

**WANDIN SEVILLE
FINANCIAL SERVICES LTD
ABN 33 098 648 296**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2018**

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CHAIRMAN'S ANNUAL REPORT 2018

Over the last few years the Board of Directors of Wandin Seville Financial Services Limited needed to make productive decisions to help strengthen the business, this year has been a year of consolidation.

As reported last year, a new Franchise Agreement and funding model commenced 1st July 2017, and this has provided a good base to look forward and be confident that we are in a good financial position to support the community and our stakeholders.

Whilst the visibility and attitude of Banking continues to change quite rapidly with Internet banking, the use of credit and debit cards increasing, and the use of cash on the decline, these factors present the whole Banking sector with both challenges and opportunities.

We continue to review the way we operate and will continue to modify our approach as, and when the business needs require any modification.

This year we have changed our approach to enable the Branch Manager to be more mobile with the rights tools to bring key elements closer to our customers.

With the face of Banking changing, we recognised the need to “refresh” the Branch to provide a better environment for our customers and staff. It is imperative that the level of security to protect our staff and investment is maintained at the appropriate level.

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 interest of the company and act within due diligence.

The Board and I as Chair, continue to have a strong and productive relationship with our partner Bendigo and Adelaide Bank Limited (BEN) and work closely to help grow the business.

As previously mentioned a component of the Franchise Agreement is a new funding model which has a potential to influence our revenue stream. The indications from Bendigo and Adelaide Bank Limited last year indicate that there should be a slight improvement in revenue. After the first year of operation we haven't observed any negative impact.

Initiatives undertaken by our Board of Directors which have reduced costs, the extra business achieved by the Branch and the new funding model have delivered an after the provision for income tax, a profit of \$241,867, a significant increase on the 2017 profit of \$189,261.

For the 2017/2018 financial year paid a 10c per share fully franked dividend will be provided to our shareholders.

It should be noted that the Company Tax rate is reducing from 30 cents to 27.5 cents from 1st July 2018. The flow on is that the franking credits on Dividends paid will also reduce in line with the reduction in the company tax rate.

The Board continues to closely monitor the revenue and all expenditure continues to be thoroughly scrutinised. However, we will not compromise our commitment to support local organisations who do so much for our community. Wandin Seville Financial Services Limited has this year committed over \$220,000 to our community, and since our Community Bank branch has been operating, this total is more than \$1,200,000

During the next 12 month we will be sponsoring a “Community forum” to seek opportunities to further support the Seville and Wandin Communities. All groups within the area will be invited to attend to ensure a balanced view of the community’s needs are tabled.

The banking and the finance sectors are more competitive than it has been before, with tightened margin on products and aggressive marketing within the national sector. The Royal Commission has introduced another factor into the already complex market place. The Board, through our Banking staff continue to work closely with our Partner (BEN) to generate productive revenue. You, as a shareholder can assist by promoting the values and benefits of the Community Banking Model and the benefits to the community from supporting our Community Bank branch. If you are not already a customer, please consider your options and organise a confidential appointment with our Branch Manager.

I take this opportunity to thanks my fellow directors who play an integral part of the Board of Directors for the Wandin Seville Financial Services limited, and ALL of our staff, without their support, it would make my position very difficult.

The Board reluctantly accepted the resignation of our Executive Officer, Rebecca Osiurak. Rebecca’s departure has been brought about by totally unselfish circumstances and she will be sadly missed. Rebecca has been a valuable member of the team over the last four years.

I look forward to seeing all shareholders and interested stakeholders at our Annual General Meeting on 26th November 2018.

A handwritten signature in dark ink, appearing to read "R. J. Barrett". The signature is fluid and cursive, with a long horizontal stroke at the end.

Ray Barrett

Chairman

Annual Report 2017/2018:

Wandin Seville Community Bank Branch has now completed it's sixteenth Financial Year– which is a major milestone that the Board, Staff and local Community should be very proud of.

