



Strzelecki Ranges
Community Enterprises Limited
2017 Annual Report

Mirboo North & District
Community Bank® Branch





Strzelecki Ranges
Community Enterprises Limited
2017 Annual Report

Contents

Chair's Report	i
Branch Manager's Report	ii
Bendigo and Adelaide Bank Report	iii
Director's Report	1
Auditor's Declaration	7
Financial Statements	8
Notes to the Financial Statements	12
Director's Declaration	33
Independent Auditor's Report	34

Chair's Report

It is my great pleasure once again to report to you for our seventh Annual Report, for the year ending 30 June 2017. As shareholders of Strzelecki Ranges Community Enterprises Limited, you are the bedrock of our **Community Bank®** company. We could not be here without your initial and continuing faith in us and your wish to see banking services return to and thrive in Mirboo North and District.

And we are now absolutely thriving. Despite a less than propitious financial environment, our **Community Bank®** company is making increasing profits year on year, enabling us to expand our grants program, our sponsorship, and once again, for the fourth year in a row, pay a dividend to you, our shareholders.

Our grants paid in the 2016/17 financial year amounted to \$41,912 and our sponsorships and donations for the year were \$40,250, for a seven year total of community contributions of \$534,422 with a further \$118,000 set aside with the Community Enterprise FoundationTM for future distribution.

Company revenue for this reporting period is \$777,521 from which we derived a profit before tax and before an allocation to the Community Enterprise FoundationTM of \$147,333 (compared to \$129,624 in the previous year). The net profit is \$45,686 compared to \$54,707 in 2015/16.

This year we conducted a survey of our shareholders so we believe we understand better now what you like about our **Community Bank®** branch and for a few of you, what you would like to hear more about from us. I have written to you separately with the results of the surveys but I thank you again for your participation and for some thoughtful and valuable comments.

You as shareholders are amongst our best ambassadors and we urge you to advocate on our behalf to your friends, families and networks, as it is the banking business that provides our profits and our returns to you and the community. We would love you to tell one new person a month about your shareholding and the benefits to the community of banking with us. We ask that you consider inviting our Branch Manager Alan Bannister to a club meeting to speak to members about their banking.

Other key people are our volunteer Directors who do a fantastic job in governing the company through our Finance and Audit, Business Development and Marketing, Governance, Community Advancement and Human Resources & Property Committees, all reporting to monthly Board meetings. I thank all Directors for their hard work and commitment and especially thank Anne Marie Dieperink, our Executive Officer, who very ably keeps the Board on track.

We lost two key Board members this year. We owe Peter Gardener a huge debt of gratitude for his expertise and commitment to our organisation, from his early days with the Mirboo North **Community Bank®** Agency, through to his being the Board's Executive Officer, a Director, and Chair of the Finance and Audit Committee. Sam Carbone made an invaluable contribution as member and then Chair of our Governance Committee, and in his expert advice to the Board.

However, we have been delighted to welcome to the Board Colin Brick, a well-known and committed Boolarra identity. Colin is already contributing as Chair of the Finance and Audit Committee. Further we welcome new Board members Marg Thomas, named Mirboo North Citizen of the Year for her leadership of Coal and CSG-free Mirboo North, and Kerry Peachey from Yinnar South who is undertaking graduate studies.

As always we are proud of our wonderful staff and their great achievements under Alan's leadership. We welcomed back Adriana Waller from maternity leave to a part-time position and were very pleased to be able to retain Sam Gardiner, initially Adriana's replacement.



Marg Lynn
Chair of the Board

Manager's Report

It is very pleasing to report that we have again experienced substantial growth during the 2016/17 financial year of \$6.69 million and a gain in customer numbers of 52. This takes our total branch footings to \$92.12 million and customer numbers to 2,644.

I would like to thank you our shareholders and the community for your continued support of the branch. We are gaining rapidly towards our aim of reaching total footings of \$100 million which hopefully will occur in this coming financial year. This will allow us to contribute more of our profits to our already strong and successful communities of Mirboo North, Boolarra, Yinnar and surrounding districts as well as dividends to our shareholders.

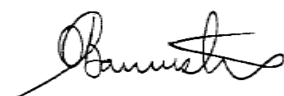
As a shareholder we seek your help in bringing new business to our branch. You can do this in many ways such as an introduction to community or business groups that you may be involved with. It may result in a new customer for the branch and with every new customer gained an increase in our profits and dividends are likely. Your personal banking is also important to us and we would love you to consider us for all of your banking needs. Our partner Bendigo Bank is the 5th largest bank in Australia offering all of the banking services required and places our community in a unique situation. The difference with the **Community Bank®** model is that every time people bank with their local **Community Bank®** branch, the bottom line increases and as such, community contributions and dividends increase as well.

Our profits continue to increase and we have contributed a further \$84,210 to our Grants Program this year making a total contribution of approximately \$286,000 over the past seven years. But it's not just grants that we provide, but also extensive much needed sponsorship of more than 50 local community groups of approximately \$40,000 each year, shareholder dividends and various donations to worthy causes. In fact our total community contributions since opening our doors have now exceeded \$534,000. A fantastic result for such a young branch.

