



# Annual Report 2017

Wantirna Community Financial  
Services Limited

ABN 43 118 000 230

Wantirna **Community Bank**<sup>®</sup> Branch

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# Chairman's report

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For year ending 30 June 2017

On behalf of the Board, I have great pleasure in providing this report covering the financial year ended 30 June 2017.

## **Financial performance**

Our operating profit before tax was \$35,644 compared to \$45,228 loss in the previous year. This is a pleasing result to report and represents a welcome turnaround from the previous year.

We have been able to increase our revenue by 12.1% over the previous year. We have strived to control expenses during the year identifying several areas where savings could be made. As a result, our expenses were 3.7% lower than last year.

These factors have resulted in the company returning to profitability during the year.

However, the Directors have recommended that no dividend be declared payable to our shareholders, in order that we can recoup some of the previous years losses and also due to the uncertainty of trading conditions going forward.

We still continue to operate 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 again not expected to change markedly in the immediate future making return to sustained profitability difficult to achieve in that period.

## **Community involvement**

This year we have contributed a further \$19,473 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.

## **Our staff**

During the year we employed a new Branch Manager Simon Vu and other new staff members Charmaine Jeffrey and Susan Snyder. We would like to thank Simon and his staff who have continued to provide great service to our customers and have endeavoured to generate new business for the bank during the year.

We have worked with our partners Bendigo and Adelaide Bank, to determine the appropriate staffing structure for our business. This structure is now fully in place. We believe this structure will enable us to better serve our customers and seek out more revenue opportunities.

## **Board performance**

At Board level Margarida Pimentel and Colin Fletcher resigned during the year. We thank them for their contribution to the **Community Bank**<sup>®</sup> company and the Wantirna community.

We also welcomed new Directors Lenette Griffin, Phillipa Maloney-Walsh, Kris Srikanthan, Daniel Thambiratnam, Siva Sivagnanam, and Paul Bravender-Coyle to the Board during the year.

We would like to thank all Directors and committee people 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. Our thanks also go to our Executive Officer Chelsea, 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 both to the banking team and to the Board.

## Chairman's report (continued)

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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 their **Community Bank**<sup>®</sup> branch and to assist us as we try and build the Wantirna **Community Bank**<sup>®</sup> 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 branch when the opportunity arises. In this way we will all be striving for the best outcome for the branch, the shareholders and the community.



**Peter Sheehy**  
**Chairman**

# Manager's report

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For year ending 30 June 2017

I would like to take this opportunity to introduce myself as the new Branch Manager for the Wantirna **Community Bank**<sup>®</sup> Branch. It is with great pleasure that I present my first Branch Manager's report for the financial year ending 30 June 2017. I started with the branch in January when the position became available through the resignation of former Branch Manager, Paul Jerram. My previous experience has been in management with other financial institutions, so I have extensive knowledge in managing banking services as well as strong customer relationship management.

The **Community Bank**<sup>®</sup> network plays such a vital role to the Bendigo Bank, all of our stakeholders and most importantly our local communities. We work diligently with everyone to make our local **Community Bank**<sup>®</sup> branch viable and sustainable as we remain in touch and connected to our customers and communities.

Our **Community Bank**<sup>®</sup> branch profit margins continue to be pressured by multiple factors, primarily due to the difficult economic climate which has been experienced by all business sectors and local communities.

It takes a lot of work by branch staff, Board members and our community to enable our branch to expand. Although growth was minimal for the financial year, our total business grew by \$3.086 million resulting in a total footing of \$81.3 million.

Our customer base continues to develop, with the result that:

1. Our lending book grew by \$3.137 million to a total of \$29.693 million
2. Deposits went backwards by \$1.138 million to a total of \$42.798 million
3. Other banking business grew by \$1.087 million to a total of \$8.884 million.

For our growth to continue it is very important for our customers and shareholders to do as much of their banking with our **Community Bank**<sup>®</sup> branch as possible. This will ensure that our activity levels remain high and we will foster the growth of our banking business. I would also encourage all stakeholders to tell your family and friends about our branch and what we do not only for your banking, but also for our community as a whole.

