

Annual Report 2016

Wantirna Community Financial
Services Limited

ABN 43 118 000 230

Wantirna **Community Bank**[®] Branch

Contents

Chairman's report	2
Manager's report	4
Directors' report	5
Auditor's independence declaration	12
Financial statements	13
Notes to the financial statements	17
Directors' declaration	37
Independent audit report	38

Chairman's report

For year ending 30 June 2016

On behalf of the Board, I have great pleasure in providing this report covering the financial year ended 30 June 2016.

Community involvement

This year we have contributed another \$27,922 to the community in the form of sponsorships, advertising and marketing. We have supported a number of trivia events, local sporting clubs and local community groups as part of our commitment to being a community-based bank.

Financial performance

Our operating loss before tax was \$45,228 compared to \$40,162 loss in the previous year. This again is a disappointing result to report.

This result again precludes the recommendation of payment of a dividend to our shareholders.

Our total business footings increased by 3.9% for the year to \$79.138 million.

We are currently operating in an economic environment with very low interest rates and margins within the banking industry. The competition from other banks is more competitive than it has ever been before, with tightening margins on products and aggressive marketing within the national banking sector. Borrowers are making the most of the low interest rates to repay debt quicker.

These conditions are not expected to change markedly in the immediate future making return to profitability difficult in that period.

Effective from 1 July 2016 Bendigo Bank has introduced a Funds Transfer Pricing rate to be applied to core banking products. This is explained more fully in note 1(b) to the financial statements. Although we can't say with certainty, initial indications are that the company will benefit from this change in calculating profit share.

Franchise renewal

The Board has entered into an agreement with Bendigo Bank to renew the franchise operation for a further 10 years effective from 16 September 2016.

Wantirna Mall premises

In conjunction with the franchise renewal, the Board has exercised an option under the current lease agreement with the landlord to lease the Wantirna Mall premises for a further five years effective from 16 September 2016.

Our staff

We would like to thank our Branch Manager Paul and our hard working branch staff, who have provided great service to our customers and have endeavoured to generate new business for the bank during the year.

Board performance

At Board level Merv Ericson, Robyn Stenzel, Adam Nichol, Cassandra Hatton, Gary Hunter and Vivian Prasad resigned during the year. We thank them for their contribution to the company and the Wantirna community.

We also welcomed new Directors Vivian Gonsalves, Margarida Pimentel and Colin Fletcher to the Board during the year. We are currently seeking new Directors for the Board and have three potential Directors currently doing a due diligence of the workings of the Board, with a view to seeking Directorships.

Chairman's report (continued)

We would like to thank all Directors who have given so much of their time freely in the last year, to assist in the running of the Board. It is a big commitment and much appreciated. Thanks also go to our Executive Officer for her great contribution in helping to make the Board run smoothly during the year.

We would also like to thank Bendigo Bank regional support team, who have again provided exceptional support and assistance during the year.

The Board is extremely keen to grow the banking business which will help us to gain returns for both shareholders and the community.

We encourage all shareholders to keep faith in the **Community Bank**[®] model and to assist us, as we try and build the Wantirna **Community Bank**[®] Branch brand. We ask you to bring your banking business to the branch if you haven't already done so, and refer your contacts to the bank when the opportunity arises. In this way we will all be striving for the best outcome for the branch, company, shareholders and the community.



Peter Sheehy
Director/Treasurer/Acting Chairman

Manager's report

For year ending 30 June 2016

Wantirna **Community Bank**[®] Branch turned 10 this year, and looking back at my time as Manager, I believe the business has evolved and changed in its undying attempt to support the local Wantirna community.

Thank you to my staff including Chris Wood, who is our Customer Relationship Officer, for his contribution and positive demeanour every day and level of expertise to ensure our customers are provided great banking solutions. Thank you also to our four Customer Service Representatives Kelly Willis, Vicky Taccone, Liz Allen and Matara Burges. As the face of our branch you do a great job serving our customers with a smile and in a friendly manner that Bendigo Bank is famous for.

Also, a thank you to the Board for your contribution to 'our bank' and for the amount of work and enthusiasm you display to keep the wheels turning and keeping the business on track for the future.

We've experienced an unusually competitive banking market this year, which has been predominantly price driven down to record low interest rates, which has created strong competition between financial organisations vying for the public's dollar in the form of loans and deposits.

The challenge ahead is to differentiate ourselves from the competition with our major point of difference, that being our 'community support message'. Many of our new clients are telling me that they were unaware that the **Community Bank**[®] branch added value to the local community. They believe educating the public that the **Community Bank**[®] branch is not simply just a bank, but a major contributor to supporting the local community, is a powerful message to gaining greater support in the form of attracting more customers to the branch.

Our exposure to more members with the consistent message to support the **Community Bank**[®] branch by simply switching your banking is starting to get through, and the number of referrals coming from clubs and associations is beginning to bear fruit.

We are working hard to change the public's perception and make Wantirna **Community Bank**[®] Branch a bank of choice. Technological advancements and banking apps are making banking easier and more accessible. The younger generation, who are very well connected through technology, are demanding more and more services to be available online, hence changing the way we interact with them and offer our services.

