

Annual Report 2016

Wandin Seville Financial
Services Limited

ABN 33 098 648 296

Wandin Seville **Community Bank**[®] Branch
Seville branch

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Chairman's report

For year ending 30 June 2016

Over the past 18 months the Board of Directors of Wandin Seville Financial Services Limited, have made business decisions to help build our Funds under Management (FUM).

We took the initiative and decided to consolidate the business and trade from Wandin Seville **Community Bank**[®] Branch once again.

In May 2002, Wandin Seville Financial Services Limited opened Wandin Seville **Community Bank**[®] Branch. In January 2010, the company opened Seville Sub Branch to expand its operations, with the view to becoming a fully services branch.

However, considering the location of the Seville branch, situated less than 3km away from the Wandin Seville **Community Bank**[®] Branch, and consequently that customer numbers are below anticipated levels for Seville branch, the decision has been made to consolidate operations.

We realise that the sub branch structure of the Seville branch is not for every community and the responsible decision to consolidate considers the interests of all stake holders, including our customers, and the future sustainability of the Wandin and Seville communities.

From 1 September 2016, all your face-to-face banking can be completed at Wandin Seville **Community Bank**[®] Branch, located at 3/10 Union Road, Wandin North, while the Bendigo Bank ATM located in Seville at 638A Warburton Highway will continue to provide convenient access to cash.

This is a positive step to strengthening prosperous communities, building on the valued partnerships, established in the company's 14 years in business. Our commitment to supporting customers and the local community remains unchanged.

We take this opportunity to thank you, our customer, and the financial support of local shareholders who invested in our company Wandin Seville Financial Services Limited. Trust the Board of Directors and consider us to be leaders in our community.

The majority of our shareholders are local people who invested in our **Community Bank**[®] company, because they wanted a bank branch in their community and/or they understood the benefits of a **Community Bank**[®] model would bring to the community, taking into consideration the closure of the CBA in Wandin back in the year 2000.

Unfortunately during this process we are losing two of our long-standing staff members, Joanne Heyward and Carolyn Keitley who have been with Wandin Seville Financial Services Limited since inception of the Wandin **Community Bank**[®] Branch opening back in 2002.

Our Board of Directors sincerely thank them for their loyalty, support and commitment over these years.

We wish them both well for their future endeavours.

The closure of Seville branch has had a considerable amount of discussion over the Boardroom table to ensure that there would be little impact on our customers, shareholders, staff and the community. As a Director our duties are a central part of corporate law and corporate governance. Under the Corporations ACT 2001 and under general law the fiduciary and statutory duties of a Director are to act in good faith and in the best interest of the company and act with due diligence.

Our Board will continue to have robust discussions with our partner (BEN) to ensure the best outcome for all. As Chair of the Board I have a strong and positive relationship with BEN and plans to work with them to help grow the business.

For some time now banking attitudes have changed. Internet banking has a lot to do with the drop in foot traffic in branches right across Australia. Internet banking has proven to be a more easier and quick way for customers to do their banking. With this happening means less staff are required.

Chairman's report (continued)

The **Community Bank**[®] network across Australia boasts the following:

- **Community Bank**[®] branches 314 branches
- Contributions to local groups, clubs and projects \$148 million
- Banking business \$30.2 billion
- Local community shareholders 74,393
- Dividends paid to community shareholders \$42.7 million
- **Community Bank**[®] branch staff employed 1,523
- **Community Bank**[®] company Directors 1,941
- **Community Bank**[®] branch accounts 1.09 million and
- **Community Bank**[®] branch customers 714,298

We have again for the end of the 2015/16 financial year paid a 5c per share fully franked dividend to our shareholders. (\$26,416).

The banking and the finance sectors are more competitive than it has even been before with tightening margins on products and aggressive marketing within the national banking sector. Can we ask the question? Are you a customer? If not, why not? It's the banking business which is critical to the community success of the branch. With everyone's banking business there's more to contribute back into community projects etc. and ongoing dividend payments to shareholders.

Are you a member of a club? Can we organise our Manager/staff to come and talk to members about becoming a customer? Does your club bank with our **Community Bank**[®] branch? Are you in a position to introduce our Branch Manager to your club's Board / Executive Committee? Allow us to set appointments for our Manager and staff / Directors to explain why banking with us is important when asking for sponsorships, how your group or organisation can benefit when banking with us.

I take this opportunity to thank my team of fellow Directors who play an integral part of the Board of Directors for the Wandin Seville Financial Services Limited, without their support, it would make my position very difficult. Thank you one and all and to those who will retire in November 2016, I wish you well in the future.