I would like to thank my staff, Charmaine, Kelly, Liz, Mary, Susan and Vicky for their efforts over the past year. We should be proud of their efforts, proficiency, commitment to both the business and the community as well as the level of service they provide. I look forward to working with all of them now and in the years to come.

Thank you to the company's Board of Directors who continue to work diligently on a volunteer basis to make sure that the business remains strong and that it can continue to provide increased benefits to our local communities.

I would also like to acknowledge and thank our business partners, the Bendigo Bank Regional team led by Neville Wiles; Regional Manager and Craig Thomas; Regional Community Manager. We thank them for their support throughout the year as our success can be heavily attributed to the work they do for our branch and our customers.

We remain committed to staying connected to our customers, shareholders and all stakeholders. We know being connected provides our point of difference and enables us to keep our customer engagement at high levels to create exceptional customer outcomes on a daily basis.

On behalf of the staff, I would like to again thank everyone in our community for your continued support and I look forward to our continued journey.



**Simon Vu**  
**Branch Manager**

# Directors' report

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For the financial year ended 30 June 2017

## Directors

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

### **Peter Gerard Sheehy**

Chairman & Treasurer

Secretary from 14 April 2017 to 31 May 2017

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 7 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 has lived in Wantirna for 25 years. 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

Chair HR Committee

Interest in shares: 2 Shares

### **Margarida Pimentel**

Secretary & Director (resigned 14 April 2017)

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 Committee

Interest in shares: Nil

### **Vivian Peter Gonsalves**

Director

Supply Chain Manager

Vivian was born in Madras, India where he spent his educational and early employment years. After obtaining his BA Economics degree from Loyola College, Madras, his keen interest in economic and international trade issues resulted in him working for export oriented units within the leather, pharmaceutical and readymade apparel industries. Migrating to Australia in 1991, he 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 has been a member of the fundraising and stewardship committee.

Chair Community Engagement Committee

Member of Finance & Audit Committee

Interest in shares: Nil

# Directors' report (continued)

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## Directors (continued)

### **Daniel Jayaseelan Thambiratnam**

Director (appointed 1 September 2016)

Finance and Taxation Accountant

Daniel holds a Bachelor of Science degree from Sri Lanka. He is a qualified Chartered Accountant (Ceylon), a Certified Practising Accountant (Australia), a fellow Member of Chartered Institute of Management Accountants (United Kingdom) and a Chartered Global Management Accountant (United Kingdom). He worked as an Audit Supervisor with Coopers and Lybrand International Lusaka Branch Zambia, following as a Finance Manager with Philips Electrical Zambia. He moved to Australia in 1987 and continued his career with Philips Electronics Australia Ltd in the Mobile communications Division. Daniel is currently working for a family owned company in the Textile Industry. He is actively involved with the Uniting Church Scoresby Parish and Honorary Auditor for the Parish Accounts for the last fifteen years. He is an Examination Marker for the CPA examination in Corporate Governance and Accounting for twelve years.

Member of Finance & Audit and Community Engagement Committee

Interest in shares: Nil

### **Colin Edward Fletcher**

Director (resigned 31 August 2016)

Retired

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 Knox Council Community Development Fund (CDF) Panel and a volunteer Director on the Board of Bridges Connecting Communities.

Member of HR Committee

Member of Community Engagement Committee

Interest in shares: Nil

### **Sivanandan Sivagnanam**

Director (appointed 26 April 2017)

Retired

Siva and his family have been living in Wantirna for nearly 31 years and has been involved in community services for the last 20 years. He has a Bachelor's degree in Mathematics from Sri Lanka and later completed his Master's degree in USA. His career was partly in the educational sector as a lecturer and partly in Industrial sector involved with Quality Control and statistics. He has worked in Sri Lanka, West Africa, USA, Australia and China. Siva is the President of the Lions Club of Wantirna and past president of other cultural organisations in the Tamil and Indian sectors. Siva is also involved with activities at the temple in Basin, and has been an active member with Knox Advisory Committees, Knox Council. He is keen to participate actively with local communities.