Last year we the branch team decided to undertake a major fundraising effort to raise \$18,000 to purchase a new car and donate it to the South Gippsland Shire run L2P mentor driving program. The L2P program helps young drivers to gain the skills and experience they need to obtain their 'P' Plates. This program targets young people that may find it hard to find someone to help them achieve their 120 hours driving experience. There was an urgent need for a car to be based in our community for the benefit of mentors as well as local young drivers. I am pleased to advise that with the help of the community and various community groups we raised in excess of \$14,000 with the **Community Bank®** company Board donating a further \$6,000 to the cause. The car was purchased and an official presentation to Deputy Mayor Maxine Kiel was made at a further fund raising event on Saturday 3 June. We will continue to fund raise to support this highly successful program with the aim of paying for all local drivers first five driving lessons which is a must prior to being able to drive with a mentor.

A big thank you must go to our staff who are our biggest asset and they continue to provide friendly professional service to all of our customers. We welcome back Adriana Waller from maternity leave who now works part time two days per week. So please call in and see Sam, Kim, Adriana, Susan, Sarah and Nicole to see what a difference a smile can make to your day.

Last but not least my thanks must go to our hard working Directors who volunteer their time to ensure that we have a successful **Community Bank®** branch operating in our district. Without their hard work and dedication banking services would not be possible.



Alan Bannister
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2017

As we approach 20 years since the first **Community Bank**[®] branch opened its doors, it's timely to reflect on the role of our network's 70,000-strong shareholders and its army of nearly 2,000 passionate local Directors.

As a group of people you are a powerful force that continues to influence change both locally and nationally.

United for a shared purpose in your communities, you are making big things happen beyond the delivery of great banking products and services; you're creating jobs, helping businesses to thrive, solving problems and achieving outcomes that will make your communities better places to live and do business.

Amongst other things, you are providing hundreds of thousands of people in communities around Australia with new opportunities to:

- Play sport in new **Community Bank**[®] funded centres.
- Continue their education thanks to a **Community Bank**[®] scholarship.
- Seek treatment in hospitals closer to home with equipment funded through a **Community Bank**[®] grant.
- Reap the environmental benefits of **Community Bank**[®] funded solar panels and LED lighting, and
- Access mental health services for teenage children with a service supported by a local **Community Bank**[®] branch.

In fact, since the model's inception your investment in local communities exceeds \$165 million and that figure continues to grow every year. This amount excludes the significant co-investment on key projects that many companies have obtained from Government and other parties.

Nationally our voices are increasingly being heard, and our collaborative approach recognised and celebrated.

Representing us all at a recent forum at Canberra's Parliament House, Bendigo Bank's Managing Director and Chairman reinforced the significance of the **Community Bank**[®] model's achievements and called for regulatory change that would help us compete in a crowded and ever-evolving banking sector. Just two months later, the Federal Government announced a levy on Australia's biggest banks that is set to re-level the playing field as we've regularly advocated for.

But for us this is more than a levy. The Turnbull Government's announcement recognises the importance of customers having access to a robust, competitive and customer-focused banking sector. On this note Bendigo Bank was recently recognised as the banking provider of choice in the annual Mozo People's Choice Awards. Better yet, out of 110 banking providers nationally, we were the only bank recognised in all eight banking categories – and were rated the leading bank in six of those eight categories.

This is an extraordinary achievement for you and our bank. Not only does it demonstrate that, in the eyes of our customers, we are doing something right – it very clearly outlines that together we can continue to achieve results.

As we've long known, the more successful our customers are, the stronger our communities become. In this regard the **Community Bank**[®] model enables these outcomes for customers and communities, as increasingly recognised by more and more Australians.

So thank you for your investment in your local **Community Bank**[®] company, for your ongoing contribution and support, tireless advocacy and continued commitment to building strong local communities. Without this, our **Community Bank**[®] branches would be just another bank.



Robert Musgrove
Executive Engagement Innovation

Strzelecki Ranges Community Enterprises Limited

Directors' Report

Your directors submit the financial statements of the company for the financial year ended 30 June 2017.

Directors

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

Margaret Lilian Lynn

Chair

Occupation: Retired

Qualifications, experience and expertise: PhD in community analysis and community development; past senior lecturer and head of school at Monash University and Chair of Centre for Rural Communities from 1995 to 2009. Extensive experience in community and regional management committees. Member of Mirboo North Community Planning Working Group and convenor of its Health and Wellbeing project team 2012-14. Member of MCDI Committee since 2014. Secretary of Bass Coast/South Gippsland Reconciliation Group since 2012.

Special responsibilities: Human Resources & Property, Governance, Community Advancement, Finance & Audit and Business Development & Marketing Committees.

Interest in shares: 6,021

Warren Leigh Warner

Treasurer

Occupation: Retired

Qualifications, experience and expertise: Currently, Warren is actively involved in community work with the Friends of the Lyrebird Forest Walk/Rail Trail and the Leongatha/Woorayl Probus Club and Mirboo North Golf Club. Warren's work experience was in Grocery and Pharmacy industries for 39 years, responsible for National major accounts in retail and Commercial channels for 36 years. The last company Goodman Fielder where Warren was responsible for all National accounts in the commercial Bread Department. Management of major accounts, volume, income generated and more

Special responsibilities: Treasurer, Finance & Audit Committee and Marketing Committee.

