



Annual Report 2017

Tumbarumba Financial
Services Limited

ABN 82 121 010 839

Tumbarumba **Community Bank**[®] Branch

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Chairman's report

For year ending 30 June 2017

On behalf of the Board of Directors, I am pleased to provide an update on the progress of Tumbarumba **Community Bank**[®] Branch.

The net profit of the company for the financial year after provision for income tax was \$115,530 (2016 profit of \$48,924).

Our priority over the financial year was to repay the overdraft which are pleased to report had a small debit balance of \$3,487 as at 30 June 2017.

There were a number of significant milestones this year. We celebrated 10 years since we first opened the doors of Tumbarumba **Community Bank**[®] Branch.

During the year we were able to purchase the bank building which we have been renting for the last 10 years. The co-operation and goodwill of the building owner was much appreciated.

We were deeply saddened by the news of the passing of our fellow foundation Director Malcolm Barclay. Mal was totally committed to establishing the branch from the early feasibility stage and continued to work for its success and thankfully was able to celebrate with fellow Directors and staff when the branch became a profitable organisation.

I would like to thank our Branch Manager Samantha Machell and the staff for their ongoing commitment. Our Manager has been with the company for over six years and during this time she and her team have achieved amazing results. We are extremely grateful for the milestones the branch has been able to achieve during this time taking the business to a profitable situation, returning a dividend to shareholders and purchasing the premises.

We continue to recognise the initial contribution of our shareholders, whom made this all possible and we are pleased to be able to pay another dividend this year.



Colin Nagle
Chairman

Manager's report

For year ending 30 June 2017

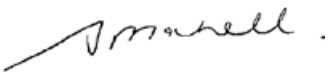
At the beginning of the financial year the branch staff set the bar higher than expected, with the view of achieving well above our budgeted forecast growth.

As at 30 June 2017 our total business footings are \$87.749 million. This represents an increase of \$12.034 million during the financial year, well above budget and a result we are extremely proud of.

We believed that Rural Bank was an opportunity to focus on this financial year. The growth of lending and deposits with Rural Bank represented 50% of our overall business growth.

There is still great opportunity ahead and we will continue to look for further opportunities to increase our business footings.

I would like to thank our team for their contribution and dedication during the year. They are focussed, passionate and together we have achieved a pleasing result.



Samantha Machell
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

Directors' report

For the financial year ended 30 June 2017

The Directors present their report together with the accounts of Tumbarumba Financial Services Limited for the year ended 30 June 2017.

Directors

The names of Directors who held office during or since the end of the year are:

Colin James Nagle	Malcolm Antony Marshall	Daniel Murray Martin
Anthony Owen A'Beckett	Lachlan Ian MacKenzie	Dannye Martin Brennan
Malcolm Paul Barclay (Deceased 13 August 17)	Bruce Bertram Alleyn	Jon Burgun
Julie Maree Giddings	Martin Joseph Sullivan	Lloyd Mildren

Principal activities

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

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

Result

The net profit of the company for the financial year after provision for income tax was \$115,530 (2016 profit of \$48,924).

Directors' meetings

The company of Directors' meetings and number of meetings attended by each of the Directors of the company during the financial year are:

Director	Number Attended	Number eligible to attend	Director	Number Attended	Number eligible to attend
Colin Nagle	7	10	Bruce Alleyn	5	10
Anthony A'Beckett	8	10	Martin Sullivan	9	10
Malcolm Barclay	7	10	Daniel Martin	9	10
Julie Giddings	3	10	Dannye Brennan	1	10
Malcolm Marshall	9	10	Jon Burgun	3	10
Lachlan MacKenzie	9	10	Lloyd Mildren	8	10

Matters subsequent to the end of the reporting period

There are no matters or circumstances that have arisen since the end of the reporting 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.

Directors interests and benefits

Since the end of the previous financial year no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors shown in the accounts) because of a contract made by the company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial interest.

Directors' report (continued)

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 the following page.

Dated at Wagga Wagga this 15 September 2017.

Signed in accordance with a resolution of the Directors:

A handwritten signature in black ink, appearing to be 'Colin Nagle', with a large loop at the bottom and a long horizontal stroke extending to the right.

Colin Nagle
Director

Auditor's independence declaration



PARTNERS:	
P.J. King	CA
A.P. Powell	CA
J.K. Maxwell	CPA
Affiliate CAANZ	
D.R. Uden	CA
R.K. Nicoll	CA

AUDITORS INDEPENDENCE DECLARATION

As lead auditor for the audit of Tumbarumba Financial Services Limited for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been:

- (a) No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) No contraventions of any applicable code of professional conduct in relation to the audit.