Member of Community Engagement Committee

Interest in shares: Nil

# Directors' report (continued)

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## Directors (continued)

### **Lenette Fay Griffin**

Director (appointed 26 April 2017)

Retired

Lenette and her family have lived in Knox for thirty years. She is an experienced residential property investor and now teaches and mentors other people to set up and grow a property portfolio for their own financial independence. She retired two years ago after almost twenty years at Monash University where she was responsible for financial management and government regulatory compliance and reporting. She is an accomplished public speaker and has spent considerable time teaching during her Monash years. She has been an active participant in several local organisations including Knox Ratepayers Association, social, political and women's groups, and is looking forward to further utilizing her expertise and experience in community engagement. Community and public has always held a special place for her and she believes her position with Wantirna **Community Bank**<sup>®</sup> branch will enable her to continue giving back to the local community.

Member of Community Engagement Committee

Interest in shares: Nil

### **Krishnapillai Srikanthan**

Director (appointed 26 April 2017)

CEO

Kris has been living in Wantirna South for nearly 30 years. He is a Certified Practising Accountant (Australia) and an Associate Member of the Chartered Institute of Management Accountants in the UK. Kris began his accountancy studies in London and started his career there with BOC International. After spending a total 8 years in London, he and his wife moved to Africa for two years, working for the same group of companies in Zambia. Kris Migrated to Australia in 1984 and has made Melbourne his home. Kris currently is the CEO at Confoil and has worked for the company for almost 30 years. He has held many Board positions including Packaging Council of Australia. This is his first role from a community perspective and he looks forward to serving the Wantirna **Community Bank**<sup>®</sup> branch.

Member of HR Committee

Interest in shares: Nil

### **Phillipa Jane Maloney-Walsh**

Director (appointed 26 April 2017)

Life Coach

Phillipa has been an active member of many community groups since her teens. After having her own workplace accident, she founded and is the chair of a registered Australian charity, the Orange Sock Foundation Inc., who support those injured at work or in transport accidents. Phillipa is a life member of the Phoenix Theatre Company Inc and has served as President, Secretary and Treasurer of numerous community groups over the past 35 years, from kindergartens to CFA Auxiliaries. She was a secondary school teacher and has a Masters in Education, (Workplace Education) and worked in adult education for over 20 years. Phillipa has owned and ran Registered Training Organisations and worked as the National Training Manager for a large franchise group. Her last employer was WorkSafe Victoria where she was a senior Auditor of OHS training. She also has a Diploma of Business (Quality Auditing) and other vocational qualifications. Because of her own injury, Phillipa had to rethink her life and now works as a Success and Life Coach and uses her own experiences to assist clients to be the best version of themselves they can be, to achieve long term and short-term goals. She recently has bought in to the company who trained her as a life coach and looks forward to building the Victorian arm of the business. Phillipa recently downsized and moved from Wantirna to be closer to her 5 children and granddaughter. She still is passionate about the Wantirna community and her charity is registered as based in Wantirna.

Member of Community Engagement Committee

Interest in shares: Nil



# Directors' report (continued)

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## Directors (continued)

### Paul Bravender-Coyle

Director (appointed 21 October 2016)

Barrister

Paul is an Australian legal practitioner. He has acted for and advised the Commonwealth Bank of Australia, the Australia and New Zealand Banking Group Ltd, the Bank of Cyprus Australia Ltd, the Delphi Bank Limited (which is now part of the Bendigo and Adelaide Bank Ltd), Esanda Finance Ltd, the Australian Guarantee Corporation Ltd, Macquarie Leasing Ltd, BMW Finance Australia Ltd, and advised the liquidator of the Pyramid Building Society Ltd. Paul's outside interests are legal issues.

Member of HR Committee

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.

## Company Secretary

The company secretary is Lenette Fay Griffin. Lenette was appointed to the position of Secretary on 31 May 2017. Lenette is an experienced residential property investor and now teaches and mentors other people to set up and grow a property portfolio for their own financial independence. She retired two years ago after almost twenty years at Monash University where she was responsible for financial management and government regulatory compliance and reporting. She is an accomplished public speaker and has spent considerable time teaching during her Monash years.

Margarida Pimentel was the company secretary for the period from 1 July 2016 to 14 April 2017 and Peter Gerard Sheehy for the period from 14 April 2017 to 31 May 2017.