Interest in shares: 5,000

Matthew Joseph Gleeson

Director

Occupation: Primary Producer

Qualifications, experience and expertise: Dairy farmer at Boolarra. Trustee and President of Boolarra Public Cemetery Trust. UVD Policy Councillor. Past Director and Chair of Gipps Dairy, Boolarra Cemetery Trust and Member of Southern Rural Water Southern Groundwater and Rivers Forum. Justice of the Peace. Bachelor of Business. Advanced Diploma of Agriculture. MAICD.

Special responsibilities: Human Resources & Property Committee, Governance Committee.

Interest in shares: 2,000

Janette Mary Head

Director

Occupation: Retail Assistant

Qualifications, experience and expertise: Former Bank Officer, Waitress, Head of Retail Department. Currently Retail Assistant. Involved in St Joseph's Catholic Church, Friends of Library Group and Mirboo Country Development Inc.

Special responsibilities: Chair of Community Advancement and member of Business Development & Marketing Committee.

Interest in shares: 5,000

Strzelecki Ranges Community Enterprises Limited

Directors' Report

Directors (*continued*)

Annette Margaretha Dieperink

Secretary

Occupation: Executive Officer

Qualifications, experience and expertise: Bachelor of Economics, Logistics Manager (Westmin Talc, PENNZOIL Motor Oils), Senior Business Analyst (IBM HQ Amsterdam, AHMG Health Insurance, Sage Technology, GDF-Suez Hazelwood) and Executive Officer /Company Secretary SRCEL 2014 – current. Community Involvement: past Secretary, Vice President and President of Mirboo North Kindergarten, Coordinator of Mirboo North Art Show 2009 – current.

Special responsibilities: Business Development & Marketing, Human Resource & Property, Finance & Audit Committees, Company Secretary and Executive Officer

Interest in shares: 2,500

John Villers Butler

Director

Occupation: Retired

Qualifications, experience and expertise: Former Vet Practice owner and principal vet (Animal Clinic Morwell). Former Vet Director (Greencross Vets Morwell). Committee Member (Yinnar and District Community Assoc.), Member Yinnar CFA.

Bachelor of Vet Sci and Master Vet Studies. Yinnar and District Lions Club Treasurer.

Special responsibilities: Chair of Business Development and Marketing Committee, Member of Community Advancement Committee.

Interest in shares: Nil

Thomasin Jane Bales

Director

Occupation: Environmental Consultant

Qualifications, experience and expertise: Thomasin (BA,BSc(Hons), MEnvSc) is an environmental consultant with experience in geological exploration, contaminated land assessment and remediation, waste management, environmental management, ecological assessment, community surveys and communication strategies. She is a partner at Ecocentric Environmental Consulting, and is currently working for MCDI as Mirboo North's Community Project Officer. She has a history of wide involvement with industry and community groups, and currently volunteers for ArtSpace, Friends of Turtons Creek, Mirboo North Kindergarten, Mirboo North Playgroup, Mirboo North Primary School Parents Club, Mirboo Recreation Reserve and St Andrews Child Care Centre.

Special responsibilities: Governance and Community Advancement Committees.

Interest in shares: Nil

Colin Alexander Brick

Director (*Appointed 19 May 2017*)

Qualifications, experience and expertise: Accountant, B.Comm at Melbourne University. Extensive community involvement.

Special responsibilities: Chair of Finance Committee.

Interest in shares: 500

Strzelecki Ranges Community Enterprises Limited

Directors' Report

Directors (*continued*)

Sam Joseph Carbone

Director (*Resigned 30 May 2017*)

Occupation: Barrister & Solicitor

Qualifications, experience and expertise: Practicing Barrister & Solicitor for over 30 years. Board member of the Italian Australian Club for over 10 years. Board member and President of the Thorpdale Primary School Council for 11 years. Board member of the Mirboo North Bush Nursing Hospital for 7 years. Education - Bachelor of Law & Bachelor of Economics. Sam commenced his own legal practice in 1986 and built it to a reputable firm employing approximately 15 both professional and non-professional staff. Simultaneously owned and/or have been involved in a range of different businesses - all of which employed a number of staff.

Special responsibilities: Chair of Governance Committee

Interest in shares: 5,000

Peter Lawrence Gardener

Director (*Resigned 2 May 2017*)

Occupation: Retired

Qualifications, experience and expertise: Adv. Diploma Rural Business Management. Diploma of Horticulture. Diploma of Teaching. 25 years business experience (Horticulture/Retail Garden Centre).

Special responsibilities: Finance & Audit Committee

Interest in shares: 10,000

Alan James McNamara

Director (*Resigned 28 February 2017*)

Occupation: Retired

Qualifications, experience and expertise: Apprenticeship as a Compositor (Type setting). Over 40 years in various parts of the printing industry. Owned and operated newsagency with post office and lotto agencies. Volunteer at the Mirboo North Times Newspaper. Treasurer of the Mirboo North Community Shed and Men's Shed. Involved with the Friends of Lyrebird Forest Walk and Wednesday Warriors.

Special responsibilities: Business Development and Marketing Committee

Interest in shares: 1,500

John Arthur Harris

Director (*Resigned 2 November 2016*)

Occupation: Retired

Qualifications, experience and expertise: B.Sc., M.Sc., Dip.Ed. University academic, 39 years teaching and research; Professor and Director, Centre for Learning and Teaching Support, Monash University. Life Member, Apex and Member, Lions. Inaugural President, Kurnai College Council, Treasurer, Yinnar and District Community Association. Member of Latrobe City Municipal Emergency Management Plan Committee. Member of Latrobe City Emergency Recovery Sub-

Special responsibilities: Former Chair of Governance, Member of Business Development & Marketing and Community Advancement Committees.