John L Bush & Campbell
John L Bush & Campbell
Chartered Accountants

Peter King
Peter King
Partner

Wagga Wagga
15 September 2017

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Standards Legislation

Financial statements

Statement of Comprehensive Income for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
Revenues from ordinary activities	2	684,428	606,987
Employee expenses		(314,484)	(319,501)
Advertising and promotion expense		(38,833)	(32,780)
Borrowing costs		(2,617)	(5,030)
Occupancy and associated costs		(35,442)	(32,954)
Depreciation and amortisation		(23,371)	(26,988)
Systems costs		(19,786)	(21,443)
Administration expenses		(89,132)	(96,901)
Net profit from ordinary activities before income tax expense		160,763	71,390
Income tax expense relating to ordinary activities	3	(45,233)	(22,466)
Net profit from ordinary activities after related income tax expense		115,530	48,924
Total comprehensive income for the year		115,530	48,924
Earnings per share	16	18.4 cents	7.8 cents

The Statement of Comprehensive Income is to be read in conjunction with the notes to and forming part of the accounts.

Financial statements (continued)

Statement of Financial Position as at 30 June 2017

	Notes	2017 \$	2016 \$
Current assets			
Cash	5	603	1,643
Receivables	6	65,718	56,811
Total current assets		66,321	58,454
Non-current assets			
Deferred tax asset	7	11,701	29,146
Property, plant & equipment	8	330,264	133,773
Intangible assets	9	64,393	9,244
Total non-current assets		406,358	172,163
Total assets		472,679	230,617
Current liabilities			
Payables	10	50,305	34,536
Provisions	11	15,934	12,816
Borrowings	12	43,121	65,368
Total current liabilities		109,360	112,720
Non current liabilities			
Provisions	11	19,874	13,863
Borrowings	12	176,128	20,914
Total non current liabilities		196,002	34,777
Total liabilities		305,362	147,497
Net assets		167,317	83,120
Equity			
Issued capital	13	593,875	593,875
Retained profits	14	(426,558)	(510,755)
Total equity		167,317	83,120

The Statement of Comprehensive Income is to be read in conjunction with the notes to and forming part of the accounts.

Financial statements (continued)

Statement of Changes in Equity for the year ended 30 June 2017

	Issued capital \$	Profits Reserve \$	Retained earnings \$	Total \$
Balance as at 1 July 2015	593,875		(528,346)	65,529
Profit / (loss) for the year	-	48,924		48,924
Dividends Paid		(31,333)		(31,333)
Transfers		(17,591)	17,591	-
Balance as at 30 June 2016	593,875	-	(510,755)	83,120
Profit / (loss) for the year	-	115,530		115,530
Dividends Paid	-	(31,333)		(31,333)
Transfers		(84,197)	84,197	-
Balance as at 30 June 2017	593,875	-	(426,558)	167,317

The Statement of Comprehensive Income is to be read in conjunction with the notes to and forming part of the accounts.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
Cash flows from operating activities			
Cash receipts in the course of operations		675,521	605,710
Cash payments in the course of operations		(503,183)	(485,962)
Net cash used by operating activities	15(ii)	172,338	119,748
Cash flows from investing activities			
Purchase of intangibles		(67,153)	-
Payments for property, plant & equipment		(207,859)	-
Net cash used in investing activities		(275,012)	-
Cash flows from financing activities			
Proceeds from borrowings		207,670	-
Dividends paid		(31,333)	(31,333)
Repayment of loans		(27,426)	(22,448)
Net cash used in financing activities		148,911	(53,781)
Net increase / (decrease) in cash held		46,237	65,967
Cash at the beginning of the financial year		(49,121)	(115,088)
Cash at the end of the financial year	15(i)	(2,884)	(49,121)

The Statement of Comprehensive Income is to be read in conjunction with the notes to and forming part of the accounts.

Notes to the financial statements

For year ended 30 June 2017

Note 1. Statement of significant accounting policies

The significant policies that have been adopted in the presentation of these financial statements are:

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001.

(b) Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS). These financial statements and notes comply with IFRS.

(c) Historical cost convention

The financial report has been prepared under the historical cost conventions 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.

(d) Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of Goods and Services Tax (GST). 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.