Bendigo Bank is keeping up with these advances, and has launched two new apps this year to provide information to our customers at the tap of a button. We are starting to see a number of school-aged customers opening accounts and supporting the branch due to our hard work within the local school network.

I ask that our shareholders become advocates of the branch and assist us in bringing in new business to the branch from groups they may be involved with. We need your assistance to getting in the door of community groups, business acquaintances, family and friends that you may be associated with to grow our business so we can give back dividends to our shareholders and give back to the community in the form of community contributions. Every new customer and account we can attract to bank with us assists to achieving these goals.

Being associated with Bendigo Bank, the fifth biggest bank in Australia, and the unique **Community Bank**[®] model that allows us to give back to the community provides our community with a unique opportunity. Banking is a daily function for most people, and every time people bank with our **Community Bank**[®] branch, our bottom line increases and as such, community contributions and dividends increase as well.

The big picture is that the **Community Bank**[®] company needs all of our shareholders and our local community to bank with us, and as the only bank with our community values, why wouldn't you?

I thank all of our customers, shareholders, staff and Board members for your support of the **Community Bank**[®] branch this year, and look forward to meeting more of you throughout the course of the next year.



Paul Jerram
Branch Manager

Directors' report

For the financial year ended 30 June 2016

Your Directors submit the financial statements 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:

Mervyn James Ericson

Chairman & Director (resigned 17 May 2016)

Retired

Merv retired in July 2013 having completed 47 years in the Banking and Finance Industry where he worked with a number of Australian and International Financial Institutions. In 2002 he was appointed as the inaugural Manager of the Pinewood **Community Bank**[®] Branch, Bendigo Bank, from which position he retired. In addition to his role with the Pinewood **Community Bank**[®] Branch, Merv served on the Pinewood Chamber of Commerce for seven years, including two years as Treasurer followed by five years as President. In 2008, Merv was invited to join the Monash Economic Development Forum, a business advisory committee to the City of Monash. Merv became a Rotarian in 1983 when he accepted an invitation to join the Rotary Club of Richmond. He was Club President in 2000/01. In January 2003, Merv transferred from the Rotary Club of Richmond to the Rotary Club of Monash in District 9810, due to an employment move. Merv is married to Kay and they celebrated their 46th wedding anniversary in March 2016. In addition to his Rotary activities, Merv has an interest in photography and has been a member of the Doncaster Camera Club for 14 years.

Chair Community Engagement Subcommittee

Member of HR Subcommittee

Interest in shares: Nil

Robin James Stenzel

Director (resigned 21 July 2015)

Business Development Director

Robin Stenzel has a keen desire to be an active member of the local community, and in the past has worked for many charities and organisations that look to assist those in need. With a young family he is very proud of, Robin wants to ensure that his children are aware of the greater community and their social responsibilities, and feels that the best way to achieve this is by leading by example. Starting his career as an electronic technician in the Navy, and being decorated for services with the Multinational Interception Force (MIF) at the age of 16, Robin has gone onto work for several CCTV and integration companies picking up knowledge in all areas of electronic security. Robin has run several companies in the technology spectrum as either a Manager or Director/founder and was the founding member of STE Advantage in 2008. Robin is a Fellow with the Australian Institute of Management, and has a keen desire to see continual improvement within the organisation. He has a commitment to staff training and development, and is currently working toward a Masters in Security Management.

Member of Community Engagement Subcommittee

Interest in shares: Nil

Directors' report (continued)

Directors (continued)

Margarida Pimentel

Secretary & Director (appointed 21 July 2015)

Principal Consultant

Margarida is a Principal consultant with ACIL Allen Consulting, a firm that provides economic, policy and strategic advice to Government and industry across sectors including health and human services, utilities, resources, education and infrastructure. Prior to this, Margarida was a senior Manager with the Australian Energy Market Operator. She is experienced in business strategy, stakeholder engagement and managing business functions through disruptive change within industry. Margarida has formal qualifications in engineering and a Master of Business Administration and is a mentor with the Fitted for Work team, supporting women experiencing disadvantage and seeking employment.

Member of HR and Community Engagement Subcommittee

Interest in shares: Nil

Peter Gerard Sheehy

Director & Treasurer

Retired

Peter is a qualified Chartered Accountant and holds a Bachelors of Commerce degree from Melbourne University and Graduate Diploma in Taxation from Monash University. Peter worked in the chartered accounting industry for seven years gaining experience in auditing, taxation and management accounting roles. Peter has had over 35 years' experience in the retail industry specialising in financial accounting, management accounting and specialist taxation roles. Peter is an active member in his community having been heavily involved in administrative roles in Saints Basketball Club Boronia for 16 years. Peter is now a Life Member of Saints Basketball Club.