Interest in shares: 1,000

Robert Herni

Director (*Resigned 2 November 2016*)

Occupation: Retired

Qualifications, experience and expertise: Nursery manager, Chair of Boolarra Community Development Group. Member of Freemasons Benevolence Committee (4 years). Member of Argyle Freemasons Lodge (8 years). Manager of Gippsland Aged Care Assessment Team.

Special responsibilities: Business Development & Marketing and Community Advancement Committees.

Interest in shares: 2,500

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

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

Strzelecki Ranges Community Enterprises Limited

Directors' Report

Company Secretary

The company secretary is Annette Margaretha Dieperink. Annette was appointed to the position of secretary on 9 October 2014.

Annette has a Bachelor of Economics and had previous secretarial experience of Mirboo North Kindergarten.

Principal Activities

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

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

Operating results

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

Year ended 30 June 2017	Year ended 30 June 2016
\$	\$
45,686	54,707

Dividends	Year ended 30 June 2017	
	Cents	\$
Dividends paid in the year	3	25,004

Significant changes in the state of affairs

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Strzelecki Ranges Community Enterprises Limited

Directors' Report

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 21 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Indemnification and insurance of directors and officers

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

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

Directors' meetings

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

	Committee Meetings Attended											
	Board Meetings Attended		Finance & Audit		Business Development & Marketing		Human Resources & Property		Governance		Community Advancement	
	<u>A</u>	<u>B</u>	<u>A</u>	<u>B</u>	<u>A</u>	<u>B</u>	<u>A</u>	<u>B</u>	<u>A</u>	<u>B</u>	<u>A</u>	<u>B</u>
Margaret Lilian Lynn	11	11	11	11	10	7	8	8	8	8	9	8
Warren Leigh Warner	11	8	11	10	-	-	-	-	-	-	-	-
Matthew Joseph Gleeson	11	8	-	-	-	-	8	7	2	1	-	-
Janette Mary Head	11	10	-	-	10	9	-	-	-	-	9	9
Annette Margaretha Dieperink	11	10	11	11	10	10	8	7	-	-	-	-
John Villers Butler	11	10	-	-	10	9	-	-	-	-	9	7
Thomasin Jane Bales	11	7	-	-	-	-	-	-	2	2	9	5
Colin Alexander Brick ¹	2	2	2	2	-	-	-	-	-	-	-	-
Sam Joseph Carbone ²	10	9	-	-	-	-	-	-	8	7	-	-
Peter Lawrence Gardener ³	9	8	9	8	-	-	-	-	-	-	-	-
Alan James McNamara ⁴	7	7	-	-	8	3	-	-	-	-	-	-
John Arthur Harris ⁵	4	4	-	-	4	4	-	-	4	4	3	2
Robert Herni ⁵	4	4	-	-	4	4	-	-	-	-	3	-

A - eligible to attend
B - number attended

1. (Appointed 19 May 2017)
2. (Resigned 30 May 2017)
3. (Resigned 2 May 2017)
4. (Resigned 28 February 2017)
5. (Resigned 2 November 2016)

Strzelecki Ranges Community Enterprises Limited

Directors' Report

Proceedings on behalf of the company

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

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

Non audit services

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

The board of directors has considered the position, in accordance with the advice received from the finance & audit committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

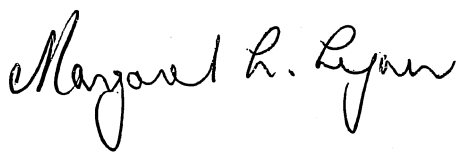
The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the finance & audit committee to ensure they do not impact on the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

Signed in accordance with a resolution of the board of directors at Mirboo North, Victoria on 24 August 2017.



Margaret Lilian Lynn, Chair

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

As lead auditor for the audit of Strzelecki Ranges Community Enterprises Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

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



Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 24 August 2017



David Hutchings
Lead Auditor

Strzelecki Ranges Community Enterprises Limited
Statement of Profit or Loss and Other
Comprehensive Income
for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
Revenue from ordinary activities	4	777,521	758,334
Employee benefits expense		(395,433)	(390,525)
Charitable donations, sponsorship, advertising and promotion		(131,726)	(98,897)
Occupancy and associated costs		(20,615)	(20,028)
Systems costs		(32,385)	(33,448)
Depreciation and amortisation expense	5	(37,577)	(37,015)
Finance costs	5	(5,219)	(5,493)
General administration expenses		(91,443)	(96,280)
Profit before income tax expense		63,123	76,648
Income tax expense	6	(17,437)	(21,941)
Profit after income tax expense		45,686	54,707
Total comprehensive income for the year attributable to the ordinary shareholders of the company:			
		45,686	54,707
Earnings per share		¢	¢
Basic earnings per share	22	5.48	6.56

