Income tax paid		(29,922)	(62,993)
Net cash provided by operating activities	16b	82,934	110,372
Cash flows from investing activities			
Proceeds from sale of plant and equipment		-	9,090
Purchase of plant and equipment		(5,351)	(74,159)
Purchase of short-term bank deposits		(11,190)	(13,283)
Purchase of intangible assets		-	(398)
Net cash flows used in investing activities		(16,541)	(78,750)
Cash flows from financing activities			
Proceeds from borrowings		-	60,016
Repayment of borrowings		(15,542)	(39,231)
Dividends paid		(81,001)	(81,001)
Net cash used in financing activities		(96,543)	(60,216)
Net decrease in cash held		(30,150)	(28,594)
Cash and cash equivalents at beginning of financial year		148,814	177,408
Cash and cash equivalents at end of financial year	16a	118,664	148,814

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 Port Lincoln Community Enterprises Limited.

Port Lincoln Community Enterprises 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, where 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**[®] branch at Port Lincoln.

The branch operates 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**[®] 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.

"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;

Notes to the financial statements (continued)

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 for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities are measured at the amounts expected to be paid to 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) Plant and equipment

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(d) Plant and equipment (continued)

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 is depreciated over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of asset	Rate	Method
Leasehold improvements	10%	SL
Plant and equipment	20%	SL

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.

(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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(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

Short-term employee benefits

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.

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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(i) Intangible assets

Franchise fees 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. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

(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.

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

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

(l) Investments and other financial assets

(i) Classification

The company classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables,
- held to maturity investments, and
- available for sale assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term with the intention of making a profit. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. The company has not designated any financial assets at fair value through profit or loss.

Loans and receivables

This category is the most relevant to the company. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the period end, which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(I) Investments and other financial assets (continued)

(i) Classification (continued)

Held to maturity investments

The group classifies investments as held-to-maturity if:

- they are non-derivative financial assets
- they are quoted in an active market
- they have fixed or determinable payments and fixed maturities
- the group intends to, and is able to, hold them to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which would be classified as current assets.

Available for sale financial asset

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long-term. Financial assets that are not classified into any of the other categories (at FVPL, loans and receivables or held-to-maturity investments) are also included in the available-for-sale category.

The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

(ii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised as follows:

- for 'financial assets at fair value through profit or loss' – in profit or loss within other income or other expenses
- for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security are recognised in profit or loss and other changes in the carrying amount are recognised in other comprehensive income
- or other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discount estimated future cash payments or receipts over the expected life (or where this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in the profit or loss.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(l) Investments and other financial assets (continued)

(iii) Impairment

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Assets classified as available for sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

(iv) Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire 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. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(m) 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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(m) Trade and other receivables (continued)

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.

(n) 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.

(o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured 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.

(p) Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

(q) 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.

(r) 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.

(s) 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.

(t) Comparative figures

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

(u) Earnings per share

Basic earnings per share

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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(v) 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:

- (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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(v) 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 mand 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.

(w) 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:

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(w) 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 involve 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.

	2016	2015
	\$	\$
Note 2. Revenue		
Revenue		
- services commissions	1,561,558	1,404,715
	1,561,558	1,404,715
Other revenue		
- interest received	13,098	14,570
- other revenue	2,863	7,066
	15,961	21,636
Total revenue	1,577,519	1,426,351

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 3. Expenses		
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	503,672	438,006
- superannuation costs	73,711	67,129
- other costs	82,932	77,219
	660,315	582,354
Depreciation and amortisation		
Depreciation		
- plant and equipment	30,045	27,197
- leasehold improvements	27,537	27,047
	57,582	54,244
Amortisation		
- franchise fees	2,307	2,307
- borrowing costs	80	73
	2,387	2,380
Total depreciation and amortisation	59,969	56,624
Finance costs		
- Interest paid	2,728	3,401
Bad and doubtful debts expenses	1,154	805
(Gain) / Loss on disposal of property, plant and equipment	-	(795)
Auditors' remuneration		
Remuneration of the Auditor for:		
- Audit or review of the financial report	4,600	4,630

Note 4. Income tax

a. The components of tax expense comprise:

Current tax expense	27,487	34,561
Deferred tax expense relating	(5,601)	(11,374)
Recoupment of prior year tax losses	-	-
	21,886	23,187

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 4. Income tax (continued)		
b. Prima facie tax payable		
The prima facie tax on profit from ordinary activities		
before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 28.5% (2015: 30%)	20,935	23,782
Add tax effect of:		
- STS Depreciation	951	(595)
Income tax attributable to the entity	21,886	23,187
The applicable weighted average effective tax rate is :	29.80%	29.25%
c. Current tax liability		
Current tax relates to the following:		
Current tax liabilities		
Opening balance	4,561	32,993
Income tax paid	(29,922)	(62,993)
Current tax	27,487	34,561
	2,126	4,561
d. Deferred tax asset		
Deferred tax relates to the following:		
Deferred tax assets balance comprises:		
Superannuation Payable	606	152
Accruals	1,093	2,458
Employee provisions	30,144	19,617
	31,843	22,227
Deferred tax liabilities balance comprises:		
Accrued income	781	816
Prepayments	6,732	2,681
	7,513	3,497
Net deferred tax asset	24,330	18,730
e. Deferred income tax expense included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	(9,617)	(11,276)
(Decrease) / increase in deferred tax liabilities	4,016	(98)
	(5,601)	(11,374)

Notes to the financial statements (continued)

	2016	2015
	\$	\$
Note 5. Cash and cash equivalents		
Cash at bank and on hand	118,664	148,814
	118,664	148,814

Note 6. Trade and other receivables

Current

Trade receivables	148,103	135,540
GST Receivable	13,588	-
	161,691	135,540

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.

	Gross amount \$	Past due and impaired \$	Past due but not impaired			Not past due \$
			< 30 days \$	31-60 days \$	> 60 days \$	
2016						
Trade receivables	148,103	148,103	-	-	-	-
Other receivables	13,588	13,588	-	-	-	-
Total	161,691	161,691	-	-	-	-
2015						
Trade receivables	135,540	135,540	-	-	-	-
Total	135,540	135,540	-	-	-	-

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 7. Financial assets		
Held to maturity financial assets		
Term deposits	418,790	407,600
	418,790	407,600

Note 8. Other assets

Prepayments	23,149	8,938
Accrued Income	2,598	2,721
	25,747	11,659

Note 9. Plant and equipment

Leasehold improvements

At cost	276,625	275,230
Less accumulated depreciation	(209,861)	(182,324)
	66,764	92,906

Plant and equipment

At cost	174,679	170,723
Less accumulated depreciation	(104,890)	(74,845)
	69,789	95,878

Total plant and equipment	136,553	188,784
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Movements in carrying amounts

Leasehold improvements

Balance at the beginning of the reporting period	92,906	113,811
Additions	1,395	6,142
Depreciation expense	(27,537)	(27,047)
Balance at the end of the reporting period	66,764	92,906

Plant and equipment

Balance at the beginning of the reporting period	95,878	63,354
Additions	3,956	68,017
Disposals	-	(8,296)
Depreciation expense	(30,045)	(27,197)
Balance at the end of the reporting period	69,789	95,878

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 9. Plant and equipment (continued)		
Total plant and equipment		
Balance at the beginning of the reporting period	188,784	177,165
Additions	5,351	74,159
Disposals	-	-8,296
Depreciation expense	(57,582)	(54,244)
Balance at the end of the reporting period	136,553	188,784

Note 10. Intangible assets

Franchise fee

At cost	21,537	21,537
Less accumulated amortisation	(17,661)	(15,354)
	3,876	6,183

Borrowing costs

At cost	398	398
Less accumulated amortisation	(153)	(73)
	245	325

Total intangible assets

4,121 **6,508**

Movements in carrying amounts

Franchise fee

Balance at the beginning of the reporting period	6,183	8,490
Amortisation expense	(2,307)	(2,307)
Balance at the end of the reporting period	3,876	6,183

Borrowing costs

Balance at the beginning of the reporting period	325	-
Additions	-	398
Amortisation expense	(80)	(73)
Balance at the end of the reporting period	245	325

Total intangible assets

Balance at the beginning of the reporting period	6,508	8,490
Additions	-	398
Amortisation expense	(2,387)	(2,380)
Balance at the end of the reporting period	4,121	6,508

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 11. Trade and other payables		
Current		
Unsecured liabilities		
Trade creditors	18,225	21,673
Other creditors and accruals	19,038	32,858
	37,263	54,531

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

Note 12. Borrowings

Current		
Secured liabilities		
Chattel mortgage	15,013	15,542
	15,013	15,542
Non-current		
Secured liabilities		
Chattel mortgage	22,989	38,002
	22,989	38,002

(a) Lease liabilities

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Note 13. Provisions

Current		
Annual leave	35,805	33,740
Long service leave	66,523	31,651
	102,328	65,391

Note 14. Share capital

900,008 Ordinary shares fully paid	900,008	900,008
	900,008	900,008

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 14. Share capital (continued)		
(a) Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	900,008	900,008
Shares issued during the year	-	-
At the end of the reporting period	900,008	900,008

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.

(b) 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.

	2016 \$	2015 \$
Note 15. Accumulated losses		
Balance at the beginning of the reporting period	(160,399)	(135,483)
Profit after income tax	51,569	56,085
Dividends paid	(81,001)	(81,001)
Balance at the end of the reporting period	(189,831)	(160,399)

Notes to the financial statements (continued)

	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:

Cash and cash equivalents (Note 5)	118,664	148,814
As per the Statement of Cash Flow	118,664	148,814

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

Profit / (loss) after income tax	51,569	56,085
Non-cash flows in profit		
- Depreciation	57,582	54,244
- Amortisation	2,387	2,380
- Net (profit) / loss on disposal of plant & equipment	-	(795)
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(26,151)	(15,020)
- (increase) / decrease in prepayments and other assets	(14,088)	327
- (Increase) / decrease in deferred tax asset	(5,599)	(11,374)
- Increase / (decrease) in trade and other payables	(17,268)	(9,110)
- Increase / (decrease) in current tax liability	(2,435)	-
- Increase / (decrease) in provisions	36,937	33,635
Net cash flows from operating activities	82,934	110,372

Note 17. Earnings per share

Basic earnings per share (cents)	5.73	6.23
Earnings used in calculating basic earnings per share	51,569	56,085
Weighted average number of ordinary shares used in calculating basic earnings per share.	900,008	900,008

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.

Notes to the financial statements (continued)

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

(a) Key management personnel (continued)

The totals of remuneration paid to key management personnel of the company during the year are as follows:

	2016 \$	2015 \$
Short-term employee benefits	1,100	1,000
Post-employment benefits	-	-
Other long-term benefits	-	-
Share-based payments	-	-
Total key management personnel compensation	1,100	1,000

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive Directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to Executive Directors and other key management personnel.

Post-employment benefits

These amounts are the current year's estimated cost of providing the company's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

Other long-term benefits

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

Share-based payments

These amounts represent the expense related to the participation of key management personnel in equity-settled benefits schemes as measured by the fair value of the options, rights and shares granted on grant date.

(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.

During the year, the company purchased goods and services under normal terms and conditions, from related parties as follows:

Name of related party	Description of goods/services	Value \$
RSM - Steven James	Accountancy, share registry	21,765

Notes to the financial statements (continued)

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

(d) Key management personnel shareholdings

The number of ordinary shares in Port Lincoln Community Enterprises Limited held by each key management personnel of the company during the financial year is as follows:

	2016	2015
Greg Eden	6,000	6,000
Terri Christensen	2,001	2,001
Pat Callaghan	33,668	33,668
Ann-Marie hammond	1,001	1,001
Steven James	7,502	5,002
Michael Munro	12,000	12,000
Angela Cordon	500	500
Cameron Foster	-	-
Sandra Lukin	-	-
Diana Smith	-	-
Matt Noonan	-	-
Diana Baker-Tagg	-	-
Mark Carr	5,000	5,000

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 Port Lincoln, South Australia. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2015: 100%).

Notes to the financial statements (continued)

	2016 \$	2015 \$
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Note 22. Commitments

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the Statement of Financial Position.

Payable:

- no later than 12 months	45,465	45,465
- between 12 months and five years	34,099	79,564
- greater than five years	-	-
Minimum lease payments	79,564	125,029

The property lease is a non-cancellable lease with a five year term, with rent payable monthly in advance and with CPI increases each year.

Chattel mortgage

Chattel mortgage liabilities are payable exclusive of GST as follows:

Payable:

- no later than 12 months	16,808	18,270
- between 12 months and five years	24,793	41,601
- greater than five years	-	-
Minimum lease payments	41,601	59,871
Less future interest charges	(3,599)	(6,327)
Chattel mortgage liability	38,002	53,544

Chattel mortgage comprise leases of plant and equipment under normal commercial finance lease terms and conditions repayable over 5 years.

Note 23. Company details

The registered office and principle place of business is: The Centre, 34 Liverpool Street, Port Lincoln SA 5606.

	2016 \$	2015 \$
--	------------	------------

Note 24. Dividends paid or provided for on ordinary shares

Dividends paid or provided for during the year

Final fully franked ordinary dividend of 9 cents per share (2015: 9) franked at the tax rate of 30% (2015: 30%).	81,001	81,001
--	--------	--------

Notes to the financial statements (continued)

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. The Board has established an Audit Committee which reports regularly to the Board.

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:

		2016	2015
		\$	\$
Financial assets			
Cash and cash equivalents	5	118,664	148,814
Trade and other receivables	6	187,438	147,199
Financial assets	7	418,790	407,600
Total financial assets		724,892	703,613
Financial liabilities			
Trade and other payables	11	37,263	54,531
Borrowings	12	38,002	53,544
Total financial liabilities		75,265	108,075

(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.

Notes to the financial statements (continued)

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	1%	118,664	118,664	-	-
Trade and other receivables	0%	187,438	187,438	-	-
Financial assets	3%	418,790	418,790	-	-
Total anticipated inflows		724,892	724,892	-	-
Financial liabilities					
Trade and other payables	0%	37,263	37,263	-	-
Borrowings	6%	38,002	15,013	22,989	-
Total expected outflows		75,265	52,276	22,989	-
Net inflow / (outflow) on financial instruments		649,627	672,616	(22,989)	-

Notes to the financial statements (continued)

Note 25. Financial risk management (continued)

(b) Liquidity risk (continued)

	Weighted average interest rate %	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
30 June 2015					
Financial assets					
Cash and cash equivalents	1%	148,814	148,814	-	-
Trade and other receivables	0%	147,199	147,199	-	-
Financial assets	3%	407,600	407,600	-	-
Total anticipated inflows		703,613	703,613	-	-
Financial liabilities					
Trade and other payables	0%	54,531	54,531	-	-
Borrowings	6%	53,544	15,542	38,002	-
Total expected outflows		108,075	70,073	38,002	-
Net inflow / (outflow) on financial instruments		595,538	633,540	(38,002)	-

(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, fixed interest securities, 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.

	Profit \$	Equity \$
Year ended 30 June 2016		
+/- 1% in interest rates (interest income)	5,375	5,375
+/- 1% in interest rates (interest expense)	(380)	(380)
	4,995	4,995

Notes to the financial statements (continued)

	Profit \$	Equity \$
Note 25. Financial risk management (continued)		
(c) Market risk (continued)		
Year ended 30 June 2015		
+/- 1% in interest rates (interest income)	5,564	5,564
+/- 1% in interest rates (interest expense)	(535)	(535)
	5,029	5,029

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.

Fair values

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)	118,664	118,664	148,814	148,814
Trade and other receivables (i)	187,438	187,438	147,199	147,199
Financial assets	418,790	418,790	407,600	407,600
Total financial assets	724,892	724,892	703,613	703,613
Financial liabilities				
Trade and other payables (i)	37,263	37,263	54,531	54,531
Borrowings	38,002	38,002	53,544	53,544
Total financial liabilities	75,265	75,265	108,075	108,075

(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 Port Lincoln Community Enterprises 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.



Greg Eden
Director

Signed at Port Lincoln on 29 September 2016.

Independent audit report



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INDEPENDENT AUDITOR'S OPINION

To the directors of Port Lincoln Community Enterprises Limited

Report on the Annual Financial Report

We have audited the accompanying financial report of Port Lincoln Community Enterprises Limited, which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors' determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express a conclusion 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 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 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

Independent audit report (continued)

Independence

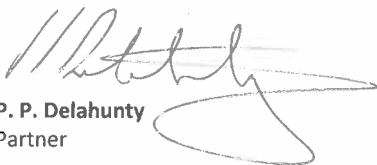
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

- a) the financial report of Port Lincoln 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 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
- b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

Richmond Sinnott & Delahunty
Chartered Accountants


P. P. Delahunty
Partner

Dated: 4 October 2016

Port Lincoln **Community Bank**[®] Branch
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Phone: (08) 8682 5226

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