Chair Finance & Audit Committee Subcommittee

Interest in shares: Nil

Cassandra Hatton

Director (resigned 26 August 2015)

General Manager Human Resources

Cassandra is a professional and passionate leader with a great interest and extensive skill set in Human Resources, Leadership and Culture. In her current role as General Manager Human Resources she provides leadership and oversight to the Human Resources, Learning and Development, WHS, Wellbeing, Volunteers, Pastoral Care and Culture functions. She has worn many hats in this role and in her professional career – Leader, Manager, Coach, Advisor, Negotiator, Writer, Researcher, Team Member and Strategist. As a result, Cassandra has a unique ability to manage multi-disciplinary projects and navigate complex challenges. Cassandra is committed to making progress, achieving outcomes and having influence at all levels of the organization. She is passionate about innovating to make the employee experience the very best it can be and believes work should be enjoyed, not endured! Hallmarks of Cassandra's practice include Passion, Willingness, Responsiveness, Loyalty, Humility and Excellence. She is known for being a professional who seeks to understand and serve her stakeholders well, and as someone who adds value to her organization and brings out the best in those around her.

Chair HR subcommittee

Interest in shares: Nil

Directors' report (continued)

Directors (continued)

Vivian Peter Gonsalves

Director (appointed 21 July 2015)

Supply Chain Manager

Vivian spent his educational and early employment years in Madras, India. After obtaining his BA Economics degree from Loyola College, his keen interest in economic and international trade issues, led him to a career in export oriented units within the leather, pharmaceutical and readymade apparel industries. Migrating to Australia in 1991, he and his wife, settled in Sydney and was employed at specialty chemical trading firm Bronson & Jacobs (now an Orica division) and Quality Ingredients, a niche food flavouring manufacturer. Since moving to Wantirna in 2004 for family reasons, Vivian has expanded his Managerial experience at the Australian Red Cross Blood Service and Tata Global Beverages / Tetley Australia where he held the Supply Chain Manager roles. Vivian is deeply interested in local issues and is an active member of the St Luke Catholic Church where he is a member of the leadership and finance committees.

Member of Community Engagement Subcommittee

Interest in shares: Nil

Gary Wayne Hunter

Director (resigned 24 February 2016)

Chief Executive Officer

Gary is keen to be an active member of the local community and in the past has worked with local community organisations to develop strong community activities and funding. He has over 25 years' experience in senior management roles in global consumer goods companies. He has strong senior management exposure in the areas of finance, consumer goods sales, marketing, retail, Small to Medium Enterprise (SME) and start-up businesses. Gary originally started a successful wholesale / distribution business in 1995 predominantly within the preschool and educational toy industry. In 2000 he sold this business to a Chicago based business and became the Managing Director of the Australian operation. Since then he has held the positions of Vice President of International, based in the USA and Managing Director/CEO of Tomy International based in London. In 2013 he returned to Australia and is currently a business advisor to SME within the consumer goods and retail sectors. Gary has a Bachelor of Business and is a member of the Australian Institute of Company Directors, successfully completing the Director course.

Chair Community Engagement Subcommittee

Interest in shares: Nil

Colin Edward Fletcher

Director (appointed 21 July 2015)

Community Representative

Colin and his family have lived in Wantirna since 1979, moving from Sydney in 1977. He has served the Wantirna and broader Knox community over the years, having served eight years on the School Council at Wantirna Heights Primary School (including five as President), nine years on the Wantirna Tennis Club Committee (including four as President and two as Treasurer) and was the foundation Vice President and primary instigator for the creation and development of the Eastern Raptors Rugby League Club. Colin also spent three years as a member of the Studfield Wantirna Community News production committee with primary responsibility for marketing, advertising and sponsorships. He is currently a Community Representative on two Knox Council panels, the Community Development Fund (CDF) and the Recreation, Leisure Liaison Group (RLLG).

Chair HR subcommittee

Member of Community Engagement Subcommittee

Interest in shares: Nil

Directors' report (continued)

Directors (continued)

Abhishek Vivian Prasad

Director (resigned 06 April 2016)

Budget Officer

Vivian's career spans across private, not-for-profit and government sectors. His executive career started off as a supervisor with Southern Restaurants Pty Ltd, where between 2005 to 2009, he successfully managed multiple restaurants at various locations within Victoria. During this period, he consistently delivered on customer service, P&L, sales and employee performance targets. Between 2009 to 2011, he was part of the Melbourne International Comedy Festival team as their Finance Executive where he assisted in successful delivery of three comedy festivals and numerous other associated programs. Since the middle of 2011, Vivian has been working for the Parliament of Victoria as their budget Officer where his day to day work encompasses provision of all aspects of budget management services and advice to the Victorian Members of Parliament. He has extensive experience in community work with culturally and linguistically diverse communities. Vivian's forte is in leadership and strategic Board planning and has served on many national and international Boards. In 2011, Vivian received Victorian Multicultural Commission's Award of Excellence for 'Service Delivery to Victoria' by the then Premier of Victoria the Hon. Ted Baillieu at the Government House, Melbourne. He is also a recipient of Indian Executive Club's Award for Government Services.

Member of Community Engagement Subcommittee

Interest in shares: Nil

Andy Moutray-Read

Chairman & Director (resigned 21 July 2015)

Consultant

Engaged by Bendigo and Adelaide Bank Limited to Chair the WCFSL Board and provide support to both current and new Directors. Past experience includes Chairman of Seddon **Community Bank**[®] Branch, Chairman at Flemington **Community Bank**[®] Branch, Head of Community Engagement Committee and past Treasurer at Seddon **Community Bank**[®] Branch. Previous Head of Finance at Scallywags Industries Real Estate Sales in Balwyn, Camberwell Yarraville and Footscray offices. Currently own and run short term accommodation business and sit on Footscray West PS School Council.