As of 30th June 2018, Wandin Seville Community Bank Branch held combined footings of \$149.1 million which included \$85.4 million in deposit funds and \$56.3 million in lending. This equates to a 7.8% increase in growth over the last financial year. Compared to the previous 12-month period, we have approved \$6 million more in loans and have assisted many of our customers to meet their financial goals.

These are very pleasing results considering the ever-present competitive marketplace in which we find ourselves along with continued low rates of interest, high levels of debt reduction and increased regulatory change.

Insurance was a highlight again this year as we exceeded goals set – ensuring our customers and their assets are well protected with quality insurance products.

We will continue to remain focused to ensure that we are building our business by providing continued superior customer service, competitive products/services, managing costs and ensuring that the customer is at the forefront of everything we do.

Of course, the results attained this year could not have been possible without the dedication of my staff who continue to provide personalised professional service to our many customers, engage and support our local community and are the backbone of this business. I would like to personally acknowledge and thank Carolyn, Liz, Melanie, Rachel, Fiona and James for their dedication and especially the support they provide to me.

This year has once again seen changes in our staffing structure - Fiona resigned her casual position due to personal reasons and I would like to thank Fiona for her all too brief but dedicated tenure with us. In saying that we now welcome a most capable staff member in Rachel, who has stepped in to the role vacated by Fiona and I officially acknowledge and welcome her to the team.

I would also like to sincerely acknowledge and thank the Board of Directors for their support over the previous year. The commitment and dedication to this business and indeed the local community is second to none and they should be very proud of the achievements attained this year.

Again, I would like to thank our shareholders and customers for their support in making this success possible. In a difficult economic environment our branch has demonstrated its resilience by adapting to market conditions and changing times.

Lastly, I would like to express my thanks to Marisa Dickins, Gabriella Butler and our Regional Team for their continued support.

Jackie Butler



Senior Manager

WANDIN SEVILLE FINANCIAL SERVICES LTD

DIRECTORS' REPORT

The Directors submit their report of the Company for the financial year ended 30 June 2018.

Directors

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

Raymond Barrett Chairman
Director
Occupation : Company Director

Graeme Prime
Director
Occupation: Retired

Kim Parry (JP)
Director
Occupation: Real Estate Agent

Robert McDougall
Director
Occupation: Retired

Gavan McIntyre
Director
Occupation : Retired

James Brown
Director
Occupation: Retired

Susan Harmsworth
Director
Occupation: Retired

Jayantilal Naran
Director
Occupation : Small Business Owner

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 \$241,867 (2017: \$189,261).

The net assets of the company have increased to \$1,662,301 (2017 \$1,446,850).

Dividends

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

- a) A fully franked dividend of 5c per share (\$26,415) was paid during the year.

WANDIN SEVILLE FINANCIAL SERVICES LTD

DIRECTORS' REPORT

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 company has entered into a new 5 years Franchise Agreement with Bendigo Bank Ltd. 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 paid premiums to insure directors under a Directors and Officers Insurance policy. The details of the indemnity insurance are as follows.

The company has entered into an insurance policy to indemnify each director, against any liability arising from a claim brought against the company and the directors by a third party for the supply of substandard services or advice. The agreement provides for the insurer to pay all damages and costs which may be brought against the directors.

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 11

Number of meetings attended by Directors:

Jim Brown	10
Jay Naran	10
Gavan McIntyre	7
Graeme Prime	11
Janet Ockwell	1
Susan Harmsworth	11
Kim Parry (JP)	9
Raymond Barrett	10
Robert McDougall	10
Tasman Sculthorpe	2

WANDIN SEVILLE FINANCIAL SERVICES LTD DIRECTORS' REPORT

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.

Corporate governance

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

Proceedings on Behalf of the Board

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

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

Company Secretary

The following person held the position of company secretary at the end of the financial year:
Dannie McKinnon

No officer of the company/Group is or has been a partner/director of any auditor of the Group.

ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191

The company is an entity to which *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* applies and, accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars where stated.



Raymond Barrett, Chairperson



Graeme Prime, Director


Date:

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 2018 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', is written over a large, faint, light-grey circular watermark or background mark.

