Annual Report 2018

Mosman

Warringah Financial Services Limited

ABN 61 134 721 216

Mosman **Community Bank**® Branch

Warringah Financial Services Limited
ABN: 61 134 721 216

Financial Report

For the year ended 30 June 2018

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CHAIRMAN'S REPORT

For the year ended 30 June 2018

Dear Shareholder,

Your Mosman **Community Bank®** Branch has made a small profit for the third year in a row. As advised in previous annual reports, the Bendigo profit sharing model has changed. Although the changes have slowed our transition to a profitable branch, we are confident that we are well placed to grow the branch's profits in the future.

We have seen a number of changes at the branch to support our optimism. We have made two staff changes. Amie Ebert has joined the branch as Branch Operations Manager from the Central Coast. Amie is a long-term **Community Bank®** person who is very experienced in all the bank processes and procedures. She is an exciting and excited new member of our team. We encourage all of you to visit Amie and get to know her.

The second major change is the employment of Tom Laurich who has joined us from Westpac. His role is a new one for our branch. He is a Mobile Relationship Manager. We realised that we need to broaden our target market and also accept that the market is moving away from a branch-centric model into a relationship-based flexible model where we need to go to the customer. Tom is very keen to build relationships with community groups as well as businesses. He is totally mobile so he can come to you when and where needed. Tom's mobile number is 0415 908 711. We are very lucky to have someone of Tom's ability in our team and many people in the community already know him due to his many contacts. Please give him a ring to discuss your needs.

Bendigo has commenced a marketing strategy to let more people know about the good work the Community Banking model does in our communities. The Campaign is called 'Be the Change" and is featured locally at the Cremorne Orpheum as well as on radio and in the press. It is good to see this as we need more people understanding the benefits to the whole community of the Bendigo **Community Bank®** model.

The banking royal commission has highlighted a number of banking issues that to me make our model even more important. Banks should be about supporting the customer not about profit. I feel that when you come into Bendigo Mosman it is a different experience than you get at the Big Four. This is due to our wonderful staff Aline, Santosh and Liam, but also to the philosophy of the Bank.

The Board is made up of a talented group of volunteers who believe in the future success of the business model. This year we welcomed three new Board members Rodney Timm, Tina Jackson and Kerry Kellern who bring a tremendous amount of talent and ability to the Board and we are very pleased to welcome them. Please make yourselves known to them. I would like to personally thank all the Board Members for their input, support and commitment to the Mosman **Community Bank®**.

We farewelled last November with great regret the branch's founding Chairman John Nelson. His determination and hard work were crucial to the establishment of the branch and we wish him a happy and well-earned retirement.

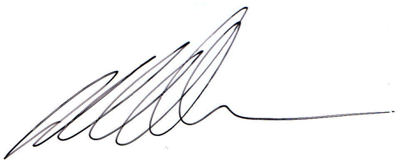
This year was the seventh year of the branch's Junior Observer program which allows two Year 12 students to experience how a Board operates and gives them an insight into the banking industry. We enjoyed the participation of two very fine students: Sally Snashall, Queenwood School, and Eric Kuang, North Sydney Boys High.

We continue to make a difference in the Mosman community with our sponsorship program and this year we supported the Mosman Orchestra, Mosman Bowling Club, The Garrison Knitters (who knit rugs and toys for Stewart House), Mosman Croquet Club and the Barn Quilters (who raised money from their quilt sale for Taldumande Youth Services).

In the future we will be seeing a lot of activity on social media and Facebook letting people know what the branch is doing and what we stand for. This will be driven by Amie and her team. It is important that we attract new customers to the branch and our key objective is growth in our customer base. With this in mind we will be looking to expand our services to businesses throughout the Lower North Shore

The Bank has such a wide range of products and we need to get more people using more of them to build our income base. I encourage you to review the Bank's offerings. I know from my own family experience the offering was as good or better than my previous Bank. It takes little effort to get a quote. Every bit helps us help the community.