Member of HR and Community Engagement Subcommittee

Interest in shares: Nil

Adam Dean Nichol

Secretary & Director (resigned 2 December 2015)

Chief Executive Officer

Adam is the CEO of Nichol Industries, a family owned SME involved in manufacturing and distribution of machinery and promotional products.

Adam is experienced in business growth, acquisitions and business strategy and has a passion for family business. He holds professional memberships of both CPA Australia and the Australian Institute of Management.

Member of Finance & Audit Committee Subcommittee

Interest in shares: Nil

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

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

Directors' report (continued)

Company Secretary

The Company Secretary is Margarida Pimentel. Margarida was appointed to the position of Secretary on 2 December 2015. Margarida is a Principal consultant with ACIL Allen Consulting. She is experienced in business strategy, stakeholder engagement and managing business functions through disruptive change within industry. Margarida has formal qualifications in engineering and a Master of Business Administration and is a mentor with the Fitted for Work team, supporting women experiencing disadvantage and seeking employment.

Principal activities

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

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

Operating results

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

Year ended 30 June 2016 \$	Year ended 30 June 2015 \$
(34,006)	(34,485)

Dividends

No dividends were declared or paid for the previous year and the Directors recommended that no dividends be paid for the current year.

Significant changes in the state of affairs

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest.

Directors' report (continued)

Indemnification and insurance of Directors and Officers

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

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

Directors' meetings

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

	Board Meetings Attended	
	Eligible	Attended
Mervyn James Ericson (resigned 17 May 2016)	9	9
Robin James Stenzel (resigned 21 July 2015)	1	0
Margarida Pimentel (appointed 21 July 2015)	11	9
Peter Gerard Sheehy	11	9
Cassandra Hatton (resigned 26 August 2015)	2	1
Vivian Peter Gonsalves (appointed 21 July 2015)	11	11
Gary Wayne Hunter (resigned 24 February 2016)	7	6
Colin Edward Fletcher (appointed 21 July 2015)	11	9
Abhishek Vivian Prasad (resigned 06 April 2016)	8	7
Andy Moutray-Read (resigned 21 July 2015)	-	-
Adam Dean Nichol (resigned 2 December 2015)	5	5

The number of Committee meetings attended by each of the Directors of the company during the year were:

	Committee Meetings Attended					
	Audit		Marketing		Human Resources	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Mervyn James Ericson (resigned 17 May 2016)	-	-	11	11	5	5
Robin James Stenzel (resigned 21 July 2015)	-	-	1	-	-	-
Margarida Pimentel (appointed 21 July 2015)	-	-	12	9	5	5
Peter Gerard Sheehy	12	12	1	1	-	-
Cassandra Hatton (resigned 26 August 2015)	-	-	1	1	-	-
Vivian Peter Gonsalves (appointed 21 July 2015)	12	12	12	9	-	-
Gary Wayne Hunter (resigned 24 February 2016)	-	-	7	6	5	1
Colin Edward Fletcher (appointed 21 July 2015)	-	-	12	9	5	5
Abhishek Vivian Prasad (resigned 06 April 2016)	-	-	9	5	-	-
Andy Moutray-Read (resigned 21 July 2015)	-	-	-	-	-	-
Adam Dean Nichol (resigned 2 December 2015)	3	1	-	-	-	-

Directors' report (continued)

Non audit services

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

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

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

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

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 12.

Signed in accordance with a resolution of the Board of Directors at Wantirna, Victoria on 31st August 2016.



Peter Gerard Sheehy,
Director

Auditor's independence declaration



Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Wantirna Community Financial Services Limited

As lead auditor for the audit of Wantirna Community Financial Services Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

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

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 31 August 2016

A handwritten signature in black ink, appearing to read 'David Hutchings'.

David Hutchings
Lead Auditor

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337.

P: (03) 5443 0344 | F: (03) 5443 5304 | 61-65 Bull St./PO Box 454 Bendigo Vic. 3552 | afs@afsbendigo.com.au | www.afsbendigo.com.au

TAXATION • AUDIT • BUSINESS SERVICES • FINANCIAL PLANNING

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	4	502,215	493,367
Employee benefits expense		(326,180)	(313,336)
Charitable donations, sponsorship, advertising and promotion		(27,922)	(34,665)
Occupancy and associated costs		(63,818)	(61,677)
Systems costs		(16,699)	(16,672)
Depreciation and amortisation expense	5	(28,957)	(25,048)
General administration expenses		(83,867)	(82,131)
Loss before income tax		(45,228)	(40,162)
Income tax credit	6	11,222	5,677
Loss after income tax		(34,006)	(34,485)
Total comprehensive income for the year		(34,006)	(34,485)
Earnings per share for loss attributable to the ordinary shareholders of the company:			
		c	c
Basic earnings per share	22	(3.69)	(3.74)

The accompanying notes form part of these financial statements.