## 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 profit / (loss) of the company for the financial year after provision for income tax was:

Year ended 30 June 2017 \$	Year ended 30 June 2016 \$
23,999	(34,006)

## 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.

# Directors' report (continued)

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## 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 except as disclosed in note 21 to the financial statements. This statement excludes a benefit included in the aggregated amount of emoluments received or due and receivable by Directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

## Indemnification and Insurance of Directors and Officers

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

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

## Directors' Meetings

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

	Board Meetings Attended	
	Eligible	Attended
Peter Gerard Sheehy	11	11
Margarida Pimentel (resigned 14 April 2017)	8	6
Vivian Peter Gonsalves	11	10
Daniel Jayaseelan Thambiratnam (appointed 1 September 2016)	9	8
Colin Edward Fletcher (resigned 31 August 2016)	2	1
Sivanandan Sivagnanam (appointed 26 April 2017)	3	2
Lenette Fay Griffin (appointed 26 April 2017)	3	3
Krishnapillai Srikanthan (appointed 26 April 2017)	3	2
Phillipa Jane Maloney-Walsh (appointed 26 April 2017)	3	2
Paul Bravender-Coyle (appointed 21 October 2016)	8	5

# Directors' report (continued)

## Directors' Meetings (continued)

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

	Committee Meetings Attended					
	Audit & Finance		Community Engagement		Human Resources	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Peter Gerard Sheehy	11	11	3	3	3	3
Margarida Pimentel (resigned 14 April 2017)	-	-	-	-	4	4
Vivian Peter Gonsalves	11	11	9	8	-	-
Daniel Jayaseelan Thambiratnam (appointed 1 September 2016)	11	7	9	4	-	-
Colin Edward Fletcher (resigned 31 August 2016)	-	-	1	1	1	1
Sivanandan Sivagnanam (appointed 26 April 2017)	-	-	1	1	-	-
Lenette Fay Griffin (appointed 26 April 2017)	-	-	1	1	-	-
Krishnapillai Srikanthan (appointed 26 April 2017)	-	-	1	1	-	-
Phillipa Jane Maloney-Walsh (appointed 26 April 2017)	-	-	1	1	-	-
Paul Bravender-Coyle (appointed 21 October 2016)	-	-	-	-	-	-

## 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.

# Directors' report (continued)

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## **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 15 August 2017.



**Peter Gerard Sheehy,  
Chairman & Treasurer**

# Auditor's independence declaration

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Chartered Accountants

61 Bull Street, Bendigo 3550  
PO Box 454, Bendigo 3552  
03 5443 0344  
afsbendigo.com.au

## 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 2017, I declare that, to the best of my knowledge and belief, there have been:

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

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

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo Vic 3550  
Dated: 15 August 2017

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

**David Hutchings**  
Lead Auditor

# Financial statements

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## Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
Revenues from ordinary activities	4	563,022	502,215
Employee benefits expense		(321,305)	(326,180)
Charitable donations, sponsorship, advertising and promotion		(19,673)	(27,922)
Occupancy and associated costs		(64,966)	(63,818)
Systems costs		(17,199)	(16,699)
Depreciation and amortisation expense	5	(27,429)	(28,957)
General administration expenses		(76,806)	(83,867)
<b>Profit / (Loss) before income tax</b>		<b>35,644</b>	<b>(45,228)</b>
Income tax credit / (expense)	6	(11,645)	11,222
<b>Profit / (Loss) after income tax</b>		<b>23,999</b>	<b>(34,006)</b>
<b>Total comprehensive income for the year</b>		<b>23,999</b>	<b>(34,006)</b>
<b>Earnings per share</b>		<b>¢</b>	<b>¢</b>
Basic earnings per share	22	2.60	(3.69)

The accompanying notes form part of these financial statements.