Please attend the AGM and if possible email in advance any questions you may have so that we can give a considered response (email: mosmanmailbox@bendigoadelaide.com.au). Please also continue to support the branch for all your banking needs. Our future is in the hands of the Mosman community. We are planning many exciting things this year, please let us know if you would like to be involved.



Mark Alderson

Chairman

BRANCH OPERATIONS MANAGER'S REPORT

For year ended 30 June 2018

It was a pleasure to join the team of Mosman **Community Bank®** Branch of Bendigo Bank on 30 April 2018. As I joined towards the end of the financial year I will reflect on the successes of the branch and what the plans are for the 2018/19 financial year. I am looking forward to a strong financial year.

Our branch staff are a vital part of the structure of the business and there have been some changes this year with Daniel Durocher and Charles Tan leaving us. We have welcomed Mobile Relationship Manager Tom Laurich who is focused on business development and will be encouraging and engaging with the community with me. Santosh KC and Liam Mcelduff have both completed their first full year and show great capabilities and that they are very driven. A big mention to Aline Affarian who has celebrated her fifth year with the branch: she is the longest standing staff member and we appreciate her dedication and service to the Bank.

Our focus for the coming year is based on the vision of engaging the Lower North Shore by:

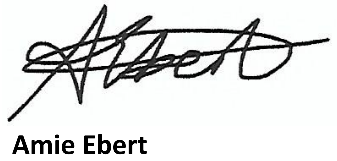
1. Networking and Business Development within the Lower North Shore,
2. Utilising our Mobile Relationship Manager to broaden our customer base,
3. Increasing the products that existing customers have with us and strengthening those relationships,
4. Building a stronger relationship with local businesses,
5. Engaging the Mosman Community Groups.

An increased profit was made in the last financial year and an overall growth in the business. We are aiming to see an increase in revenue and profit and a successful future for the branch going forward.

I would really like to thank the Board of Mark Alderson, Bob Dickinson, Virginia Howard, Miles Felstead, Mark Wallis, Fentin McEvoy, Katelin Organ, Rodney Timm, Tina Jackson and Kerry Kellern for their continuous support for the branch and I look forward to working together to make next year the biggest year ever for the Mosman **Community Bank®** Branch.

A big thank you to all our shareholders for without you this branch would not exist. Many of you have shown ongoing support for the branch by taking advantage of the products and benefits offered to shareholders. I encourage you to come in to the branch and say hello and meet our wonderful team.

I look forward to a great year ahead.



Amie Ebert

Branch Operations Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2018

It's been 20 years since the doors to the first **Community Bank®** branch opened. And it has only been a few months since the latest, the 321st, **Community Bank®** branch opened its doors.

In the last 20 years, much has changed. A staggering 92 per cent of our customers do their banking online and we pay for goods and services on a range of mobile phones, our watches and even our fitness devices. Many are embracing this online world with a sense of excitement and confidence. Our model will be even more accessible to people right across Australia.

Despite the change many things have also remained constant through the last two decades. Commitment within communities remains as strong today as it has ever been; from our first **Community Bank®** branch to the most recent one, and the 319 in between.

This year, five of our Community Bank branches are celebrating 20 years in business. Bendigo Bank has celebrated 160 years in business. We farewelled Managing Director Mike Hirst and welcomed into the MD role long-time Bendigo employee Marnie Baker.

Our **Be the change** online marketing campaign has been the most successful online marketing campaign ever run by our organisation. The premise behind **Be the change** is simple – it thanks individual customers for banking with their **Community Bank®** branch.

But it's not the Bank thanking the customers. It's not the staff, volunteer directors or shareholders thanking the customers. It's the kids from the local little athletics and netball clubs, it's the man whose life was saved by a **Community Bank®** funded defib unit, it's members of the local community choir and the animal rescue shelter. These people whose clubs and organisations have received a share of over $200 million in **Community Bank®** contributions, all because of people banking with their local **Community Bank®** branch.