I look forward to seeing as many shareholders / sponsorship groups and organisations at our Annual General Meeting on 28 November 2016.



Janet Ockwell
Chairman

Manager's report

For year ending 30 June 2016

The Wandin Seville **Community Bank**[®] Branch has now completed its 14th financial year-end, along with our Seville branch completing its sixth year.

As at 30 June 2016 we held over 3,340 customers with combined footings totalling around \$134 million in both lending and deposit holdings. This represented a net growth rate of 13.3% during this financial period.

To build on this solid foundation, we are, by no means, under any illusion as to how challenging our continued growth performance will be, given the subdued economic climate and stiff competition from our banking competitors.

As **Community Bank**[®] company shareholders and customers, you are a part of something special, a unique banking movement which has evolved into a whole new way of thinking in relation to the way we support, invest and strengthen our local community. We are a bank with a difference and in the end, that's the very essence of why we're here, great service, competitive products and a passion for our community.

As a **Community Bank**[®] branch, our mantra of supporting our local community continues in earnest with numerous clubs, schools and organisations receiving funding approaching \$850,000 approximately, over the past 14 years. It's exciting to think how much more could be done if everybody within the Wandin Seville community did all their banking with us.

As always, I would like to sincerely thank my amazing staff for their continued support and focus on providing superior customer service, ensuring our point of difference is evident in every interaction. I would also like to note the support we receive from our State Support Office who continue working with us year after year.

Finally I would like to thank the Board of Directors for their continued support and on behalf of the branch team and myself, thank you to all those who continue to support their community. By banking with us you are empowering what we do in our local community.



Jackie Butler
Senior Manager

Directors' report

For the financial year ended 30 June 2016

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

Directors

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

Janet Ockwell (Chairperson)

Director

Occupation: Retired

Graeme Johnson

Director

Occupation: Waste Management Consultant

Garry Byrne

Director

Occupation: Primary Producer

Kim Parry (JP)

Director

Occupation: Real Estate Agent

Raymond Barrett

Director

Occupation: Company Director

Graeme Prime

Director

Occupation: Retired

Tasman Sculthorpe

Director

Occupation: Insurance Consultant

Robert McDougall

Director

Occupation: Retired

Gavan McIntyre

Director

Occupation: Retired Builder

Carolyn Burgi

Director

Resigned 12 October 2015

Bradley Colling

Director

Occupation: Social Worker

Resigned 27 June 2016

Kevin Parker

Director

Occupation: Retired

Resigned 1 December 2015

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

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

Principal activities

The principal activities of the company during the course of the financial year were in providing **Community Bank**[®] services under management rights to operate franchised branches of Bendigo Bank Limited.

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

Operating results

The profit of the company for the financial year after provision for income tax was \$107,231 (2015: \$103,893).

The net assets of the company have increased to \$1,284,004 (2015 \$1,203,188).

Dividends

Dividends paid since the start of the financial year as follows:-

- a) A fully franked dividend of 5c per share (\$26,416) was paid during the year.

Directors' report (continued)

Significant changes in the state of affairs

In the opinion of the Directors there have been 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.

Significant events after the balance date

The sub branch at Seville is closing as at 31 August 2016 and operations will be merged with the Wandin Branch. There are no other 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 providing banking services to the community.

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 of which a Director is a member or an entity in which a Director has a substantial financial interest, other than disclosed below. 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.

Accounting and Taxation services

Accounting and taxation services are provided by the Field Group - Accounting.

Indemnification and insurance of Directors and Officers

The company has indemnified all Directors and the Managers in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as Directors or Managers 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 held during the year was 12.

Number of meetings attended by Directors:

Brad Colling	7	Janet Ockwell	12
Carolyn Burgi	3	Kevin Parker	4
Garry Byrne	9	Kim Parry (JP)	10
Gavan McIntyre	8	Raymond Barret	10
Graeme Johnson	11	Robert McDougall	9
Graeme Prime	12	Tasman Sculthorpe	8

Directors' report (continued)

Corporate governance

The company has implemented various corporate governance practices which include:

- (a) Director approval of operating budgets and monitoring of progress against these budgets;
- (b) Ongoing Director training; and
- (c) Monthly Director meetings to discuss performance and strategic plans.