(e) 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 for 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 statement of financial position. 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 ATO are classified as operation cash flows.

(f) 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 tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

(f) Income tax (continued)

Deferred tax

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the company/consolidated 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 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.

(g) 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.

(h) Intangibles

The cost of the company's franchise fee has been recorded at cost and is amortised on a straight line basis at a rate of 20% per annum.

(i) Cash

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 statement of financial position.

(j) Comparative figures

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

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

(k) Property, plant and equipment

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

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

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

- Leasehold improvements 40 years
- Plant and equipment 2.5 - 40 years
- Motor vehicles 5 years

(l) 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.

There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(m) Payment terms

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

(n) 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.

(o) Borrowings

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

(p) 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.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

(q) 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.

(r) 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.

	2017 \$	2016 \$
Note 2. Revenue		
Operating activities		
Services Commissions	684,428	606,986
	684,428	606,986
Non-operating activities		
Interest	-	1
	684,428	606,987

Note 3. Income tax expense

The prima facie tax or loss from ordinary activities before income tax is reconciled as follows:

Operating Profit /(Loss)	160,763	71,390
Prima facie tax on loss from ordinary activities at 27.5%(2016 - 28.5%)	44,210	20,346
Add/(less) tax effect of:		
- Restatement of deferred tax asset due to change in tax rate	1,023	2,120
Income tax expense	45,233	22,466

Note 4. Profit from ordinary activities

Profit from ordinary activities before income tax has been determined after:

(a) Expenses

Amortisation of intangibles	12,003	13,864
Depreciation of non-current assets	11,368	13,124
Auditors Remuneration	9,700	9,500

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 5. Cash assets		
Cash at bank	603	1,643
	603	1,643

Note 6. Receivables

Trade debtors	64,991	55,985
Sundry Debtor	727	826
	65,718	56,811

Note 7. Deferred tax asset

Future Tax Benefit	11,701	29,146
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Note 8. Property, plant and equipment

Plant and equipment - at cost	55,042	55,042
Less: accumulated depreciation	(47,997)	(47,727)
	7,045	7,315
Land & Buildings - at cost	405,301	197,442
Less: accumulated depreciation	(99,707)	(94,463)
	305,594	102,979
Motor vehicles - at cost	33,392	33,392
Less: accumulated depreciation	(15,767)	(9,913)
	17,625	23,479
Total written down amount	330,264	133,773

i) Movements in carrying amounts

Plant and equipment		
Balance at the beginning of the year	7,315	7,590
Depreciation	(270)	(275)
Carrying amount at the end of the year	7,045	7,315
Leasehold Improvements		
Balance at the beginning of the year	102,979	107,973
Additions	207,859	-
Depreciation	(5,244)	(4,994)
Carrying amount at the end of the year	305,594	102,979

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 8. Property, plant and equipment (continued)		
Motor Vehicles		
Additions	23,479	31,334
Depreciation	(5,854)	(7,855)
Carrying amount at the end of the year	17,625	23,479

Note 9. Intangible assets

Franchise fee - at cost	67,153	69,322
Less: accumulated amortisation	(2,760)	(60,078)
Total written down amount	64,393	9,244

Note 10. Trade and other payables

Trade creditors	6,307	7,917
Income tax payable	36,895	-
Other creditors & accruals	7,103	26,619
	50,305	34,536

Note 11. Provisions

Current

Annual leave	15,934	12,816
Total current	15,934	12,816

Non current

Long service leave	19,874	13,863
Total non current	19,874	13,863
Total provisions	35,808	26,679

Note 12. Borrowings

Current

Bank Overdraft	3,487	50,764
Loan - Bendigo and Adelaide Bank Limited (Franchise Fee)	13,614	7,726
Loan - Bendigo and Adelaide Bank Limited (Property Loan)	18,936	-
Equipment Finance	6,878	6,878
Bendigo Bank Credit Card	206	-
Total current	43,121	65,368

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 12. Borrowings (continued)		
Non current		
Equipment finance	13,725	20,914
Loan - Bendigo and Adelaide Bank Limited (Franchise Fee)	40,842	-
Loan - Bendigo and Adelaide Bank Limited (Property Loan)	121,561	-
Total non current	176,128	20,914
Total borrowings	219,249	86,282

Note 13. Contributed equity

626,650 Ordinary shares paid at \$1	626,650	626,650
Less: equity raising expenses	(32,775)	(32,775)
	593,875	593,875

Note 14. Accumulated losses

Opening balance	(510,755)	(528,346)
Net profit from activities after income tax	115,530	48,924
Dividends Paid	(31,333)	(31,333)
	(426,558)	(510,755)

Note 15. Cash flow information

(i). Reconciliation of cash

For the purpose of the statement of Cash Flows, cash includes cash on hand and at bank.