Be the change has further highlighted the power of the model. For others, customers are important. For our **Community Bank®** network, customer support ensures our point of difference. It's the reason we can share in the revenue generated by their banking business. Without this point of difference, we would be just another bank.

But we're not, we're Bendigo Bank and we're Australia's only *'community bank',* recently named by Roy Morgan Research as Australia's third most trusted brand and most trusted bank. As one of 70,000-plus **Community Bank®** company shareholders across Australia, these are outcomes we hope you too are proud of.

I'd like to thank you for your decision to support your local **Community Bank®** company as a shareholder. Your support has been vitally important to enhancing the prospects and outcomes within your community.

Without you, there would be no **Community Bank®** branch network in Australia.

We value your initial contribution and your ongoing support of your **Community Bank®** branch and your community. Thank you for continuing to play a role in helping your community **Be the change**.

Robert Musgrove
Bendigo and Adelaide Bank

The Directors present their report of the company for the financial year ended 30 June 2018.

Directors

The following persons were Directors of Warringah Financial Services Limited during or since the end of the financial year up to the date of this report:

Mark Alderson	
Position	Chairman, Member of the Marketing and Administration Commitees
Professional qualifications	B.Ec.. (Hon), FICD
Experience and expertise	Director: Foto Riesal Ltd; Union University and School Club; Rotary Club of Mosman; Camera House of Australia; Raleru Ltd; S&S Imports Pty Ltd; Alderson Camera Stores Pty Ltd

John Nelson OAM (Resigned November 2017)	
Position	Director
Professional qualifications	FCPA, FIIA
Experience and expertise	Director: John L Nelson & Associates Pty Ltd; Dragonmight Pty Ltd; Secretary/Treasurer Mosman Community Services Inc; Trustee, The Donald Boden Memorial Trust - Charity

Fentin McEvoy	
Position	Director, Member of the Administration Committee
Professional qualifications	LLB
Experience and expertise	Lawyer; Real Estate; Business Development; Corporate Governance

Virginia Howard	
Position	Director/ Company Secretary, Member of the Community Engagement and Administration Commitees
Professional qualifications	B.A; M.A (Hons) Dip. Ed., MAICD
Experience and expertise	Chair, Taldumande Youth Services Inc; Chair, Dougherty Retirement Village and Care Facility; Director, Mosman Community Services Inc; former Director: Mosman Community College; Uniting Care Aging Sydney

Bob Dickinson	
Position	Director/Treasurer, Member of the Administration Committee
Professional qualifications	FCPA (Retired)
Experience and expertise	Accountant; Consultant; former Senior Executive, Banking; former Finance Director: Northern Suburbs Basketball Association; Basketball NSW, Director; R&P Dickinson Pty Ltd

Mark Wallis	
Position	Director, Member of the Business Development Committee
Professional qualifications	Justice of the Peace
Experience and expertise	Real Estate; Consultant; Sales and Marketing; former Business owner and Senior Executive, IT&T; Past President, Rotary Club of Mosman; Beauty Point School P&C

Miles Felstead	
Position	Director, Member of the Business Development Committee
Professional qualifications	Fellow, Property Institute of NSW; Fellow, The Real Estate Institute of NSW
Experience and expertise	Principal; Miles Felstead Realty P/L Mosman; Qualified valuer; Past President : Mosman Chamber of Commerce; Rotary Club of Mosman, Director, Rental Bond Board NSW; Former Director, Real Estate Institute of NSW.

Katelin Organ (Appointed July 2017)	
Position	Director, Chair of the Marketing Committee
Professional qualifications	B.Bus., Dip. MGt, AIM; GAICD; Justice of the Peace
Experience and expertise	Senior Executive, Information and Communications Technology, Services and Support. Social Media expert.

Rodney Timm (Appointed March 2018)	
Position	Director, Chair of the Business Development Committee
Professional qualifications	B.Sc. (QS), Bcomm (Hons), MBA, GAICD
Experience and expertise	Executive Director, Property Beyond Pty Ltd; President, Koorana (not-for-profit); Director Gowie NSW (not-for-profit); Advisory Board Member, Stytex Start-up.