Financial statements (continued)

Balance Sheet as at 30 June 2016

	Notes	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	192,483	226,184
Trade and other receivables	8	39,889	43,361
Total Current Assets		232,372	269,545
Non-Current Assets			
Property, plant and equipment	9	165,872	177,285
Intangible assets	10	21,631	39,175
Deferred tax assets	11	128,325	117,103
Total Non-Current Assets		315,828	333,563
Total Assets		548,200	603,108
LIABILITIES			
Current Liabilities			
Trade and other payables	12	23,912	31,706
Provisions	13	10,900	24,093
Total Current Liabilities		34,812	55,799
Non-Current Liabilities			
Provisions	13	2,769	2,684
Total Non-Current Liabilities		2,769	2,684
Total Liabilities		37,581	58,483
Net Assets		510,619	544,625
Equity			
Issued capital	14	891,225	891,225
Accumulated losses	15	(380,606)	(346,600)
Total Equity		510,619	544,625

The accompanying notes form part of these financial statements.

Financial statements (continued)

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

	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2014	891,225	(312,115)	579,110
Total comprehensive income for the year	-	(34,485)	(34,485)
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2015	891,225	(346,600)	544,625
Balance at 1 July 2015	891,225	(346,600)	544,625
Total comprehensive income for the year	-	(34,006)	(34,006)
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2016	891,225	(380,606)	510,619

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			
Receipts from customers		504,637	487,251
Payments to suppliers and employees		(543,206)	(496,852)
Interest received		4,868	6,657
Interest paid		-	-
Net cash used in operating activities	16	(33,701)	(2,944)
Cash Flows From Investing Activities			
Payments for property, plant and equipment		-	(1,627)
Net cash used in investing activities		-	(1,627)
Net decrease in cash held		(33,701)	(4,571)
Cash and cash equivalents at the beginning of the financial year		226,184	230,755
Cash and cash equivalents at the end of the financial year	7(a)	192,483	226,184

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2016

Note 1. Summary of significant accounting policies

a) Basis of preparation

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

Compliance with IFRS

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

Critical accounting estimates

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

Historical cost convention

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

Comparative figures

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

Application of new and amended Accounting Standards

The following amendments to accounting standards and a new interpretation issued by the Australian Accounting Standards Board (AASB) became mandatorily effective for accounting periods beginning on or after 1 July 2015, and are therefore relevant for the current financial year.

- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality.
- AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent.

None of the amendments to accounting standards or the new interpretation issued by the Australian Accounting Standards Board (AASB) that became mandatorily effective for accounting periods beginning on or after 1 July 2015, materially affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

The following accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) become effective in future accounting periods.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Application of new and amended accounting standards (continued)

	Effective for annual reporting periods beginning on or after
AASB 9 Financial Instruments, and the relevant amending standards.	1 January 2018
AASB 15 Revenue from Contracts with Customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15.	1 January 2018
AASB 16 Leases	1 January 2019
AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations.	1 January 2016
AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation.	1 January 2016
AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants.	1 January 2016
AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements.	1 January 2016
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.	1 January 2018
AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle.	1 January 2016
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101.	1 January 2016
AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception.	1 January 2016
AASB 2016-1 Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses.	1 January 2017
AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107.	1 January 2017

The company has not elected to apply any accounting standards or interpretations before their mandatory operative date for the annual reporting period beginning 1 July 2015. Therefore the above mentioned accounting standards or interpretations have no impact on amounts recognised in the current period or any prior period.

Economic dependency - Bendigo and Adelaide Bank Limited

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

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

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

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

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

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

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

b) Revenue

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

Revenue calculation

Over the period from September 2013 to February 2015, Bendigo and Adelaide Bank Limited conducted a review of the **Community Bank**[®] model, known as 'Project Horizon'. This was conducted in consultation with the **Community Bank**[®] network. The objective of the review was to develop a shared vision of the **Community Bank**[®] model that positions it for success now and for the future.

The outcome of that review is that the fundamental franchise model and community participation remain unchanged. Changes to be implemented over a three year period reflect a number of themes, including a culture of innovation, agility and flexibility, network collaboration, Director and staff development and a sustainable financial model. This will include changes to the financial return for **Community Bank**[®] companies from 1 July 2016. A funds transfer pricing model will be used for the method of calculation of the cost of funds, deposit return and margin. All revenue paid on core banking products will be through margin share. Margin on core banking products will be shared on a 50/50 basis.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Revenue calculation (continued)

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

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

Core banking products

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

Margin

Margin is arrived at through the following calculation:

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

Note: In very simplified terms, currently, deposit return means the interest Bendigo and Adelaide Bank Limited gets when it invests the money the customer deposits with it. The cost of funds means the interest Bendigo and Adelaide Bank Limited pays when it borrows the money to give a customer a loan. From 1 July 2016, both will mean the cost for Bendigo and Adelaide Bank Limited to borrow the money in the market.

Products and services on which margin is paid include variable rate deposits and variable rate home loans. From 1 July 2016, examples include Bendigo Bank branded at call deposits, term deposits and home loans.