**Jan Ockwell,
Chairperson**



**Tasman Sculthorpe,
Director**

Date: 31 August 2016

Auditor's independence declaration

Factels Accountants & Business Advisors



WANDIN SEVILLE FINANCIAL SERVICES LTD Auditor's Independence Declaration Under Section 307C of The Corporations Act 2001

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

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

A handwritten signature in black ink, appearing to read "Rm", written over a large, light-colored scribble or stamp.

Ryan Mizael

Date: 31st August 2016

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Financial statements

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

	Notes	2016 \$	2015 \$
Revenues from ordinary activities	2	1,141,418	1,118,641
Employee benefits expense	3	(600,728)	(556,893)
Charitable donations and sponsorship		(50,522)	(59,374)
Depreciation and amortisation expense	3	(27,002)	(26,635)
Finance costs	3	(163)	(169)
Other expenses from ordinary activities		(309,236)	(326,631)
Profit before income tax expense		153,767	148,939
Income tax expense	4	(46,536)	(45,046)
Profit after income tax expense		107,231	103,893
Other comprehensive income:			
Total comprehensive income attributable to members		107,231	103,893
Earnings per share (cents per share)			
- basic/ diluted earnings per share	21	0.20	0.20
- dividends paid per share		0.05	0.05

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Financial Position as at 30 June 2016

	Notes	2016 \$	2015 \$
Current assets			
Cash and cash equivalents	6	713,683	581,165
Trade and other receivables	7	105,189	110,090
Other	8	20,684	9,373
Total current assets		839,556	700,628
Non-current assets			
Property, plant and equipment	9	587,234	598,556
Deferred income tax asset	4	34,385	33,766
Intangible assets	10	9,096	19,096
Total non-current assets		630,715	651,418
Total assets		1,470,271	1,352,046
Current liabilities			
Trade and other payables	11	83,912	80,396
Borrowings	12	3,341	3,178
Tax payable	4	-	-
Short-Term provisions	13	66,532	29,880
Total current liabilities		153,785	113,454
Non-current liabilities			
Borrowings		-	-
Long-term provisions	13	32,482	35,404
Total non-current Liabilities		32,482	35,404
Total liabilities		186,267	148,858
Net assets		1,284,004	1,203,188
Equity			
Share capital	14	528,311	528,311
Retained earnings	15	755,693	674,877
Total equity		1,284,004	1,203,188

The accompanying notes form part of these financial statements.

Financial statements (continued)

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

	Notes	2016 \$	2015 \$
Share Capital			
Balance at start of year		528,311	528,311
Issue of share capital		-	-
Share issue costs		-	-
Balance at end of year		528,311	528,311
Retained Earnings			
Balance at start of year		674,877	597,399
Total comprehensive income		107,231	103,893
Dividends paid	20	(26,415)	(26,415)
Balance at end of year		755,693	674,877

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
Cash flows from operating activities			
Cash receipts in the course of operations		1,131,739	1,103,884
Cash payments in the course of operations		(953,150)	(935,034)
Interest received		14,579	9,285
Interest Paid		(169)	(169)
Income tax paid		(28,555)	(50,501)
Net cash flows from operating activities		164,444	127,465
Cash flows from investing activities			
Payments for property, plant and equipment		(5,680)	(6,506)
Payment for other assets		-	-
Net cash flows used in investing activities		(5,680)	(6,506)
Cash flows from financing activities			
Proceeds from Borrowings		169	163
Repayment of borrowings		-	-
Dividend paid		(26,415)	(26,415)
Net cash flows used in financing activities		(26,246)	(26,252)
Net increase in cash held		132,518	94,707
Cash at beginning of financial year		581,165	486,458
Cash at the end of financial year		713,683	581,165

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2016 (continued)

	Notes	2016 \$	2015 \$
(a) Reconciliation of cash			
Cash and cash equivalents		713,683	581,165
		713,683	581,165
(b) Reconciliation of profit after tax to net cash provided from/(used in) operating activities			
Profit after income tax		107,231	103,893
Add (Less) non-cash flows in profit from ordinary activities:			
- Depreciation & amortisation		27,002	26,635
Add (Less): changes in assets & liabilities			
- (Increase) decrease in receivables		4,901	(5,472)
- (Increase) decrease in other assets		(11,929)	(1,822)
- Increase (decrease) in payables		22,109	14,053
- Increase (decrease) in provisions		15,130	1,931
- Increase (decrease) in other liabilities			(11,753)
Net cash flows from/(used in) operating activities		164,444	127,465

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2016

Note 1. Basis of preparation of the financial report

(a) Basis of preparation

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

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

Economic dependency

The company has entered a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Bank branches at Wandin & Seville.