Cash at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the statement of financial performance as follows:

Cash at bank (Note 5)	603	1,643
Bank Overdraft (Note 12)	(3,487)	(50,764)
Total cash	(2,884)	(49,121)

(ii). Reconciliation of operating profit to net cash used in operating activities:

Profit / (loss) for Year:	115,530	48,924
Non cash flows recored in ordinary activities		
Amortisation	12,003	13,864
Depreciation	11,368	13,124

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 15. Cash flow information (continued)		
Net cash provided / (used) in operating activities before changes in assets and liabilities during the year		
(Increase) / decrease in receivables	(8,907)	(1,277)
(Increase)/ Decrease in future tax benefit	17,445	22,466
Increase / (decrease) in payables	15,770	14,583
Increase / (decrease) in provisions	9,129	8,064
Net cash used in operating activities	172,338	119,748

Note 16. Earnings per share

(a) Profit / (Loss) attributable to ordinary equity holders	115,530	48,924
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	626,650	626,650

Note 17. Dividends

Dividends paid for the year were at 5c per share (2016 -5c per share)

Note 18. Financial instruments

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 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 Bank Limited mitigates this risk significantly.

Notes to the financial statements (continued)

Note 18. Financial instruments (continued)

Financial risk management (continued)

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo 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 Bank Limited mitigates this risk significantly.

Financial	Fixed interest rate maturing in											
	Floating		1 year or less		Over 1 to 5 years		Over 5 years		Non interest bearing		Weighted average Effective Interest rate	
	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 %	2016 %
Financial assets												
Cash assets	603	1,643	-	-	-	-	-	-	-	-	-	0.05
Receivables	-	-	-	-	-	-	-	-	65,718	56,811	N/A	N/A
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	50,305	34,536	N/A	N/A
Borrowings	3,693	86,282	-	161,100	-	-	-	-	54,456	-	4.3	4.3

Note 19. Related party transactions

There were no related party transactions between the company and Directors during the year.

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

Colin James Nagle	Julie Maree Giddings
Lachlan Ian McKenzie	Daniel Murray Martin
Anthony Owen A'Beckett	Malcolm Anthony Marshall
Bruce Bertram Alleyn	Martin Joseph Sullivan
Malcolm Paul Barclay	Dannye Martin Brennan
Jon Burgun	Lloyd Mildren

Note 20. Company details

The registered office of the company is:

Tumbarumba Financial Services Limited
27 The Parade,
Tumbarumba NSW 2653

Notes to the financial statements (continued)

Note 21. Events occurring after the balance date

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

Note 22. Contingent liabilities

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

Note 23. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank**[®] services pursuant to a franchise agreement with Bendigo Bank Limited. The economic entity operates in one geographic area being Tumbarumba and surrounding districts of New South Wales.

Directors' declaration

The Directors of the company declare that:

1. The financial statements and notes, are in accordance with the Corporations Act 2001:
 - a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - b) give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the company and economic entity;
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Colin Nagle
Director

Dated at Wagga Wagga this 15 September 2017

Independent audit report



■ PARTNERS:	
P.J. King	CA
A.P. Powell	CA
J.K. Maxwell	CPA
Affiliate CAANZ	
D.R. Uden	CA
R.K. Nicoll	CA

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

TUMBARUMBA FINANCIAL SERVICES LIMITED

Opinion

We have audited the accompanying financial report of Tumbarumba Financial Services Limited, which comprises the statement of financial position as at 30 June 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

In our opinion, the financial report of Tumbarumba Financial Services 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 their performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Regime 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* section of our report. We are independent of the Company in accordance with 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 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

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, 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.

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Directors' Responsibility for the Financial Report


The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls 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 to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

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 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 the 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.


JOHN L BUSH & CAMPBELL
Chartered Accountants


Peter King
Partner

Wagga Wagga
15 September 2017

Tumbarumba **Community Bank**[®] Branch
27 The Parade, Tumbarumba NSW 2653
Phone: (02) 6948 3399 Fax: (02) 6948 3722

Franchisee: Tumbarumba Financial Services Limited
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