For those products and services on which margin is paid, the company is entitled to a share of the margin earned by Bendigo and Adelaide Bank Limited (i.e. income adjusted for Bendigo and Adelaide Bank Limited’s interest expense and interest income return). However, if this reflects a loss, the company incurs a share of that loss.

Commission

Commission is a fee paid for products and services sold. It may be paid on the initial sale or on an ongoing basis. Commission is payable on the sale of an insurance product such as home contents. Examples of products and services on which ongoing commissions are paid include leasing and Sandhurst Trustees Limited products. This currently also includes Bendigo Bank branded fixed rate home loans and term deposits of more than 90 days, but these will become margin products from 1 July 2016.

Fee income

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

Ability to change financial return

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Ability to change financial return (continued)

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

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

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

Monitoring and changing financial return

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

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

As discussed above in relation to Project Horizon, among other things, there will be changes in the financial return for **Community Bank**[®] companies from 1 July 2016. This includes 50% share of margin on core banking products, all core banking products become margin products and a funds transfer pricing model will be used for the method of calculation of the cost of funds, deposit return and margin.

The Board is yet to appreciate the full impact of the above changes on our revenue moving forward. We would anticipate that by the time of this year's AGM we will be able to inform our shareholders of the likely outcomes of the new model.

The Board is continuing to work with Bendigo and Adelaide Bank Limited to understand any potential changes to revenue and will provide further details as appropriate in due course.

c) Income tax

Current tax

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

Deferred tax

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

c) Income tax (continued)

Deferred tax (continued)

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

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

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

Current and deferred tax for the period

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

d) Employee entitlements

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

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

e) Cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

f) Trade receivables and payables

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

g) Property, plant and equipment

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

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

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

• leasehold improvements	40 years
• plant and equipment	2.5 - 40 years
• furniture and fittings	4 - 40 years

h) Intangibles

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

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

i) Payment terms

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

j) Borrowings

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

k) Financial instruments

Recognition and initial measurement

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

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

Derecognition

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

k) Financial instruments (continued)

Classification and subsequent measurement

(i) Loans and receivables

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

(ii) Held-to-maturity investments

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

(iii) Financial liabilities

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

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

l) Leases

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

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

m) Provisions

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

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

n) Contributed equity

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

o) Earnings per share

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

p) Goods and services tax

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

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

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

Note 2. Financial risk management

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

Risk management is carried out directly by the Board of Directors.

(i) Market risk

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

(ii) Price risk

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

(iii) Credit risk

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

(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

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

(vi) Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board of Directors monitors 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.

Notes to the financial statements (continued)

Note 2. Financial risk management (continued)

(vi) Capital management (continued)

The distribution limit is the greater of:

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

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

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

Note 3. Critical accounting estimates and judgements

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

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

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

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

Taxation

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

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

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

Estimation of useful lives of assets

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

Notes to the financial statements (continued)

Note 3. Critical accounting estimates and judgements (continued)

Goodwill

Goodwill in these financial statements represents an amount paid to a tenant in the shopping centre in which the bank operates in order for that tenant to vacate the premises before its lease expired. The payment was made to enable the bank to operate from these premises prior to the date that the previous tenant was required to vacate the site, when its lease expired.

This amount was not previously amortised in determining comprehensive income for the year. The Directors now believe that this asset has a limited life and have decided to amortise the asset over the remaining lease period. This change in policy has resulted in a charge of \$3,680 to the comprehensive income for the year.

The calculations require the use of assumptions.

Impairment of assets

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

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

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

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

2016	2015
\$	\$

Note 4. Revenue from ordinary activities

Operating activities:

- services commissions	447,758	436,904
- market development fund	50,000	50,000
Total revenue from operating activities	497,758	486,904

Notes to the financial statements (continued)

	Note	2016 \$	2015 \$
Note 4. Revenue from ordinary activities (continued)			
Non-operating activities:			
- interest received		4,457	6,463
Total revenue from non-operating activities		4,457	6,463
Total revenues from ordinary activities		502,215	493,367

Note 5. Expenses

Depreciation of non-current assets:

- plant and equipment		4,981	4,751
- leasehold improvements		6,432	6,433

Amortisation of non-current assets:

- franchise agreement		2,311	2,311
- franchise renewal fee		11,553	11,553
- Goodwill Amortisation		3,680	-
		28,957	25,048

Bad debts		591	715
------------------	--	------------	------------

Note 6. Income tax credit

The components of tax credit comprise:

- Movement in deferred tax		3,519	(1,685)
- Future income tax benefit attributable to losses		(14,741)	(10,155)
- Adjustment to deferred tax to reflect change to tax rate in future periods		-	6,163
		(11,222)	(5,677)

The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax credit as follows:

Operating loss		(45,228)	(40,162)
Prima facie tax on loss from ordinary activities at 28.5% (2015: 30%)		(12,890)	(12,049)
Add tax effect of:			
- non-deductible expenses		1,668	209
- timing difference expenses		(3,519)	1,685
		(14,741)	(10,155)
Movement in deferred tax	11	3,519	(1,685)
Adjustment to deferred tax to reflect change to tax rate in future periods		-	6,163
		(11,222)	(5,677)