The branches operate 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® branches on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the Community Bank® branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

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

(b) Income tax

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

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

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

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Notes to the financial statements (continued)

Note 1. Basis of preparation of the financial report (continued)

(b) Income tax (continued)

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

(c) Fair Value of assets and liabilities

The company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable accounting standard.

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

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

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

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

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(d) Property, plant and equipment

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

Property

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

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

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

Notes to the financial statements (continued)

Note 1. Basis of preparation of the financial report (continued)

(d) Property, plant and equipment (continued)

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present for details of impairment).

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

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

The cost of fixed assets constructed within the company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of asset	Depreciation rate
Buildings	2.5%
Plant & Equipment	10-20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

(e) Goods and services tax

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

Notes to the financial statements (continued)

Note 1. Basis of preparation of the financial report (continued)

(e) Goods and services tax (continued)

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

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

(f) Employee benefits

Short-term employee benefits

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

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The company's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees.

Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

(g) Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. Leasehold improvements at Seville Branch have been amortised over the lease term.

(h) Cash and cash equivalents

For the purposes of the cash flow statement, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash on hand and in banks are stated at nominal value.

Notes to the financial statements (continued)

Note 1. Basis of preparation of the financial report (continued)

(i) Revenue

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

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest method. Dividend revenue is recognised when the right to receive a dividend has been established. All revenue is stated net of the amounts of goods and services tax.

(j) Receivables and payables

Receivables and payables are non-interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. 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.

(k) Interest bearing liabilities

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

(l) Provisions

Provisions are recognised that 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 dividend is not recognised as a liability unless the dividends are declared determined or publicly recommended on or before the reporting date.

(m) Contributed capital

Issued and paid up capital is 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.

(n) Comparative Figures

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

Where the company retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(o) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Notes to the financial statements (continued)

Note 1. Basis of preparation of the financial report (continued)

(o) Critical accounting estimates and judgements (continued)

Key Estimates

(i) Impairment - General

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

	2016 \$	2015 \$
Note 2. Revenue from ordinary activities		
Operating activities		
- services commissions	1,118,833	1,094,589
- other revenue	1,021	4,403
Total revenue from operating activities	1,119,854	1,098,992
Non-operating activities:		
- interest received	14,579	13,756
- other revenue	6,985	5,893
Total revenue from non-operating activities	21,564	19,649
Total revenue from ordinary activities	1,141,418	1,118,641

Note 3. Expenses

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

Employee benefits expense		
- wages and salaries	488,821	474,043
- superannuation costs	48,107	45,379
- payroll tax	2,258	116
- annual leave and long service leave	59,557	35,964
- workers' compensation costs	1,985	1,391
	600,728	556,893
Depreciation of non-current assets:		
- plant and equipment	8,496	8,129
- buildings	8,506	8,506
- leasehold improvements	-	-

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 3. Expenses (continued)		
Amortisation of non-current assets:		
- intangibles	10,000	10,000
	27,002	26,635
Finance Costs:		
- interest paid	163	169
- borrowing cost	-	-
	163	169

Note 4. Income tax expense

The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:

Prima facie tax on profit before income tax at 30%	46,130	44,682
Add tax effect of:		
- non-deductible expenses	406	364
- prior year underprovision/(overprovision) for tax	-	-
- Deferred tax asset not previously brought to account	-	-
Current income tax expense	46,536	45,046

The components of tax expense comprise:

Current tax	45,871	38,911
Deferred tax	619	6,135
	46,490	45,046

Tax payable

Current tax payable	18,600	-
	18,600	-

Deferred income tax asset

Future income tax benefits arising from deductible temporary differences are recognised to the extent that profits will be available against which such differences can be utilised.

	34,385	33,766
	34,385	33,766

Notes to the financial statements (continued)

	2016 \$	2015 \$
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Note 5. Auditor's remuneration

Amounts received or due and receivable by Ryan Mizael (Factels Pty Ltd) for:

- Audit or review of the financial report of the company	4,250	3,250
	4,250	3,250

Note 6. Cash and cash equivalent

Cash at bank and on hand	713,683	581,165
	713,683	581,165

Note 7. Trade and other receivables

Trade debtors	103,700	99,530
Other receivables	1,489	10,560
	105,189	110,090

Note 8. Other

Prepayments	20,684	9,373
	20,684	9,373

Note 9. Property, plant and equipment

Buildings

At cost	779,843	779,843
Less: accumulated depreciation	(226,241)	(217,735)
	553,602	562,108