The accompanying notes form part of these financial statements

Strzelecki Ranges Community Enterprises Limited

Balance Sheet

as at 30 June 2017

	Notes	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	525,791	472,491
Trade and other receivables	8	77,521	75,542
Current tax asset	11	3,214	-
Total Current Assets		606,526	548,033
Non-Current Assets			
Property, plant and equipment	9	358,269	379,792
Intangible assets	10	128,530	142,087
Deferred tax asset	11	10,755	6,275
Total Non-Current Assets		497,554	528,154
Total Assets		1,104,080	1,076,187
LIABILITIES			
Current Liabilities			
Trade and other payables	12	36,505	30,400
Current tax liabilities	11	-	5,875
Borrowings	13	8,905	8,645
Provisions	14	28,006	19,633
Total Current Liabilities		73,416	64,553
Non-Current Liabilities			
Borrowings	13	157,132	166,037
Provisions	14	25,794	18,541
Total Non-Current Liabilities		182,926	184,578
Total Liabilities		256,342	249,131
Net Assets		847,738	827,056
Equity			
Issued capital	15	812,778	812,778
Retained earnings	16	34,960	14,278
Total Equity		847,738	827,056

The accompanying notes form part of these financial statements

Strzelecki Ranges Community Enterprises Limited

Statement of Changes in Equity

for the year ended 30 June 2017

	Issued Capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2015	812,778	(15,425)	797,353
Total comprehensive income for the year	-	54,707	54,707
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(25,004)	(25,004)
Balance at 30 June 2016	812,778	14,278	827,056
Balance at 1 July 2016	812,778	14,278	827,056
Total comprehensive income for the year	-	45,686	45,686
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(25,004)	(25,004)
Balance at 30 June 2017	812,778	34,960	847,738

The accompanying notes form part of these financial statements

Strzelecki Ranges Community Enterprises Limited

Statement of Cash Flows

for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
Cash flows from operating activities			
Receipts from customers		837,085	805,346
Payments to suppliers and employees		(723,725)	(690,160)
Interest received		12,311	18,064
Interest paid		(5,219)	(5,493)
Income taxes paid		(31,006)	(32,099)
Net cash provided by operating activities	17	89,446	95,658
Cash flows from investing activities			
Payments for property, plant and equipment		(2,498)	-
Payments for intangible assets		-	(81,213)
Net cash used in investing activities		(2,498)	(81,213)
Cash flows from financing activities			
Repayment of borrowings		(8,645)	(8,394)
Dividends paid		(25,004)	(25,004)
Net cash used in financing activities		(33,649)	(33,398)
Net increase/(decrease) in cash held		53,299	(18,953)
Cash and cash equivalents at the beginning of the financial year		472,492	491,444
Cash and cash equivalents at the end of the financial year	7(a)	525,791	472,491

The accompanying notes form part of these financial statements

Strzelecki Ranges Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies

a) Basis of preparation

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

Compliance with IFRS

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

Critical accounting estimates

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

Historical cost convention

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

Comparative figures

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

Application of new and amended accounting standards

There are a number of amendments to accounting standards issued by the Australian Accounting Standards Board (AASB) that became mandatorily effective for accounting periods beginning on or after 1 July 2016, and are therefore relevant for the current financial year.

None of these amendments to accounting standards issued by the Australian Accounting Standards Board (AASB) materially affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

There are also a number of accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that become effective in future accounting periods.

The company has elected not to apply any accounting standards or interpretations before their mandatory operative date for the annual reporting period beginning 1 July 2016. These future accounting standards and interpretations therefore have no impact on amounts recognised in the current period or any prior period.

Only AASB 16 Leases, effective for the annual reporting period beginning on or after 1 January 2019 is likely to impact the company. This revised standard will require any leases to be capitalised.

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank®** branch at Mirboo North, Victoria.

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

Strzelecki Ranges Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2017

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

a) Basis of preparation (*continued*)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

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

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

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

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

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

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

b) Revenue

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

Revenue calculation

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

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

Strzelecki Ranges Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2017

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

b) Revenue (*continued*)*Core banking products*

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

Margin

Margin is arrived at through the following calculation:

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

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

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

Commission

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

Fee income

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

Discretionary financial contributions

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

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

It is for the board to decide how to use the MDF.

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

Strzelecki Ranges Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2017

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

b) Revenue (*continued*)

Ability to change financial return

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

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

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

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

Monitoring and changing financial return

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

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

c) Income tax

Current tax

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

Deferred tax

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

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

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

Strzelecki Ranges Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2017

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

c) Income tax (*continued*)

Deferred tax (continued)

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

Current and deferred tax for the period

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

d) Employee entitlements

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

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

e) Cash and cash equivalents

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

f) Trade receivables and payables

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

g) Property, plant and equipment

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

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

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

- buildings	40	years
- leasehold improvements	40	years
- plant and equipment	2.5 - 40	years
- motor vehicles	3 - 5	years

Strzelecki Ranges Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2017

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

h) Intangibles

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

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

i) Payment terms

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

j) Borrowings

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

k) Financial instruments*Recognition and initial measurement*

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

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

Derecognition

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

*Classification and subsequent measurement**(i) Loans and receivables*

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

(ii) 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 entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment

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

Strzelecki Ranges Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2017

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

l) Leases

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

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

m) Provisions

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

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

n) Contributed equity

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

o) Earnings per share

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

p) Goods and Services Tax

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

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

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

Strzelecki Ranges Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2017

Note 2. Financial risk management

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

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

(i) Market risk

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

(ii) Price risk

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

(iii) Credit risk

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

(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

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

(vi) Capital management

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

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

The distribution limit is the greater of:

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

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2017 can be seen in the Statement of Profit or Loss and Other Comprehensive Income.