Ryan Mizael

Date: 27th September 2018

WANDIN SEVILLE FINANCIAL SERVICES LTD
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Revenues from ordinary activities	2	1,201,613	1,159,602
Employee benefits expense	3	(379,483)	(511,622)
Charitable donations and sponsorship		(221,714)	(37,667)
Depreciation and amortisation expense	3	(26,485)	(24,320)
Finance costs	3	(186)	(176)
Other expenses from ordinary activities		(248,386)	(314,270)
Profit before income tax expense		325,359	271,547
Income tax expense	4	(83,493)	(82,286)
Profit after income tax expense		241,866	189,261
Other comprehensive income:			
Total comprehensive income attributable to members		241,866	189,261
Earnings per share (cents per share)			
- basic/ diluted earnings per share	23	0.46	0.36
- dividends paid per share		0.05	0.05

The accompanying notes form part of these financial statements.

WANDIN SEVILLE FINANCIAL SERVICES LTD
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	2018 \$	2017 \$
Current assets			
Cash and cash equivalents	6	1,061,616	881,955
Trade and other receivables	7	107,315	108,657
Other	8	11,538	13,569
Total current assets		<u>1,180,469</u>	<u>1,004,181</u>
Non-current assets			
Property, plant and equipment	9	590,187	570,061
Deferred income tax asset	4	26,787	23,033
Intangible assets	10	52,606	0
Total non-current assets		<u>669,580</u>	<u>593,094</u>
Total assets		<u>1,850,049</u>	<u>1,597,275</u>
Current liabilities			
Trade and other payables	11	85,812	69,196
Borrowings	12	3,703	3,518
Tax payable	4	12,024	-
Short-Term provisions	13	55,742	55,524
Total current liabilities		<u>157,281</u>	<u>128,238</u>
Non-current liabilities			
Borrowings		-	-
Long-term provisions	13	30,467	22,187
Total non-current Liabilities		<u>30,467</u>	<u>22,187</u>
Total liabilities		<u>187,748</u>	<u>150,425</u>
Net assets		<u>1,662,301</u>	<u>1,446,850</u>
Equity			
Share capital	14	528,311	528,311
Retained earnings	15	1,133,990	918,539
Total equity		<u>1,662,301</u>	<u>1,446,850</u>

The accompanying notes form part of these financial statements.

WANDIN SEVILLE FINANCIAL SERVICES LTD
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Share Capital			
Balance at start of year		528,311	528,311
Issue of share capital		-	-
Share issue costs		-	-
Balance at end of year		<u>528,311</u>	<u>528,311</u>
Retained Earnings			
Balance at start of year		918,539	755,693
Total comprehensive income		241,866	189,261
Dividends paid	22	<u>(26,415)</u>	<u>(26,415)</u>
Balance at end of year		<u>1,133,990</u>	<u>918,539</u>

The accompanying notes form part of these financial statements.

WANDIN SEVILLE FINANCIAL SERVICES LTD
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
Cash flows from operating activities		
Cash receipts in the course of operations	1,185,385	1,141,943
Cash payments in the course of operations	(876,999)	(909,537)
Interest received	17,569	14,194
Interest Paid	(186)	(176)
Income tax paid	(85,577)	(54,673)
Net cash flows from operating activities	<u>240,192</u>	<u>191,751</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(34,302)	(877)
Proceed from sale of Property, plant and equipment	-	3,636
Net cash flows used in investing activities	<u>(34,302)</u>	<u>2,759</u>
Cash flows from financing activities		
Proceeds from Borrowings	186	177
Repayment of borrowings	-	-
Dividend paid	(26,415)	(26,415)
Net cash flows used in financing activities	<u>(26,229)</u>	<u>(26,238)</u>
Net increase in cash held	179,661	168,272
Cash at beginning of financial year	881,955	713,683
Cash at the end of financial year	<u>1,061,616</u>	<u>881,955</u>

The accompanying notes form part of these financial statements.