# Financial statements (continued)

## Balance Sheet as at 30 June 2017

	Notes	2017 \$	2016 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	246,569	192,483
Trade and other receivables	8	59,035	39,889
<b>Total Current Assets</b>		<b>305,604</b>	<b>232,372</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	9	156,135	165,872
Intangible assets	10	71,969	21,631
Deferred tax assets	11	116,680	128,325
<b>Total Non-Current Assets</b>		<b>344,784</b>	<b>315,828</b>
<b>Total Assets</b>		<b>650,388</b>	<b>548,200</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	12	47,094	23,912
Provisions	13	14,841	10,900
<b>Total Current Liabilities</b>		<b>61,935</b>	<b>34,812</b>
<b>Non-Current Liabilities</b>			
Trade and other payables	12	49,657	-
Provisions	13	4,178	2,769
<b>Total Non-Current Liabilities</b>		<b>53,835</b>	<b>2,769</b>
<b>Total Liabilities</b>		<b>115,770</b>	<b>37,581</b>
<b>Net Assets</b>		<b>534,618</b>	<b>510,619</b>
<b>Equity</b>			
Issued capital	14	891,225	891,225
Accumulated losses	15	(356,607)	(380,606)
<b>Total Equity</b>		<b>534,618</b>	<b>510,619</b>

The accompanying notes form part of these financial statements.

## Financial statements (continued)

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

	Issued capital \$	Accumulated losses \$	Total equity \$
<b>Balance at 1 July 2015</b>	<b>891,225</b>	<b>(346,600)</b>	<b>544,625</b>
Total comprehensive income for the year	-	(34,006)	(34,006)
<b>Transactions with owners in their capacity as owners:</b>			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
<b>Balance at 30 June 2016</b>	<b>891,225</b>	<b>(380,606)</b>	<b>510,619</b>
<b>Balance at 1 July 2016</b>	<b>891,225</b>	<b>(380,606)</b>	<b>510,619</b>
Total comprehensive income for the year	-	23,999	23,999
<b>Transactions with owners in their capacity as owners:</b>			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
<b>Balance at 30 June 2017</b>	<b>891,225</b>	<b>(356,607)</b>	<b>534,618</b>

The accompanying notes form part of these financial statements.



# Financial statements (continued)

## Statement of Cash Flows for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
<b>Cash Flows From Operating Activities</b>			
Receipts from customers		598,232	504,637
Payments to suppliers and employees		(535,986)	(543,206)
Interest received		3,909	4,868
<b>Net cash flows from / (used in) operating activities</b>	<b>16</b>	<b>66,155</b>	<b>(33,701)</b>
<b>Cash Flows From Investing Activities</b>			
Payments for property, plant and equipment		(877)	-
Payments for intangible assets		(11,192)	-
<b>Net cash used in investing activities</b>		<b>(12,069)</b>	<b>-</b>
<b>Net increase / (decrease) in cash held</b>		<b>54,086</b>	<b>(33,701)</b>
Cash and cash equivalents at the beginning of the financial year		192,483	226,184
<b>Cash and cash equivalents at the end of the financial year</b>	<b>7(a)</b>	<b>246,569</b>	<b>192,483</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

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For year ended 30 June 2017

## Note 1. Summary of Significant Accounting Policies

### a) Basis of Preparation

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

#### Compliance with IFRS

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

#### Critical accounting estimates

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

#### Historical cost convention

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

#### Comparative figures

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

#### Application of new and amended Accounting Standards

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

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

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

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

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

#### Economic dependency - Bendigo and Adelaide Bank Limited

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

# Notes to the financial statements (continued)

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## Note 1. Summary of Significant Accounting Policies (continued)

### a) Basis of Preparation (continued)

#### Economic dependency - Bendigo and Adelaide Bank Limited (continued)

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**<sup>®</sup> branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank**<sup>®</sup> branch 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.

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**<sup>®</sup> 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**<sup>®</sup> 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

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.

# Notes to the financial statements (continued)

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

### **b) Revenue (continued)**

#### Core banking products

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

#### Margin

Margin is arrived at through the following calculation:

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

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

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

#### Commission

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

#### Fee income

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

#### Discretionary financial contributions

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

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

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

#### Ability to change financial return

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

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

# Notes to the financial statements (continued)

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## Note 1. Summary of Significant Accounting Policies (continued)

### b) Revenue (continued)

#### Ability to change financial return (continued)

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**<sup>®</sup> 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**<sup>®</sup> model is based on the principle of shared reward for shared effort. In particular, in relation to core banking products and services, the aim is to achieve an equal share of Bendigo and Adelaide Bank Limited's margin.

### c) Income Tax

#### Current tax

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

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.