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

Strzelecki Ranges Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Critical accounting estimates and judgements

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

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

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

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

Taxation

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

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

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

Estimation of useful lives of assets

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

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired branch/agency at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

The calculations require the use of assumptions.

Impairment of assets

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

Strzelecki Ranges Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Critical accounting estimates and judgements (continued)

Impairment of assets (continued)

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

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

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

Note 4. Revenue from ordinary activities	2017	2016
	\$	\$
Operating activities:		
- gross margin	564,553	492,426
- services commissions	56,289	96,320
- fee income	100,057	99,830
- market development fund	35,000	50,000
- other revenue	4,775	4,175
Total revenue from operating activities	<u>760,674</u>	<u>742,751</u>
Non-operating activities:		
- interest received	12,341	11,711
- rental revenue	4,506	3,872
Total revenue from non-operating activities	<u>16,847</u>	<u>15,583</u>
Total revenues from ordinary activities	<u><u>777,521</u></u>	<u><u>758,334</u></u>

Note 5. Expenses

Depreciation of non-current assets:		
- plant and equipment	2,818	3,177
- leasehold improvements	8,616	9,849
- motor vehicle	6,581	5,453
- buildings	6,005	4,980
Amortisation of non-current assets:		
- franchise agreement	2,260	2,258
- franchise renewal fee	11,297	11,298
	<u>37,577</u>	<u>37,015</u>
Finance costs:		
- interest paid	<u>5,219</u>	<u>5,493</u>
Bad debts	<u>375</u>	<u>559</u>

Strzelecki Ranges Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2017

Note 6.	Income tax expense	2017	2016
		\$	\$
	The components of tax expense comprise:		
	- Current tax	21,917	25,535
	- Movement in deferred tax	(4,480)	(542)
	- Adjustment to deferred tax to reflect change to tax rate in future periods	-	228
	- Under/(Over) provision of tax in the prior period	-	(3,280)
		<u>17,437</u>	<u>21,941</u>

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows

Operating profit	63,123	76,648
Prima facie tax on profit from ordinary activities at 27.5% (2016: 28.5%)	17,359	21,845
Add tax effect of:		
- timing difference expenses	4,558	3,690
	<u>21,917</u>	<u>25,535</u>
Movement in deferred tax	(4,480)	(542)
Adjustment to deferred tax to reflect change of tax rate in future periods	-	228
Under/(Over) provision of income tax in the prior year	-	(3,280)
	<u>17,437</u>	<u>21,941</u>

Note 7.	Cash and cash equivalents		
	Cash at bank and on hand	54,944	21,925
	Term deposits	470,847	450,566
		<u>525,791</u>	<u>472,491</u>

Note 7.(a) Reconciliation to cash flow statement

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

Cash at bank and on hand	54,944	21,925
Term deposits	470,847	450,566
	<u>525,791</u>	<u>472,491</u>

Strzelecki Ranges Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2017

Note 8.	Trade and other receivables	2017	2016
		\$	\$
Trade receivables		65,587	62,147
Prepayments		9,930	11,421
Other receivables and accruals		2,004	1,974
		<u>77,521</u>	<u>75,542</u>

Note 9.	Property, plant and equipment		
Freehold land			
At cost		<u>35,000</u>	<u>35,000</u>
Buildings			
At cost		214,485	214,485
Less accumulated depreciation		(27,046)	(21,041)
		<u>187,439</u>	<u>193,444</u>
Leasehold improvements			
At cost		182,133	180,513
Less accumulated depreciation		(65,866)	(57,250)
		<u>116,267</u>	<u>123,263</u>
Plant and equipment			
At cost		64,267	63,390
Less accumulated depreciation		(55,469)	(52,651)
		<u>8,798</u>	<u>10,739</u>
Motor vehicles			
At cost		24,219	24,219
Less accumulated depreciation		(13,454)	(6,873)
		<u>10,765</u>	<u>17,346</u>
Total written down amount		<u>358,269</u>	<u>379,792</u>

Strzelecki Ranges Community Enterprises Limited
Notes to the Financial Statements
for the year ended 30 June 2017

Note 9. Property, plant and equipment <i>(continued)</i>	2017	2016
	\$	\$
Movements in carrying amounts:		
Land		
Carrying amount at beginning	35,000	35,000
Additions	-	-
Disposals	-	-
Less: depreciation expense	-	-
Carrying amount at end	<u>35,000</u>	<u>35,000</u>
Buildings		
Carrying amount at beginning	193,444	198,424
Additions	-	-
Disposals	-	-
Less: depreciation expense	(6,005)	(4,980)
Carrying amount at end	<u>187,439</u>	<u>193,444</u>
Leasehold improvements		
Carrying amount at beginning	123,263	133,113
Additions	1,620	-
Disposals	-	-
Less: depreciation expense	(8,616)	(9,850)
Carrying amount at end	<u>116,267</u>	<u>123,263</u>
Plant and equipment		
Carrying amount at beginning	10,739	14,524
Additions	877	-
Disposals	-	-
Less: depreciation expense	(2,818)	(3,785)
Carrying amount at end	<u>8,798</u>	<u>10,739</u>
Motor vehicles		
Carrying amount at beginning	17,346	22,189
Additions	-	-
Disposals	-	-
Less: depreciation expense	(6,581)	(4,843)
Carrying amount at end	<u>10,765</u>	<u>17,346</u>
Total written down amount	<u>358,269</u>	<u>379,792</u>