WANDIN SEVILLE FINANCIAL SERVICES LTD
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

(a) Reconciliation of cash	2018	2017
	\$	\$
Cash and cash equivalents	1,061,616	881,955
	<u>1,061,616</u>	<u>881,955</u>
(b) Reconciliation of profit after tax to net cash provided from/(used in) operating activities		
Profit after income tax	241,867	189,261
<i>Add (Less) non-cash flows in profit from ordinary activities:</i>		
Depreciation & amortisation	26,485	24,320
Gain on sale of assets	0	(810)
<i>Add (Less): changes in assets & liabilities</i>		
- (Increase) decrease in receivables	1,341	(3,468)
- (Increase) decrease in other assets	(54,615)	18,467
- Increase (decrease) in payables	16,614	5,284
- Increase (decrease) in provisions	8,500	(41,303)
- Increase (decrease) in other liabilities		
Net cash flows from/(used in) operating activities	<u>240,192</u>	<u>191,751</u>

WANDIN SEVILLE FINANCIAL SERVICES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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* and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar unless stated otherwise.

Economic dependency

The company has entered a franchise agreement with Bendigo & 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.

WANDIN SEVILLE FINANCIAL SERVICES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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.

WANDIN SEVILLE FINANCIAL SERVICES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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 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.

WANDIN SEVILLE FINANCIAL SERVICES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

(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).

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.

WANDIN SEVILLE FINANCIAL SERVICES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

(h) 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.

Revenue is deferred when management fees are received upfront but where associated services are yet to be performed.

(i) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(g) for further discussion on the determination of impairment losses.

(j) Interest bearing liabilities

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

(k) 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.

(l) 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.

(m) 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.

(n) 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.

WANDIN SEVILLE FINANCIAL SERVICES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

(o) Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(p) Cash and cash equivalents

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

(q) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

WANDIN SEVILLE FINANCIAL SERVICES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
2. Revenue from ordinary activities		
Operating activities		
- services commissions	1,170,745	1,131,834
- other revenue	1,401	1,301
Total revenue from operating activities	<u>1,172,146</u>	<u>1,133,135</u>
Non-operating activities:		
- interest received	17,569	14,194
- other revenue	11,898	12,273
Total revenue from non-operating activities	<u>29,467</u>	<u>26,467</u>
Total revenue from ordinary activities	<u>1,201,613</u>	<u>1,159,602</u>
3. Expenses		
Profit from ordinary activities before income tax expense has been determined after:		
Employee benefits expense		
- wages and salaries, leave	349,095	474,866
- superannuation costs	29,215	36,092
- payroll tax	-	-
- workers' compensation costs	1,173	664
	<u>379,483</u>	<u>511,622</u>
Depreciation of non-current assets:		
- plant and equipment	5,670	6,718
- buildings	8,506	8,506
- leasehold improvements	-	-
Amortisation of non-current assets:		
- intangibles	12,309	9,096
	<u>26,485</u>	<u>24,320</u>
Finance Costs:		
- interest paid	186	176
- borrowing cost	-	-
	<u>186</u>	<u>176</u>
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 27.5%	89,474	74,675
Add tax effect of:		
- non-deductible expenses	765	1,003
- prior year under provision/(over provision) for tax	(5,911)	-
- Deferred tax asset not previously brought to account	(835)	6,607
Current income tax expense	<u>83,493</u>	<u>82,285</u>