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 7. Cash and cash equivalents		
Cash at bank and on hand	25,749	24,317
Term deposits	166,734	201,867
	192,483	226,184

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

Note 7.(a) Reconciliation of cash

Cash at bank and on hand	25,749	24,317
Term deposits	166,734	201,867
	192,483	226,184

Note 8. Trade and other receivables

Trade receivables	29,416	36,295
Other receivables and accruals	1,074	1,485
Prepayments	9,399	5,581
	39,889	43,361

Note 9. Property, plant and equipment

Plant and equipment

At cost	103,252	103,252
Less: accumulated depreciation	(64,447)	(59,466)
	38,805	43,786

Leasehold improvements

At cost	208,661	208,661
Less: accumulated depreciation	(81,594)	(75,162)
	127,067	133,499

Total written down amount

	165,872	177,285
--	----------------	----------------

Movements in carrying amounts:

Plant and equipment

Carrying amount at beginning	43,786	46,910
Additions	-	1,627
Disposals	-	-
Less: depreciation expense	(4,981)	(4,751)
Carrying amount at end	38,805	43,786

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 9. Property, plant and equipment (continued)		
Leasehold improvements		
Carrying amount at beginning	133,499	139,932
Additions	-	-
Disposals	-	-
Less: depreciation expense	(6,432)	(6,433)
Carrying amount at end	127,067	133,499
Total written down amount	165,872	177,285

Note 10. Intangible assets

Franchise fee		
At cost	21,554	21,554
Less: accumulated amortisation	(21,169)	(18,858)
	385	2,696
Renewal processing fee		
At cost	57,768	57,768
Less: accumulated amortisation	(55,842)	(44,289)
	1,926	13,479
Goodwill		
At cost	23,000	23,000
Less: accumulated amortisation	(3,680)	-
	19,320	23,000
Total written down amount	21,631	39,175

Note 11. Tax

Deferred tax assets

- accruals	3,364	3,436
- employee provisions	3,895	8,033
- tax losses carried forward	121,372	112,243
- adjustment to deferred tax to reflect change to tax rate in future periods	-	(6,163)
	128,631	117,549

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 11. Tax (continued)		
Deferred tax liability		
- accruals	306	446
Net deferred tax asset	128,325	117,103
Movement in deferred tax charged to statement of comprehensive income	3,519	(1,685)

Note 12. Trade and other payables

Trade creditors	2,366	8,137
Other creditors and accruals	21,546	23,569
	23,912	31,706

Note 13. Provisions

Current:

Provision for annual leave	10,900	18,627
Provision for long service leave	-	5,466
	10,900	24,093

Non-current:

Provision for long service leave	2,769	2,684
---	--------------	--------------

Note 14. Contributed equity

921,509 Ordinary shares fully paid (2015: 921,509)	921,509	921,509
Less: equity raising expenses	(30,284)	(30,284)
	891,225	891,225

Rights attached to shares

(a) Voting rights

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

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

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

Notes to the financial statements (continued)

Note 14. Contributed equity (continued)

Rights attached to shares (continued)

(b) Dividends

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

(c) Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the Board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 294. As at the date of this report, the company had 310 shareholders.

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

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

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

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

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 15. Accumulated losses		
Balance at the beginning of the financial year	(346,600)	(312,115)
Net loss from ordinary activities after income tax	(34,006)	(34,485)
Dividends paid or provided for	-	-
Balance at the end of the financial year	(380,606)	(346,600)

Note 16. Statement of Cash flows

Reconciliation of loss from ordinary activities after tax to net cash used in operating activities

Loss from ordinary activities after income tax	(34,006)	(34,485)
Non cash items:		
- depreciation	11,413	11,184
- amortisation	17,544	13,864
Changes in assets and liabilities:		
- (increase)/decrease in receivables	3,472	579
- (increase)/decrease in other assets	(11,222)	(5,675)
- increase/(decrease) in payables	(7,794)	6,850
- increase/(decrease) in provisions	(13,108)	4,739
Net cash flows used in operating activities	(33,701)	(2,944)

Note 17. Leases

Operating lease commitments

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

Payable - minimum lease payments		
- not later than 12 months	10,367	40,066
- between 12 months and 5 years	-	10,016
- greater than 5 years	-	-
	10,367	50,082

The rental lease agreement on the branch premises is a non-cancellable lease with a five year term, with rent payable monthly in advance. The current lease expires on 18 September 2016, with options for two further terms of five years each available to be exercised. The second term of the lease has been exercised

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 18. Auditor's remuneration		
Amounts received or due and receivable by the auditor of the company for:		
- audit and review services	5,100	5,050
- share registry services	1,800	1,750
	6,900	6,800

Note 19. Director and related party disclosures

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

Mervyn James Ericson (resigned 17 May 2016)
 Robin James Stenzel (resigned 21 July 2015)
 Margarida Pimentel (appointed 21 July 2015)
 Peter Gerard Sheehy
 Cassandra Hatton (resigned 26 August 2015)
 Vivian Peter Gonsalves (appointed 21 July 2015)
 Gary Wayne Hunter (resigned 24 February 2016)
 Colin Edward Fletcher (appointed 21 July 2015)
 Abhishek Vivian Prasad (resigned 06 April 2016)
 Andy Moutray-Read (resigned 21 July 2015)
 Adam Dean Nichol (resigned 2 December 2015)