Note 10. Intangible assets

Franchise fee		
At cost	21,297	21,297
Less: accumulated amortisation	(14,519)	(12,259)
	<u>6,778</u>	<u>9,038</u>

Strzelecki Ranges Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2017

Note 10. Intangible assets (continued)	2017	2016
	\$	\$
Renewal processing fee		
At cost	56,484	56,484
Less: accumulated amortisation	(22,594)	(11,297)
	<u>33,890</u>	<u>45,187</u>
Redomicile fee		
At cost	<u>19,680</u>	<u>19,680</u>
Goodwill on purchase of agency		
At cost	<u>68,182</u>	<u>68,182</u>
Total written down amount	<u><u>128,530</u></u>	<u><u>142,087</u></u>

Note 11. Tax

Current:

Income tax payable/(refundable)	<u>(3,214)</u>	<u>5,875</u>
---------------------------------	----------------	--------------

Non-Current:

Deferred tax assets		
- accruals	743	715
- employee provisions	14,795	10,498
	<u>15,538</u>	<u>11,213</u>
Deferred tax liability		
- accruals	551	543
- property, plant and equipment	4,232	4,395
	<u>4,783</u>	<u>4,938</u>
Net deferred tax asset	<u>10,755</u>	<u>6,275</u>
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	<u>(4,480)</u>	<u>(314)</u>

Note 12. Trade and other payables

Current:

Trade creditors	27,088	24,277
Other creditors and accruals	9,417	6,123
	<u>36,505</u>	<u>30,400</u>

Strzelecki Ranges Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2017

Note 13. Borrowings	2017	2016
	\$	\$
Current:		
Bank loans	<u>8,905</u>	<u>8,645</u>
Non-Current:		
Bank loans	<u>157,132</u>	<u>166,037</u>

The loan is to finance the property at 88 Ridgway Mirboo North and is unsecured and is repayable annually over 20 years. Interest is fixed at 3% p.a. for the term of the loan.

Note 14. Provisions		
Current:		
Provision for annual leave	<u>28,006</u>	<u>19,633</u>
Non-Current:		
Provision for long service leave	<u>25,794</u>	<u>18,541</u>

Note 15. Contributed equity		
833,462 ordinary shares fully paid (2016: 833,462)	833,462	833,462
Less: equity raising expenses	<u>(20,684)</u>	<u>(20,684)</u>
	<u>812,778</u>	<u>812,778</u>

Rights attached to shares

(a) *Voting rights*

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

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

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

Strzelecki Ranges Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2017

Note 15. Contributed equity (*continued*)

Rights attached to shares (*continued*)

(b) *Dividends*

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

(c) *Transfer*

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 339. As at the date of this report, the company had 377 shareholders.

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

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

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

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

Strzelecki Ranges Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2017

Note 16. Retained earnings	2017	2016
	\$	\$
Balance at the beginning of the financial year	14,278	(15,425)
Net profit from ordinary activities after income tax	45,686	54,707
Dividends paid or provided for	(25,004)	(25,004)
Balance at the end of the financial year	<u>34,960</u>	<u>14,278</u>

Note 17. Statement of cash flows

Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities

Profit from ordinary activities after income tax	45,686	54,707
Non cash items:		
- depreciation	24,020	23,459
- amortisation	13,557	13,556
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(1,979)	805
- (increase)/decrease in other assets	(7,694)	(314)
- increase/(decrease) in payables	6,105	1,856
- increase/(decrease) in provisions	15,626	11,433
- increase/(decrease) in current tax liabilities	(5,875)	(9,844)
Net cash flows provided by operating activities	<u>89,446</u>	<u>95,658</u>

Note 18. Auditor's remuneration

Amounts received or due and receivable by the auditor of the company for:

- audit and review services	4,200	4,100
- share registry services	3,040	2,960
- non audit services	3,135	4,990
	<u>10,375</u>	<u>12,050</u>

Strzelecki Ranges Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2017

Note 19. Director and related party disclosures

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

Margaret Lilian Lynn
 Warren Leigh Warner
 Matthew Joseph Gleeson
 Janette Mary Head
 Annette Margaretha Dieperink
 John Villers Butler
 Thomasin Jane Bales
 Colin Alexander Brick (*Appointed 19 May 2017*)
 Sam Joseph Carbone (*Resigned 30 May 2017*)
 Peter Lawrence Gardener (*Resigned 2 May 2017*)
 Alan James McNamara (*Resigned 28 February 2017*)
 John Arthur Harris (*Resigned 2 November 2016*)
 Robert Herni (*Resigned 2 November 2016*)

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

Directors Shareholdings	2017	2016
Margaret Lilian Lynn	6,021	6,021
Warren Leigh Warner	5,000	5,000
Matthew Joseph Gleeson	2,000	2,000
Janette Mary Head	5,000	5,000
Annette Margaretha Dieperink	2,500	2,500
John Villers Butler	-	-
Thomasin Jane Bales	-	-
Colin Alexander Brick (<i>Appointed 19 May 2017</i>)	500	500
Sam Joseph Carbone (<i>Resigned 30 May 2017</i>)	5,000	5,000
Peter Lawrence Gardener (<i>Resigned 2 May 2017</i>)	10,000	10,000
Alan James McNamara (<i>Resigned 28 February 2017</i>)	1,500	1,500
John Arthur Harris (<i>Resigned 2 November 2016</i>)	1,000	1,000
Robert Herni (<i>Resigned 2 November 2016</i>)	2,500	2,500

There was no movement in directors shareholdings during the year.