WANDIN SEVILLE FINANCIAL SERVICES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$	2017 \$
The components of tax expense comprise:		
Current tax	93,158	70,934
Over Provision from 2017	(5,911)	
Deferred tax	(3,754)	11,352
	<u>83,493</u>	<u>82,286</u>
Tax payable		
Current tax payable	<u>30,419</u>	<u>34,862</u>
	<u>30,419</u>	<u>34,862</u>
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.	26,787	23,033
	<u>26,787</u>	<u>23,033</u>
5. Auditor's remuneration		
Amounts received or due and receivable by Ryan Mizael (Adept Financial Auditing Pty Ltd) for:		
- Audit or review of the financial report of the Company	5,250	5,250
	<u>5,250</u>	<u>5,250</u>
6. Cash and cash equivalent		
Cash at bank and on hand	1,061,616	881,955
	<u>1,061,616</u>	<u>881,955</u>
7. Trade and other receivables		
Trade debtors	105,529	106,905
Other receivables	1,786	1,752
	<u>107,315</u>	<u>108,657</u>
8. Other		
Prepayments	11,538	13,569
	<u>11,538</u>	<u>13,569</u>
9. Property, plant and equipment		
<i>Buildings</i>		
At cost	779,843	779,843
Less: accumulated depreciation	(243,253)	(234,747)
	<u>536,590</u>	<u>545,096</u>
<i>Plant and equipment</i>		
At cost	277,701	243,399
Less: accumulated depreciation	(224,104)	(218,434)
	<u>53,597</u>	<u>24,965</u>
Total written down amount	<u>590,187</u>	<u>570,061</u>
Movements in carrying amounts		
Building		
Carrying amount at beginning of year	545,096	553,602
Additions	-	-
Disposals	-	-
Depreciation expense	(8,506)	(8,506)
Carrying amount at end of year	<u>536,590</u>	<u>545,096</u>

WANDIN SEVILLE FINANCIAL SERVICES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
Plant and equipment		
Carrying amount at beginning of year	24,965	33,632
Additions	34,302	877
Disposals / Adjustments	0	(2,826)
Depreciation expense	(5,670)	(6,718)
Carrying amount at end of year	<u>53,597</u>	<u>24,965</u>
10. Intangible assets		
Franchise Establishment Fee at cost - Seville	20,000	20,000
Less accumulated amortisation	<u>(20,000)</u>	<u>(20,000)</u>
	<u>-</u>	<u>-</u>
Training Fees at cost - Seville	10,000	10,000
Less accumulated amortisation	<u>(10,000)</u>	<u>(10,000)</u>
	<u>-</u>	<u>-</u>
Franchise Fee-at cost - Wandin	81,192	70,000
Less accumulated amortisation	<u>(72,418)</u>	<u>(70,000)</u>
	<u>8,774</u>	<u>0</u>
Preliminary Expenses	46,370	46,370
Less accumulated amortisation	<u>(46,370)</u>	<u>(46,370)</u>
	<u>-</u>	<u>-</u>
Renewal Cost Recovery Fee-at cost	135,961	80,000
Less accumulated amortisation	<u>(92,129)</u>	<u>(80,000)</u>
	<u>43,832</u>	<u>0</u>
	<u>52,606</u>	<u>0</u>
11. Trade and other payables		
Trade creditors	8,985	13,706
Other creditors and accruals	<u>76,827</u>	<u>55,490</u>
	<u>85,812</u>	<u>69,196</u>
12. Borrowings		
Current:		
Bank Loan - secured	<u>3,703</u>	<u>3,518</u>
	<u>3,703</u>	<u>3,518</u>
Non-current:		
Bank Loan - secured	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

WANDIN SEVILLE FINANCIAL SERVICES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$	2017 \$
13. Provisions		
Current:		
Provision for Tax	30,419	34,862
Provision for Sponsorships	10,000	10,000
Employee benefits	15,323	10,662
	<u>55,742</u>	<u>55,524</u>
Non-Current		
Employee benefits	30,467	22,187
	<u>30,467</u>	<u>22,187</u>
Number of employees at year end	8	7
14. Share capital		
528,311 Ordinary Shares fully paid of \$1 each	528,311	528,311
	<u>528,311</u>	<u>528,311</u>
15. Retained Earnings		
Balance at the beginning of the financial year	918,539	755,693
Profit after income tax	241,866	189,261
Dividends paid	(26,415)	(26,415)
Balance at the end of the financial year	<u>1,133,990</u>	<u>918,539</u>
16. Director and related party disclosures		
The names of Directors who have held office during the financial year are:		
Jayantilal Naran	Robert McDougall	
Kim Parry (JP)	Gavan McIntyre	
James Brown	Raymond Barrett	
Graeme Johnson	Graeme Prime	
Susan Harmsworth		
No Director or related entity has entered into a material contract with the Company.		
Remuneration received by directors and associates:-		
Raymond Barrett (Consulting Fees)	21,091	7,682
Jan Ockwell	-	21,274
	<u>21,091</u>	<u>28,956</u>