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

	2016	2015
Directors' shareholdings (number of shares held)		
Mervyn James Ericson (resigned 17 May 2016)	-	-
Robin James Stenzel (resigned 21 July 2015)	-	-
Margarida Pimentel (appointed 21 July 2015)	-	-
Peter Gerard Sheehy	-	-
Cassandra Hatton (resigned 26 August 2015)	-	-
Vivian Peter Gonsalves (appointed 21 July 2015)	-	-
Gary Wayne Hunter (resigned 24 February 2016)	-	-
Colin Edward Fletcher (appointed 21 July 2015)	-	-
Abhishek Vivian Prasad (resigned 06 April 2016)	-	-
Andy Moutray-Read (resigned 21 July 2015)	-	-
Adam Dean Nichol (resigned 2 December 2015)	-	-

Notes to the financial statements (continued)

Note 20. Key management personnel disclosures

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

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

Note 21. Remuneration report

(a) Remuneration of Directors

No Director receives remuneration from the company for services as a company Director or Committee Member. However Andy Moutray-Read received a retainer from Bendigo and Adelaide Bank Limited to attend Board and Committee meetings.

Wantirna Community Financial Services Limited has accepted the **Community Bank**[®] Directors' Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the Wantirna Community Financial Services Limited **Community Bank**[®] branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors' Privilege Package to be \$0 for the year ended 2016.

(b) Remuneration of Area and Branch Managers

The Board is responsible for the determination of remuneration packages and policies applicable to the Branch Manager and all the staff. The Branch Manager is invited to the Board meetings as required to discuss performance and remuneration packages.

The Board's policy in respect of the Branch Manager is to maintain remuneration at parity within the **Community Bank**[®] network and local market rates for comparable roles.

There are no executives who are directly accountable and responsible for the strategic direction and operational management of the entity. This is wholly a Board role. There are therefore no specified executives.

	2016 \$	2015 \$
--	------------	------------

Note 22. Earnings per share

(a) Loss attributable to the ordinary equity holders of the company used in calculating earnings per share	(34,006)	(34,485)
--	----------	----------

	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	921,509	921,509

Note 23. Events occurring after the balance sheet date

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

Note 24. Contingent liabilities

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

Notes to the financial statements (continued)

Note 25. Segment reporting

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

Note 26. Registered office/principal place of business

The registered office and principal place of business is:

Registered Office	Principal Place of Business
Shop 5 Wantirna Mall	Shop 5 Wantirna Mall
348 Mountain Highway	348 Mountain Highway
Wantirna VIC 3152	Wantirna VIC 3152

Note 27. Financial instruments

Net fair values

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

Credit risk

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

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

Interest rate risk

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$	2016 %	2015 %
Financial assets												
Cash and cash equivalents	192,483	226,184	-	-	-	-	-	-	-	-	2.27	2.87
Receivables	-	-	-	-	-	-	-	-	29,416	36,295	N/A	N/A
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	2,366	8,137	N/A	N/A

Directors' declaration

In accordance with a resolution of the Directors of Wantirna Community Financial Services Limited, we state that:

In the opinion of the Directors:

(a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and
- (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Peter Gerard Sheehy,
Director

Signed on the 31st August 2016

Independent audit report



Independent auditor's report to the members of Wantirna Community Financial Services Limited

Report on the financial report

We have audited the accompanying financial report of Wantirna Community Financial Services Limited, which comprises the balance sheet as at 30 June 2016, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making fair accounting estimates that are reasonable in the circumstances. In note 1, the directors also state in accordance with Accounting Standard AASB 101 Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the company's financial position and of its performance.

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

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337.

P: (03) 5443 0344

F: (03) 5443 5304

61-65 Bull St./PO Box 454 Bendigo Vic. 3552

afs@afsbendigo.com.au

www.afsbendigo.com.au

TAXATION • AUDIT • BUSINESS SERVICES • FINANCIAL PLANNING

Independent audit report (continued)

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written auditor's independence declaration, a copy of which is included in the directors' report.

Auditor's opinion on the financial report

In our opinion:

1. The financial report of Wantirna Community Financial Services Limited is in accordance with 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 financial performance and its cash flows for the year then ended and complying with Australian Accounting Standards and the Corporations Regulations 2001.
2. The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.



Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 31 August 2016



David Hutchings
Lead Auditor

Wantirna **Community Bank**[®] Branch
Shop 5-6 Wantirna Mall,
348 Mountain Highway, Wantirna VIC 3152
Phone: (03) 9720 4122 Fax: (03) 9720 7866

Franchisee: Wantirna Community Financial Services Limited
Shop 5-6 Wantirna Mall,
348 Mountain Highway, Wantirna VIC 3152
Phone: (03) 9720 4122 Fax: (03) 9720 7866
ABN: 43 118 000 230

www.bendigobank.com.au/wantirna
(BNPAR16013) (07/16)