Plant and equipment

At cost	250,241	244,561
Less: accumulated depreciation	(216,609)	(208,113)
	33,632	36,448

Total written down amount	587,234	598,556
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Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 9. Property, plant and equipment (continued)		
Movements in carrying amounts		
Building		
Carrying amount at beginning of year	562,108	570,614
Additions	-	-
Disposals	-	-
Depreciation expense	(8,506)	(8,506)
Carrying amount at end of year	553,602	562,108
Plant and equipment		
Carrying amount at beginning of year	36,448	38,071
Additions	5,680	6,506
Disposals / adjustments	-	-
Depreciation expense	(8,496)	(8,129)
Carrying amount at end of year	33,632	36,448

Note 10. Intangible assets

Franchise establishment fee at cost - Seville	20,000	20,000
Less accumulated amortisation	(20,000)	(20,000)
	-	-
Training fees at cost - Seville	10,000	10,000
Less accumulated amortisation	(10,000)	(10,000)
	-	-
Franchise fee-at cost - Wandin	70,000	70,000
Less accumulated amortisation	(68,181)	(66,181)
	1,819	3,819
Preliminary expenses	46,370	46,370
Less accumulated amortisation	(46,370)	(46,370)
	-	-
Renewal cost recovery fee - at cost	80,000	80,000
Less accumulated amortisation	(72,723)	(64,723)
	7,277	15,277
	9,096	19,096

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 11. Trade and other payables		
Trade creditors	1,830	18,166
Other creditors and accruals	82,082	62,230
	83,912	80,396

Note 12. Borrowings

Current:

Bank Loan - secured	3,341	3,178
	3,341	3,178

Non-current:

Bank Loan - secured	-	-
	-	-

Note 13. Provisions

Current:

Provision for tax	18,600	-
Employee benefits	47,932	29,880
	66,532	29,880

Non-Current

Employee benefits	32,482	35,404
	32,482	35,404
Number of employees at year end	12	12

Note 14. Share capital

528,311 Ordinary Shares fully paid of \$1 each	528,311	528,311
	528,311	528,311

Note 15. Retained earnings

Balance at the beginning of the financial year	674,877	597,399
Profit after income tax	107,231	103,893
Dividends paid	(26,415)	(26,415)
Balance at the end of the financial year	755,693	674,877

Notes to the financial statements (continued)

Note 16. Director and related party disclosures

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

Janet Ockwell (Chairperson)	Garry Byrne
Kevin Parker	Robert McDougall
Kim Parry (JP)	Gavan McIntyre
Tasman Sculthorpe	Raymond Barrett
Carolyn Burgi	Bradley Colling
Graeme Johnson	Graeme Prime

No Director or related entity has entered into a material contract with the company.

	2016 \$	2015 \$
Remuneration received by Directors and associates:-		
Jan Ockwell	33,681	33,611
	33,681	33,611

Directors' shareholdings

Jan Ockwell	1	1,001
Tasman Sculthorpe	3,000	3,000
Graeme Johnson	500	500
Kim Parry (JP)	1,501	1,501
Garry Byrne	5,000	5,000
Gavan McIntyre	2,000	2,000

Each share held has a paid up value of \$1 and is fully paid.

Note 17. Subsequent events

The Seville sub branch will close on 31 August 2016 and will subsequently merge with the Wandin branch.

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

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 18. Capital and leasing commitments		
Operating lease commitments		
Non-cancellable operating leases contracted for but not recognised in the financial statements		
Payable — minimum lease payments		
not later than 12 months	28,956	28,956
between 12 months and 5 years	12,065	41,021
later than 5 years		
	41,021	69,977

Note 19. Contingent liabilities

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

Note 20. Segment reporting

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in regional areas of Eastern Victoria.

Note 21. Corporate information

Wandin Seville Financial Services Ltd is a company limited by shares incorporated in Australia.

The registered office and principal place of business is:

Registered Office:

Suite 10, 1 Eastridge Drive
Chirside Park VIC 3116

Security Register:

AFS & Associates
61-65 Bull Street
Bendigo VIC 3550

Principal places of Business:

Shop 13
2 Union Road
Wandin North VIC 3139

IGA
638A Warburton Hwy
Seville VIC 3139

Auditor:

Factels Pty Ltd
70 Yarra Street
Heidelberg VIC 3084

Company Secretary:

Mr Anthony Milner

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 22. Dividends paid or provided for on ordinary shares		
Franked dividends Paid - 5 cents per share (2015: 5 cents per share)	26,416	26,416
The tax rate at which dividends have been franked is 30% (2015: 30%).		
Dividends proposed and not recognised as a liability		
Franked dividends - 5 cents per share from 2016 profits	26,416	

Dividends proposed will be franked at a rate of 30%, payable December 2016

Note 23. Earnings per share

Basic earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Profit after income tax expense	107,231	103,893
Weighted average number of ordinary shares for basic and diluted earnings per share earnings per share	528,311	528,311
Earnings per share	0.20	0.20

Note 24. Financial risk management

Net fair values

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

Notes to the financial statements (continued)

Note 24. Financial risk management (continued)

Maturity analysis

			Within one year		1 to 5 years		Non interest bearing		Non interest bearing		Weighted average effective interest rate	
	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$	2016 %	2015 %
Cash and cash equivalent	93,203	80,370	620,252	500,701	-	-	-	-	-	-	2.30	2.51
Trade and other receivables	-	-	-	-	-	-	-	-	105,189	105,619		
Total financial assets	93,203	80,370	620,252	500,701	-	-	-	-	105,189	105,619		
Trade and other payables	-	-	-	-	-	-	-	-	83,912	80,396		
Borrowings	3,341	3,178	-	-	-	-	-	-	-	-	5.15	5.30
Total financial liabilities	3,341	3,178	-	-	-	-	-	-	83,912	80,396		

The company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

This note presents information about the company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

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

(a) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the company it arises from receivables and cash assets.

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. The company's maximum exposure to credit risk at reporting date was:

	2016 \$	2015 \$
Cash and cash equivalents	713,683	581,165
Trade and other receivables	105,189	110,090
	818,872	691,255

The company's exposure to credit risk is limited to Australia by geographic area. Significant part of this balance is due from Bendigo Bank Ltd.

Notes to the financial statements (continued)

Note 24. Financial risk management (continued)

(a) Credit risk (continued)

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

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

(b) Liquidity risk

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

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

The following are the estimated contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount \$	Contractual cash flows \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$
30 June 2016					
Trade and other payables	83,912	-	83,912	-	-
Borrowings	3,341	-	3,341	-	-
	87,253	-	87,253	-	-
30 June 2015					
Trade and other payables	80,396	-	80,396	-	-
Borrowings	3,178	-	3,178	-	-
	83,574	-	83,574	-	-

(c) Market risk

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

Interest rate risk

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company reviews the exposure to interest rate risk as part of the regular Board meetings.

Sensitivity analysis

At the reporting date the interest rate profile of the company's interest bearing financial instruments was:

Notes to the financial statements (continued)

Note 24. Financial risk management (continued)

(c) Market risk (continued)

	2016 \$	2015 \$
Fixed rate instruments		
Financial assets (fixed rate)	614,599	495,192
Financial liabilities (fixed rate)	-	-
Financial liabilities (floating rate)	(3,341)	(3,178)
	611,258	492,014

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

(d) 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 year end.

(e) 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.

(i) 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; and

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2016 can be seen in the Income Statement. There were no changes in the company's approach during the year.

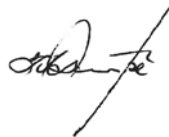
Directors' declaration

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

- 1) the financial statements and notes, as set out on pages 9 to 29, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - (b) give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the company;
- 2) in the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- 3) the Directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.



Jan Ockwell,
Chairperson



Tasman Sculthorpe,
Director

Date: 31 August 2016

Independent audit report

Factels Accountants & Business Advisors



Independent Audit Report To the Members of Wandin Seville Financial Services Limited

Scope

The financial report comprises the Director's Report, Directors Declaration, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and accompanying notes to the financial statements of Wandin Seville Financial Services Limited, for the year ended 30th June 2016.

The directors of company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatements. The nature of the audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of the internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of the procedures, which include:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

Factels Pty Ltd
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Factels Accountants & Business Advisors



While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we have followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit Opinion

In our opinion, the financial report of Wandin Seville Financial Services Limited is in accordance with:

(a) the Corporations Act 2001, including:

- giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- complying with Accounting Standards in Australia and the Corporation Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

A handwritten signature in black ink, appearing to read "Rm", written over a large, faint, circular watermark or stamp.

Ryan Mizael

Date: 31st August 2016

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Shop 1, Lot 10 Union Road, Wandin North VIC 3139
Phone: (03) 5964 2356

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