WANDIN SEVILLE FINANCIAL SERVICES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$	2017 \$
Directors shareholdings		
Jan Ockwell	1	1
Kim Parry (JP)	1,501	1,501
Gavan McIntyre	2,000	2,000
Graeme Prime	1,000	1,000
Tasman Sculthorpe	3,000	3,000
Susan Harmsworth	2,000	2,000
Jay Naran	1,000	1,000

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

17. Subsequent events

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

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

7,800

9,788

between 12 months and 5 years

-

-

later than 5 years

7,800

9,788

19. Contingent liabilities

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

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.

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
Chirnside 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

Auditor

Adept Financial Auditing Pty Ltd
70 Yarra Street
Heidelberg Vic 3084

WANDIN SEVILLE FINANCIAL SERVICES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
22. Dividends paid or provided for on ordinary shares		
Franked dividends Paid - 5 cents per share (2017: 5 cents per share).	26,415	26,415
The tax rate at which dividends have been franked is 27.5%		
Dividends proposed and not recognised as a liability.		
Franked dividends - 10 cents per share from 2018 profits.	52,830	26,415
Dividends proposed will be franked at a rate of 27.50%, payable December 2018.		
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	241,866	189,261
Weighted average number of ordinary shares for basic and diluted earnings per share earnings per share	528,311	528,311
Earnings per share	0.46	0.36

WANDIN SEVILLE FINANCIAL SERVICES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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.

Maturity analysis

Financial Instrument	Floating interest rate		Within one year		1 to 5 years		Non interest bearing		Non interest bearing		Weighted average effective interest rate	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash and cash equivalent	158,960	92,845	902,656	789,110	-	-	-	-	-	-	2.00%	2.00%
Trade and other receivables	-	-	-	-	-	-	-	-	107,315	108,656		
Total financial assets	158,960	92,845	902,656	789,110	-	-	-	-	107,315	108,656		
Trade and other payables	-	-	-	-	-	-	-	-	97,836	69,196		
Borrowings	3,704	3,518	-	-	-	-	-	-	-	-	5.00%	5.00%
Total financial liabilities	3,704	3,518	-	-	-	-	-	-	97,836	69,196		

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.

WANDIN SEVILLE FINANCIAL SERVICES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
(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:		
Cash and cash equivalents	1,061,616	881,955
Trade and other receivables	107,315	108,656
	<u>1,168,931</u>	<u>990,611</u>

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.

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 Ltd.

(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.

Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments whose carrying amounts approximate their fair values. Trade and other payables exclude amounts relating to the provision of annual leave and deferred revenue, which are outside the scope of AASB 139.

	Carrying amount	Contractual cash flows	1 year or less	Over 1 to 5 years	More than 5 years
	\$	\$	\$	\$	\$
30-Jun-18					
Trade and other payables	97,836	-	69,916	-	-
Borrowings	3,704	-	3,518	-	-
	<u>101,540</u>	<u>-</u>	<u>73,434</u>	<u>-</u>	<u>-</u>
30-Jun-17					
Trade and other payables	69,196	-	63,912	-	-
Borrowings	3,518	-	3,341	-	-
	<u>72,714</u>	<u>-</u>	<u>67,253</u>	<u>-</u>	<u>-</u>

WANDIN SEVILLE FINANCIAL SERVICES LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
(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:		
Fixed rate instruments		
Financial assets (fixed rate)	902,656	789,081
Financial liabilities (fixed rate)	-	-
Financial liabilities (floating rate)	(3,704)	(3,518)
	<u>898,952</u>	<u>785,563</u>

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 2018 can be seen in the Income Statement. There were no changes in the Company's approach during the year.

WANDIN SEVILLE FINANCIAL SERVICES LTD DECLARATION BY DIRECTORS

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 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 2018 and of the performance for the year ended on that date of the company;
- 2) in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- 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.

R. J. Barrett

Raymond Barrett, Chairperson

G. Prime

Graeme Prime, Director

Date: