

Robe Community
Financial Services Limited

ABN 24 101 974 887

2018 Annual Report

Robe & Districts **Community Bank®** Branch



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Chairman's report

For year ending 30 June 2018

It is with pleasure that I present the Robe Community Financial Services Limited 2017/18 Chairman's report.

We have had our most profitable year to date with a profit before income tax and dividends of \$171,544, which enabled us to pay a dividend for the 2017/18 financial year of 5 cents per share.

I would like to thank the Robe & Districts **Community Bank**[®] Branch staff – Tracey, Sharon, Angela, Emma and Katie-Anne for their hard work, dedication and loyal service this year which has enabled us to achieve such a great result.

One of the many benefits of having a **Community Bank**[®] branch in our local community is the opportunity for local members of the community to participate in the business.

Our current level of staffing offers the opportunity of three and a half full-time jobs per year. We have also been able to offer a school based traineeship, Certificate of Business Studies, to Deanna Moreland.

Bendigo and Adelaide Bank Limited is gaining a strong footprint in the South East with **Community Bank**[®] branches in Penola, Keith and Mt Gambier. Tracey's weekly visits to Kingston and Lucindale are adding to the strength of our business and will also benefit the **Community Bank**[®] branches in the South East.

Community sponsorships by the **Community Bank**[®] branch has been maintained at the previous levels with 10 successive years of sponsorship for the Robe Yacht Club and other long-term sponsorships.

Following on from this the Board has identified an opportunity to support the community with the Council upgrade of the Robe Medical Centre. After discussions with David Senior, a decision was made to purchase an Ultrasound unit for the Robe Medical Centre. This will be a valuable diagnostic tool for emergency situations. We will also equip a room at the Medical Centre. We have budgeted expenditure of \$30,000-\$40,000 for this project. Thank you to our loyal Robe & Districts **Community Bank**[®] Branch customers who have helped to grow our bank into the success it is today, allowing us to contribute to such worthwhile projects.

Bendigo and Adelaide Bank celebrated 20 years of **Community Banking** this year, and Robe & Districts **Community Bank**[®] Branch has been part of this for 15 years. Projects such as the Ultrasound show what is achievable with the support of the community.

What would you like to see happen in your community, be it Robe, Kingston or Lucindale? At the moment we have our 'Big Ideas Campaign' where we would like supporters of the Robe & Districts **Community Bank**[®] Branch, shareholders and customers to be part of contributing to community enhancement ideas for the future. We look forward to supporting your significant projects in our community now that we are achieving sustained profits.

As my final year as Chairman of Robe & Districts **Community Bank**[®] Branch, I would like to thank the Board members Lyn Schinkel, Annie Matthews, Geoff Saunders, Adrian Johns, Tom Davidson, Andrew Brown and new Board member An Tran for their support. I have thoroughly enjoyed my time on the Board, five years as a Director and the last five as Chairman. I would encourage any community members to consider a role on the Board. I feel very confident in the future of Robe Community Financial Services Limited and I can see a very exciting future ahead with the strong community support that we are receiving.



Mark Baker
Chairman

Manager's report

For year ending 30 June 2018

The Board of Directors and **Community Bank**[®] branch staff started the new financial year with high hopes as we set a creditable budget, striving for a gross profit of \$145,000. I am proud to announce to our customers and our shareholders that not only did we achieve our budgeted profit, but we surpassed it by over \$20,000, bringing our actual net profit for the financial year to \$171,544.

This effort was no easy feat with interest rates remaining at an all-time low together with a steady trend in discharges as investment properties continued to go to market. Our profits are a result of a team effort from our Board of Directors, the staff at our branch, our shareholders, our customers and the Bendigo Bank brand. Each team has played an integral role in the recent success of the Robe & Districts **Community Bank**[®] Branch.

As always, our **Community Bank**[®] branch and brand are constantly adapting to the changes in our community, changes in our lifestyles and changes in the wider banking network. Now, more than ever, people are starting to give thought about the reputation of who they choose to bank with. Bendigo Bank were listed as number three for most trusted brands across all industries in Australia in a recent Roy Morgan report and, I can say without any reservations, we are hearing this from our existing and new customers.

Our **Community Bank**[®] branch has established deeper relationships within our community as we are the bank of choice for many community organisations. I have spent considerable time over the past 12 months hosting numerous presentations to various community groups across Robe, Kingston and Lucindale. Each presentation has given me the opportunity to share our community story and highlight the power of the **Community Bank**[®] model with many groups and individuals across our district. My aim is to continue sharing our story so that one day our entire community will become ambassadors for the **Community Bank**[®] brand and share our successes.

Our Board continues to go from strength to strength as we were delighted to invite An Tran, pharmacist at Robe Pharmacy, to join as a Director. An's expertise and passion for the community will no doubt be invaluable, and we look forward to building on this relationship.

The Board also welcomed Renato Principe as our Regional Community Manager (RCM) whilst previous RCM Paul Martin stepped into a secondment as State Manager SA/NT. The transition between Paul and Renato has been smooth as the Board continued to receive the highest level of support.

The 2017/18 financial year saw the **Community Bank**[®] branch support various community groups, projects and initiatives with over \$20,000 injected back into the district. All of this was made possible by the shareholders and customers of the Robe & Districts **Community Bank**[®] Branch. We are sure to see some exciting partnerships take place with the launch of our 'Big Ideas' campaign as we seek feedback from the community about projects which are important to them.

As promised last year, we have reached out to the Lucindale community with a permanent private office set up in the main street of town. I visit Lucindale every Tuesday replicating the same facility as the private office space we lease in Kingston on Wednesdays. So far, the **Community Bank**[®] concept has been well received by the Lucindale community with many new accounts opened and new deposit and lending facilities in place. There is however, a lot more ground to cover and building relationships with this community will be a long-term goal.

Manager's report (continued)

I would like to thank the staff for their commitment to growing the company and the Board of Directors for their ongoing leadership and the support that they have provided to me in my role as Branch Manager. On behalf of the staff I would also like to thank our business partner Bendigo and Adelaide Bank Limited.

We look forward to seeing what the new financial year has to offer and as always, we thank our shareholders and customers for their ongoing support to the Robe & Districts **Community Bank®** Branch.

Kind regards



Tracey Long
Branch Manager

Summaries

Dividend payment history

Dividend to shareholders			
Financial year	Amount per share	Franking level*	Date paid
2016/17	.05	unfranked	20/11/2017
2012/13	.05	unfranked	14/02/2014
2011/12	.05	unfranked	15/02/2013

Report of sponsorships and contributions

Allocation of funds to various community projects and initiatives	
Financial year	Value
2017/18	\$20,719
2016/17	\$18,485
2015/16	\$11,385
2014/15	\$13,375
2013/14	\$31,150

Bendigo and Adelaide Bank report

For year ending 30 June 2018

It's been 20 years since the doors to the first **Community Bank®** branch opened. And it has only been a few months since the latest, the 321st, **Community Bank®** branch opened its doors.

In the last 20 years, much has changed. A staggering 92 per cent of our customers do their banking online and we pay for goods and services on a range of mobile phones, our watches and even our fitness devices. Many are embracing this online world with a sense of excitement and confidence. Our model will be even more accessible to people right across Australia.

Despite the change many things have also remained constant through the last two decades. Commitment within communities remains as strong today as it has ever been; from our first **Community Bank®** branch to the most recent one, and the 319 in between.

This year, five of our **Community Bank®** branches are celebrating 20 years in business. Bendigo Bank has celebrated 160 years in business. We farewelled Managing Director Mike Hirst and welcomed into the MD role long-time Bendigo employee Marnie Baker.

Our **Be the change** online marketing campaign has been the most successful online marketing campaign ever run by our organisation. The premise behind **Be the change** is simple – it thanks individual customers for banking with their **Community Bank®** branch.

But it's not the Bank thanking the customers. It's not the staff, volunteer directors or shareholders thanking the customers. It's the kids from the local little athletics and netball clubs, it's the man whose life was saved by a **Community Bank®** funded defib unit, it's members of the local community choir and the animal rescue shelter. These people whose clubs and organisations have received a share of over \$200 million in **Community Bank®** contributions, all because of people banking with their local **Community Bank®** branch.

Be the change has further highlighted the power of the model. For others, customers are important. For our **Community Bank®** network, customer support ensures our point of difference. It's the reason we can share in the revenue generated by their banking business. Without this point of difference, we would be just another bank.

But we're not, we're Bendigo Bank and we're Australia's only 'community bank', recently named by Roy Morgan Research as Australia's third most trusted brand and most trusted bank. As one of 70,000-plus **Community Bank®** company shareholders across Australia, these are outcomes we hope you too are proud of.

I'd like to thank you for your decision to support your local **Community Bank®** company as a shareholder. Your support has been vitally important to enhancing the prospects and outcomes within your community.

Without you, there would be no **Community Bank®** branch network in Australia.

We value your initial contribution and your ongoing support of your **Community Bank®** branch and your community. Thank you for continuing to play a role in helping your community **Be the change**.



Robert Musgrove
Bendigo and Adelaide Bank

Directors' report

For the financial year ended 30 June 2018

Your Directors present their report on the company for the financial year ended 30 June 2018.

Directors

The names of those that have been in office since the start of the financial year to the date of this report unless otherwise stated are:

Mark Andrew Baker
Evelyn Ann Schinckel
Anne Marie Matthews
Geoffrey Colin Saunders
Adrian Paul Johns
Thomas Howard Davidson
Andrew John Brown

Review of operations

The profit of the company for the financial year after providing for income tax amounted to \$131,132. A review of the operations of the company during the financial year and the results of those operations are as follows:

Significant changes in the state of affairs

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

Principal activities

The principal activities of the company during the financial year were:

- to provide a banking and financial service to Robe and the surrounding districts.

No significant change in the nature of these activities 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 which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely developments and expected results of operations

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

Directors' report (continued)

Environmental regulation

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

Notwithstanding the deficiency of net assets, the financial report has been prepared on a going concern basis as the Directors have received a guarantee of financial support and the Directors believe that such financial support will continue to be made available.

Dividends

Dividends of 5c have been paid since the start of the financial year.

Options

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

Indemnification of Officers

No indemnities have been given, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company. The Directors are covered by a policy to a limit of \$5,000,000 covering comprehensive crime and professional indemnity which is paid by 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 part of those proceedings.

The company was not a party to any such proceedings during the year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is attached to this financial report.

This Directors' report is signed in accordance with a resolution of the Board of Directors:



Evelyn Ann Schinckel
Director

25 September 2018

Auditor's independence declaration

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

TO THE DIRECTORS OF ROBE COMMUNITY FINANCIAL SERVICES LIMITED

I declare that, to the best of my knowledge and beliefs, during the year ended 30 June 2018 there have been:

- (i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.

Mark Stephen Edwards
Chartered Accountant

172 Smith Street
Naracoorte, SA, 5271



Registered Auditor: Mark Edwards
Registered Auditor No. 289565

26 September 2018

Financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Revenue	2	644,653	551,893
Employee benefits expense		(262,373)	(274,940)
Depreciation and amortisation expenses		(22,994)	(28,409)
Finance costs		(6,270)	(9,407)
Other expenses		(181,471)	(161,950)
Profit before income tax		171,544	77,187
Tax expense	3	(40,412)	(32,238)
Profit for the year		131,132	44,949
Profit attributable to member of the company		131,132	44,949

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Financial Position as at 30 June 2018

	Notes	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	154,228	21,413
Trade and other receivables	7	47,839	56,136
Other assets	8	3,507	3,769
TOTAL CURRENT ASSETS		205,574	81,319
NON-CURRENT ASSETS			
Property, plant and equipment	9	41,610	51,379
Intangible assets	10	180	13,406
Deferred tax assets	11	48,012	88,424
TOTAL NON-CURRENT ASSETS		89,802	153,208
TOTAL ASSETS		295,376	234,527
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	16,216	18,792
Borrowings	13	1,182	956
Provisions	14	14,326	17,372
TOTAL CURRENT LIABILITIES		31,724	37,121
NON-CURRENT LIABILITIES			
Borrowings	13	14,396	57,345
TOTAL NON-CURRENT LIABILITIES		14,396	57,345
TOTAL LIABILITIES		46,120	94,466
NET ASSETS		249,255	140,061
EQUITY			
Issued capital	15	427,989	427,989
Retained earnings (accumulated losses)		(178,733)	(287,928)
TOTAL EQUITY		249,255	140,061

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Changes in Equity for the year ended 30 June 2018

	Note	Shared capital \$	Retained earnings \$	Total \$
Balance at 1 July 2016		427,989	(332,876)	95,112
Comprehensive income				
Profit for the year		-	44,949	44,949
Total comprehensive income for the year attributable to the member of the company		-	44,949	44,949
Balance at 30 June 2017		427,989	(287,928)	140,061
Balance at 1 July 2017		427,989	(287,928)	140,061
Comprehensive income				
Profit for the year		-	131,132	131,132
Total comprehensive income for the year attributable to the member of the company		-	131,132	131,132
Transactions with the owner, in capacity as owner and other transfers				
Dividend paid or provided for	5	-	(21,938)	(21,938)
Total transactions with the owner and other transfers		-	(21,938)	(21,938)
Balance at 30 June 2018		427,989	(178,733)	249,255

The accompanying notes form part of these financial statements.

Financial statements *(continued)*

Statement of Cash Flows for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Cash flows from operating activities			
Receipts from Customers		644,178	551,893
Payments to Suppliers & Employees		(452,830)	(460,626)
Trade Creditors		1,007	(3,702)
GST		(139)	4,145
PAYG Withholding		(2,956)	(794)
Debtors		8,297	332
Dividends		(21,937)	-
Net cash provided by operating activities	19	175,620	91,248
Cash flows from financing activities			
Repayments of Borrowings		(42,805)	(61,406)
Net cash provided by (used in) financing activities		(42,805)	(61,406)
Net increase in cash held		132,815	29,842
Cash and cash equivalents at beginning of financial year		21,413	(8,429)
Cash and cash equivalents at end of financial year	19	154,228	21,413

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2018

The financial statements cover Robe Community Financial Services Ltd as an individual entity. Robe Community Financial Services Ltd is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 7 September 2016 by the directors of the company.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. The amounts presented in the financial statements have been rounded to the nearest dollar.

(a) Income Tax

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

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or are recognised directly in equity or in other comprehensive income. Current tax liabilities (assets) are therefore 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 balance during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

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

Notes to the financial statements (continued)

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.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Property, Plant and Equipment

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

Property

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by 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 related to the revalued amount of the asset.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

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

Subsequent costs are included in the asset's 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 the statement of profit or loss in the financial period in which they are incurred.

Notes to the financial statements (continued)

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Depreciation

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

(c) Financial Instruments

Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs, where the instrument is not classified at fair value through profit or loss. Transactions costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Notes to the financial statements (continued)

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any re-measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a 'loss event') having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

(d) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits have been measured at the nominal amounts expected to be paid when the liability is settled, plus any related on-costs. Both annual leave and long service leave are recognised within the provisions liability.

(e) Provisions

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

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within financial liabilities in current liabilities on the balance sheet.

Notes to the financial statements (continued)

(g) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue recognition relating to the provision of a service is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

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

(h) 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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Notes to the financial statements (continued)

	2018 \$	2017 \$
2. REVENUE AND OTHER INCOME		
Rendering of services	644,653	551,893
Total revenue	644,653	551,893
3. TAX EXPENSE		
(a) The components of tax expense comprise:		
Current tax	(40,412)	(32,238)
4. AUDITOR'S REMUNERATION		
Remuneration of the auditor:		
Auditors Remuneration	6,710	5,846
5. DIVIDENDS		
Distributions paid		
Proposed Final Dividend:		
Proposed Final Dividend	21,938	-
Total dividend per share for the period	5c	-
6. CASH AND CASH EQUIVALENTS		
Cash At Bank - Business Account	154,228	21,413
7. TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade Debtors	47,839	56,136

Notes to the financial statements (continued)

	2018 \$	2017 \$
8. OTHER ASSETS		
CURRENT		
Prepayments	3,507	3,769
9. PROPERTY, PLANT AND EQUIPMENT		
Property Improvements	70,972	70,972
Less Accumulated Depreciation	(44,679)	(40,392)
Total land and buildings	26,293	30,580
Motor Vehicles	24,507	24,507
Less Accumulated Depreciation	(10,732)	(6,140)
	13,775	18,367
Furniture And Fittings	55,510	55,510
Less Accumulated Depreciation	(53,970)	(53,080)
	1,541	2,431
Total plant and equipment	15,316	20,798
Total property, plant and equipment	41,610	51,379
10. INTANGIBLE ASSETS		
Borrowing Costs	180	270
Franchise Fees	-	13,135
Accumulated amortisation and impairment losses	-	-
Net carrying value	-	13,135
	180	13,406
Reconciliation of franchise fees		
Balance at beginning of year	-	13,135
Additions	-	-
Disposals	-	-
Amortisation charge	-	-
Impairment losses	-	-
Closing carrying value at 30 June 2018	-	13,135

Notes to the financial statements (continued)

	2018 \$	2017 \$
Impairment Disclosures		
The recoverable amount of the cash-generating unit is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 10-year period with the period extending beyond five years extrapolated using an estimated growth rate. The cash flows are discounted using the yield of a 10-year government bond at the beginning of the budget period.		
11. TAX		
Assets		
NON-CURRENT		
Future Income Tax Benefits	48,012	88,424
12. TRADE AND OTHER PAYABLES		
CURRENT		
Goods And Services Tax	12,165	12,304
Trade Creditors	1,635	1,116
Payroll Liabilities	2,416	5,372
	16,216	18,792
13. BORROWINGS		
CURRENT		
Managers Mastercard	1,182	956
NON-CURRENT		
Bendigo Bank Interest Only	-	36,250
Equipment Finance	14,396	21,095
Total non-current borrowings	14,396	57,345
Total borrowings	15,578	58,301
14. PROVISIONS		
CURRENT		
Provision for Annual Leave	14,326	17,372
15. ISSUED CAPITAL		
Ordinary Shares @ \$1 each	445,610	445,610
Prospectus Fees & Costs	(17,621)	(17,621)
	427,989	427,989

Notes to the financial statements (continued)

2018

2017

16. LEASING COMMITMENTS

(a) Finance Lease Commitments

Leasing commitments not capitalised in the financial statements

Payable:

not later than 12 months	7,562	7,562
between 12 months and five years	14,494	14,494
Present value of minimum lease payments	13 22,056	22,056

(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not recognised in the financial statements

Payable:

not later than 12 months	18,140	18,140
between 12 months and five years	18,865	18,865
	37,005	37,005

17. FINANCIAL RISK MANAGEMENT

Fair Values

Fair value estimation

The fair values of financial assets and financial 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 carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the company. Most of these instruments, which are carried at amortised cost (ie trade receivables, loan liabilities), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the company.

18. COMPANY DETAILS

The registered office of the company is:

Robe Community Financial Services Ltd

The principal place of business is:

Robe Community Financial Services Ltd

9 Victoria Street

Robe SA 5276

Notes to the financial statements (continued)

	2018 \$	2017 \$
19. CASH FLOW INFORMATION		
(a) Reconciliation of Cash		
Cash at the end of financial year as included in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Bank Overdraft	154,228	21,413
	<u>154,228</u>	<u>21,413</u>
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit after income tax	109,194	44,949
Non-cash flows in profit:		
Depreciation & amortisation	22,994	28,408
Changes in assets and liabilities:		
(Increase)/Decrease in Trade and Term Debtors	8,560	(13,997)
Increase/(Decrease) in Provisions	(3,046)	(3,479)
Increase/(Decrease) in Payables	(2,494)	3,129
(Increase)/Decrease in Deferred Taxes	40,412	32,238
Net cash provided by operating activities	<u>175,620</u>	<u>91,248</u>



Directors' declaration

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

1. The financial statements and notes, as set out on pages 10 to 13 are in accordance with the *Corporations Act 2001*:
and
 - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - b. give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the company.
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.



Evelyn Ann Schinckel
Director

24 September 2018

Independent audit report

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INDEPENDENT AUDITOR'S REPORT

To the Members of Robe Community Financial Services Limited Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Robe Community Financial Services Ltd ('the Company') which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Robe Community Financial Services Ltd, is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Information Other than the Financial Report and Auditor's Report Thereon

Those charged with governance are responsible for the other information. The other information comprises the information included in the Annual Report for the respective year, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Independent audit report (continued)

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INDEPENDENT AUDITOR'S REPORT

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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Independent audit report (continued)

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INDEPENDENT AUDITOR'S REPORT

to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Mark Stephen Edwards
Chartered Accountant
172 Smith Street
Naracoorte, SA, 5271



Registered Auditor No. 289565

26 September 2018

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(BNPAR18071) (09/18)

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