# Notes to the financial statements (continued)

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## Note 1. Summary of Significant Accounting Policies (continued)

### **c) Income Tax (continued)**

#### Current and deferred tax for the period (continued)

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

### **d) Employee Entitlements**

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

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

### **e) Cash and Cash Equivalents**

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

### **f) Trade Receivables and Payables**

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

### **g) Property, Plant and Equipment**

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

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

### **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.

# Notes to the financial statements (continued)

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## Note 1. Summary of Significant Accounting Policies (continued)

### **i) Payment Terms**

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

### **j) Borrowings**

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

### **k) Financial Instruments**

#### Recognition and initial measurement

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

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

#### Derecognition

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

#### Classification and subsequent measurement

##### (i) Loans and receivables

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

##### (ii) Held-to-maturity investments

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

##### (iii) Financial liabilities

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

#### Impairment

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

# Notes to the financial statements (continued)

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## Note 1. Summary of Significant Accounting Policies (continued)

### **m) Provisions**

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

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

### **n) Contributed Equity**

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

### **o) Earnings Per Share**

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

### **p) Goods and Services Tax**

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

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

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

## 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.



# Notes to the financial statements (continued)

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## Note 2. Financial Risk Management (continued)

### (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.

The distribution limit is the greater of:

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

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

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

## 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.

# Notes to the financial statements (continued)

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## Note 3. Critical Accounting Estimates and Judgements (continued)

### Taxation (continued)

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.

### 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 less accumulated amortisation. 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.

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.

## Notes to the financial statements (continued)

	Note	2017 \$	2016 \$
<b>Note 4. Revenue from Ordinary Activities</b>			
Operating activities:			
- services commissions		524,089	447,758
- market development fund		35,000	50,000
<b>Total revenue from operating activities</b>		<b>559,089</b>	<b>497,758</b>
Non-operating activities:			
- interest received		3,933	4,457
<b>Total revenue from non-operating activities</b>		<b>3,933</b>	<b>4,457</b>
<b>Total revenues from ordinary activities</b>		<b>563,022</b>	<b>502,215</b>

## Note 5. Expenses

Depreciation of non-current assets:

- plant and equipment		4,906	4,981
- leasehold improvements		5,708	6,432

Amortisation of non-current assets:

- franchise agreement		2,255	2,311
- franchise renewal fee		11,256	11,553
- goodwill amortisation		3,304	3,680
		<b>27,429</b>	<b>28,957</b>

<b>Bad debts</b>		<b>381</b>	<b>591</b>
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## Note 6. Income Tax Credit

The components of tax credit comprise:

- Movement in deferred tax		(2,653)	3,519
- Future income tax benefit attributable to losses		14,298	(14,741)
		<b>11,645</b>	<b>(11,222)</b>

The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense/(credit) as follows:

Operating Profit/(loss)		35,644	(45,228)
Prima facie tax on profit/(loss) from ordinary activities at 27.5% (2016: 28.5%)		9,802	(12,890)
Add tax effect of:			
- non-deductible expenses		1,843	1,668
- timing difference expenses		2,653	(3,519)
		<b>14,298</b>	<b>(14,741)</b>
Movement in deferred tax	11	(2,653)	3,519
		<b>11,645</b>	<b>(11,222)</b>

## Notes to the financial statements (continued)

	2017 \$	2016 \$
<b>Note 7. Cash and Cash Equivalents</b>		
Cash at bank and on hand	40,927	25,749
Term deposits	205,642	166,734
	<b>246,569</b>	<b>192,483</b>

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	40,927	25,749
Term deposits	205,642	166,734
	<b>246,569</b>	<b>192,483</b>

## Note 8. Trade and Other Receivables

Trade receivables	46,181	29,416
Other receivables and accruals	1,098	1,074
Prepayments	11,756	9,399
	<b>59,035</b>	<b>39,889</b>

## Note 9. Property, Plant and Equipment

### Plant and equipment

At cost	104,129	103,252
Less: accumulated depreciation	(69,353)	(64,447)
	<b>34,776</b>	<b>38,805</b>

### Leasehold improvements

At cost	208,661	208,661
Less: accumulated depreciation	(87,302)	(81,594)
	<b>121,359</b>	<b>127,067</b>

### Total written down amount

	<b>156,135</b>	<b>165,872</b>
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### Movements in carrying amounts:

#### Plant and equipment

Carrying amount at beginning	38,805	43,786
Additions	877	-
Disposals	-	-
Less: depreciation expense	(4,906)	(4,981)
<b>Carrying amount at end</b>	<b>34,776</b>	<b>38,805</b>

## Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 9. Property, Plant and Equipment (continued)		
Leasehold improvements		
Carrying amount at beginning	127,067	133,499
Additions	-	-
Disposals	-	-
Less: depreciation expense	(5,708)	(6,432)
<b>Carrying amount at end</b>	<b>121,359</b>	<b>127,067</b>
<b>Total written down amount</b>	<b>156,135</b>	<b>165,872</b>

## Note 10. Intangible Assets

Franchise fee		
At cost	32,746	21,554
Less: accumulated amortisation	(23,424)	(21,169)
	<b>9,322</b>	<b>385</b>
Renewal processing fee		
At cost	113,729	57,768
Less: accumulated amortisation	(67,098)	(55,842)
	<b>46,631</b>	<b>1,926</b>
Goodwill		
At cost	23,000	23,000
Less: accumulated amortisation	(6,984)	(3,680)
	<b>16,016</b>	<b>19,320</b>
<b>Total written down amount</b>	<b>71,969</b>	<b>21,631</b>

## Note 11. Tax

Deferred tax assets		
- accruals	4,435	3,364
- employee provisions	5,230	3,895
- tax losses carried forward	102,815	121,372
- adjustment to deferred tax to reflect change to tax rate in future periods	4,502	-
	<b>116,982</b>	<b>128,631</b>
Deferred tax liability		
- accruals	302	306
<b>Net deferred tax asset</b>	<b>116,680</b>	<b>128,325</b>
<b>Movement in deferred tax charged to statement of comprehensive income</b>	<b>(2,653)</b>	<b>3,519</b>

## Notes to the financial statements (continued)

	2017 \$	2016 \$
<b>Note 12. Trade and Other Payables</b>		
<b>Current:</b>		
Trade creditors	-	2,366
Other creditors and accruals	31,413	21,546
Liability to Bendigo (Franchise Fees)	15,681	-
	<b>47,094</b>	<b>23,912</b>
<b>Non-Current:</b>		
Liability to Bendigo (Franchise Fees)	49,657	-
	<b>49,657</b>	-

## Note 13. Provisions

<b>Current:</b>		
Provision for annual leave	14,841	10,900
	<b>14,841</b>	<b>10,900</b>
<b>Non-Current:</b>		
<b>Provision for long service leave</b>	<b>4,178</b>	<b>2,769</b>

## Note 14. Contributed Equity

921,509 Ordinary shares fully paid (2016: 921,509)	921,509	921,509
Less: equity raising expenses	(30,284)	(30,284)
	<b>891,225</b>	<b>891,225</b>

### 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**<sup>®</sup> have the same ability to influence the operation of the company.

# Notes to the financial statements (continued)

## Note 14. Contributed Equity (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 308 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.

	2017 \$	2016 \$
<b>Note 15. Accumulated Losses</b>		
Balance at the beginning of the financial year	(380,606)	(346,600)
Net profit / (loss) from ordinary activities after income tax	23,999	(34,006)
<b>Balance at the end of the financial year</b>	<b>(356,607)</b>	<b>(380,606)</b>

## Notes to the financial statements (continued)

	2017 \$	2016 \$
<b>Note 16. Statement of Cash flows</b>		
Reconciliation of profit / (loss) from ordinary activities after tax to net cash used in operating activities		
Profit / (Loss) from ordinary activities after income tax	23,999	(34,006)
Non cash items:		
- depreciation	10,614	11,413
- amortisation	16,815	17,544
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(19,146)	3,472
- (increase)/decrease in other assets	11,645	(11,222)
- increase/(decrease) in payables	16,878	(7,794)
- increase/(decrease) in provisions	5,350	(13,108)
<b>Net cash flows used in operating activities</b>	<b>66,155</b>	<b>(33,701)</b>

## 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	41,492	10,367
- between 12 months and 5 years	147,338	-
- greater than 5 years	-	-
	<b>188,830</b>	<b>10,367</b>

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 2021, with an option for one further term of five years available to be exercised.

## Note 18. Auditor's Remuneration

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

- audit and review services	5,300	5,100
- share registry services	1,885	1,800
	<b>7,185</b>	<b>6,900</b>



# Notes to the financial statements (continued)

## Note 19. Director and Related Party Disclosures

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

Peter Gerard Sheehy  
Margarida Pimentel (resigned 14 April 2017)  
Vivian Peter Gonsalves  
Daniel Jayaseelan Thambiratnam (appointed 1 September 2016)  
Colin Edward Fletcher (resigned 31 August 2016)  
Sivanandan Sivagnanam (appointed 26 April 2017)  
Lenette Fay Griffin (appointed 26 April 2017)  
Krishnapillai Srikanthan (appointed 26 April 2017)  
Phillipa Jane Maloney-Walsh (appointed 26 April 2017)  
Paul Bravender-Coyle (appointed 21 October 2016)

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.

	2017	2016
<b>Directors' Shareholdings (number of shares held)</b>		
Peter Gerard Sheehy	2	-
Margarida Pimentel (resigned 14 April 2017)	-	-
Vivian Peter Gonsalves	-	-
Daniel Jayaseelan Thambiratnam (appointed 1 September 2016)	-	-
Colin Edward Fletcher (resigned 31 August 2016)	-	-
Sivanandan Sivagnanam (appointed 26 April 2017)	-	-
Lenette Fay Griffin (appointed 26 April 2017)	-	-
Krishnapillai Srikanthan (appointed 26 April 2017)	-	-
Phillipa Jane Maloney-Walsh (appointed 26 April 2017)	-	-
Paul Bravender-Coyle (appointed 21 October 2016)	-	-

## 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.

# Notes to the financial statements (continued)

## Note 21. Remuneration Report

### (a) Remuneration of Directors

No Director receives remuneration from the company for services as a Company Director or Committee Member.

Wantirna Community Financial Services Limited has accepted the **Community Bank**<sup>®</sup> 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**<sup>®</sup> 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 shareholders. The Directors have estimated the total benefits received from the Directors' Privilege Package to be \$44 for the year ended 2017.

For the year ended 30 June 2017, the Directors received total benefits of:

	Amount (\$)
Phillipa Jane Maloney-Walsh (appointed 26 April 2017)	44
	<b>44</b>

### (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**<sup>®</sup> 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.

	2017 \$	2016 \$
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## Note 22. Earnings Per Share

(a) Loss attributable to the ordinary equity holders of the company used in calculating earnings per share	23,999	(34,006)
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	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:

<b>Registered Office</b>	<b>Principal Place of Business</b>
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					
	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 %	2016 %
<b>Financial Assets</b>												
Cash and cash equivalents	246,569	192,483	-	-	-	-	-	-	-	-	1.89	2.27
Receivables	-	-	-	-	-	-	-	-	46,181	29,416	N/A	N/A
<b>Financial Liabilities</b>												
Payables	-	-	-	-	-	-	-	-	-	2,366	N/A	N/A

# Directors' declaration

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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 2017 and of its performance for the financial year ended on that date; and
  - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



**Peter Gerard Sheehy,**  
**Chairman & Treasurer**

Signed on the 15 August 2017

# Independent audit report

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Chartered Accountants

61 Bull Street, Bendigo 3550  
PO Box 454, Bendigo 3552  
03 5443 0344  
afsbendigo.com.au

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

### Report on the audit of the financial statements

#### Our opinion

In our opinion, the financial report of Wantirna Community Financial Services Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards.

#### What we have audited

Wantirna Community Financial Services Limited's (the company) financial report comprises the:

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

#### Basis for opinion

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

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

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

#### Other information

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

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# Independent audit report (continued)

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

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

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

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

## **Directors' responsibility for the financial report**

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

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

## **Auditor's responsibility for the audit of the financial report**

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

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



**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, 3550  
Dated: 15 August 2017



**David Hutchings**  
Lead Auditor

Wantirna **Community Bank**<sup>®</sup> Branch  
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