Note 20. Dividends paid or provided

2017	2016
\$	\$

a. Dividends paid during the year

Current year dividend		
100% (2016: 100%) franked dividend - 3 cents (2016: 3 cents) per share	25,004	25,004

The tax rate at which dividends have been franked is 27.5% (2016: 30%).

Strzelecki Ranges Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2017

Note 20. Dividends paid or provided (<i>continued</i>)	2017	2016
	\$	\$
b. Franking account balance		
Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	78,775	57,935
- franking credits that will arise from payment of income tax as at the end of the financial year	2,075	5,875
- franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	-	-
	<u>80,850</u>	<u>63,810</u>
Franking credits available for future financial reporting periods:		
- franking debits that will arise from payment of dividends proposed or declared before the financial report was authorised for use but not recognised as a distribution to equity holders during the period	-	-
Net franking credits available	<u>80,850</u>	<u>63,810</u>

Note 21. Key management personnel disclosures

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

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

Community Bank® Directors' Privileges Package

The board has adopted the **Community Bank®** Directors' Privileges Package. The package is available to all directors, who can elect to avail themselves of the benefits based on their personal banking with the **Community Bank®** branch at Strzelecki Ranges. There is no requirement to own BEN shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The total benefits received by the directors from the Directors' Privilege Package are \$1,167 for the year ended 30 June 2017 (2016: \$1,310).

Note 22. Earnings per share	2017	2016
	\$	\$
(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	45,686	54,707
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	833,462	833,462

Strzelecki Ranges Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2017

Note 23. Events occurring after the reporting date

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

Note 24. Contingent liabilities and contingent assets

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

Note 25. Community Enterprise Foundation

During the period the company contributed funds to the Community Enterprise Foundation (CEF), the philanthropic arm of the Bendigo and Adelaide Bank Group. These contributions form part of charitable donations and sponsorship expenditure included in the Statement of Profit or Loss and Other Comprehensive Income.

The funds contributed are held by the CEF in trust on behalf of the company and are available for distribution as grants to eligible applicants. The balance of funds held by the CEF as at 30 June 2017 is as follows:

	2017 \$	2016 \$
Opening balance	76,420	65,947
Contributions	84,210	57,895
Grants paid	(39,712)	(41,241)
Interest	1,191	917
Management fees	(4,210)	(7,098)
Balance available for distribution	<u>117,899</u>	<u>76,420</u>

Note 26. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank®** services in Mirboo North, Victoria pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 27. Registered office/Principal place of business

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

Registered Office
88 Ridgway Road
Mirboo North VIC 3871

Principal Place of Business
88 Ridgway Road
Mirboo North VIC 3871

Strzelecki Ranges Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2017

Note 28. Financial instruments

Financial Instrument Composition and Maturity Analysis

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

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash and cash equivalents	54,444	21,425	470,847	450,566	-	-	-	-	500	500	2.27	2.38
Receivables	-	-	-	-	-	-	-	-	65,587	62,147	N/A	N/A
Financial liabilities												
Interest bearing liabilities	-	-	8,905	8,645	47,277	45,900	109,855	120,137	-	-	3.00	3.01
Payables	-	-	-	-	-	-	-	-	27,088	24,277	N/A	N/A

Net Fair Values

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

Credit Risk

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

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

Interest Rate Risk

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

Sensitivity Analysis

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

As at 30 June 2017, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2017 \$	2016 \$
Change in profit/(loss)		
Increase in interest rate by 1%	3,593	2,973
Decrease in interest rate by 1%	(3,593)	(2,973)
Change in equity		
Increase in interest rate by 1%	3,593	2,973
Decrease in interest rate by 1%	(3,593)	(2,973)

Strzelecki Ranges Community Enterprises Limited

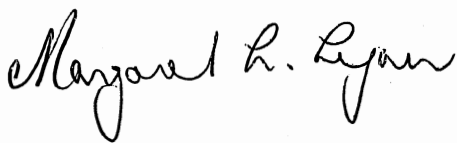
Directors' Declaration

In accordance with a resolution of the directors of Strzelecki Ranges Community Enterprises Limited, we state that:

In the opinion of the directors:

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

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



Margaret Lilian Lynn

Signed on the 24th of August 2017.

Independent auditor's report to the members of Strzelecki Ranges Community Enterprises Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial report of Strzelecki Ranges 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 2017 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards.

What we have audited

Strzelecki Ranges Community Enterprises Limited's (the company) financial report comprises the:

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

Basis for opinion

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

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

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

Other information

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

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

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

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

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

Directors' responsibility for the financial report

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

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

Auditor's responsibility for the audit of the financial report

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

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



Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated: 24 August 2017



David Hutchings
Lead Auditor



Mirboo North & District Community Bank® Branch
88 Ridgway, Mirboo North VIC 3871
Phone: (03) 5668 1231 Fax: (03) 5668 1240

Franchisee:
Strzelecki Ranges Community Enterprises Limited
88 Ridgway, Mirboo North VIC 3871
Phone: (03) 5668 1231 Fax: (03) 5668 1240
ABN: 76 139 013 095



www.bendigobank.com.au/mirboo_north
Bendigo and Adelaide Bank Limited,
The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879.