Tina Jackson (Appointed April 2018)	
Position	Director. Chair of the Community Engagement Committee
Professional qualifications	B.Ec. (Hons)
Experience and expertise	Founder and Chair IMPACT100 Sydney North; Co-founder DO Something Australia; former Executive Director National trust of Australia; former President Mosman High School

David Kerr (Resigned July 2017)	
Position	Director
Professional qualifications	B.Ec. (Mq), LLB (Syd), Dip. Fin. Planning
Experience and expertise	Consultant, regulatory compliance, risk management and ethical management.

Colleen Godsell (Resigned July 2017)	
Position	Director
Professional qualifications	Justice of the Peace, MAICD
Experience and expertise	Company director with extensive commercial, marketing and financial experience; Community leader with long volunteer service to marginalised and not-for-profit organisations

Michael Perkins (Resigned July 2017)	
Position	Director
Professional qualifications	Dip. Law (SAB)
Experience and expertise	Partner, Perkins Fahey Lawyers; Member: Society of Trust and Estate Practitioners; Financial Planning Association of Australia; Profession Advisory Council; Sydney Community Foundation

Kerry Skellern (Appointed August 2018)	
Position	Director. Member of the Community Engagement Committee
Professional qualifications	B.Sc., BEng(Hons)(Chem), GDBA, FAICD
Experience and expertise	Chair, non-executive Director, Business Advisor and General Manager with over ten years of non-execurive experience and over twenty years of executive experience accross the public, commercial and not-for-profit sectors. Director, Avondale Golf Club.

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' meetings

Attendances by each Director during the year were as follows:

	Board meetings	
Director	A	B
Mark Alderson	11	11
John Nelson OAM (Resigned November 2017)	5	2
Fentin McEvoy	11	9
Virginia Howard	11	9
Bob Dickinson	11	11
Mark Wallis	11	5
Miles Felstead	11	11
Katelin Organ (Appointed July 2017)	11	8
Rodney Timm (Appointed March 2018)	4	4
Tina Jackson (Appointed April 2018)	3	2
Kerry Skellern (Appointed August 2018)	0	0

A - The number of meetings eligible to attend.

B - The number of meetings attended.

Company Secretary

Virginia Howard has been the Company Secretary of Warringah Financial Services Limited since March 2017. Virginia has been a director of the company since 2010 and is an experienced company secretary.

Principal activities

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

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

Review of operations

The profit of the company for the financial year after provision for income tax was $33,810 (2017 profit: $10,521), which is a steady increase as compared with the previous year.

Dividends

No dividend has been declared or paid for the year ended 30 June 2018.

Options

No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report.

Significant changes in the state of affairs

Changes to the profit sharing arrangement with Bendigo and Adelaide Bank Limited commenced on 1 July 2017. The company agreed to accept the new pricing model.

Events subsequent to the end of the reporting period

The company currently derives a large percentage of its income from banking products held by a single customer. Depending on timing, loss of all or part of this income may significantly affect future profitability.

Transitional arrangements have been agreed with Bendigo and Adelaide Bank Limited to minimise any adverse affect of changes to the profit sharing arrangements on profitability in the 2018/19 financial year.

No other matters or circumstances have arisen since the end of the financial year that significantly affect or may signficantly affect the operations of the company, the results of those operations or the state of affairs of the company, in future financial years.

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor

The company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The company also has Officers Insurance for the benefit of Officers of the company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the company or in or arising out of the discharge of the Officer's duties.

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.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set as page 13 of this financial report. No officer of the company is or has been a partner of the Auditor of the company.

Signed in accordance with a resolution of the Board of Directors at Mosman on 4 September 2018.

Bob Dickinson

Director

41A Breen Street
Bendigo, Victoria
PO Box 448, Bendigo, VIC,
3552

Ph: (03) 4435 3550
admin@rsdaudit.com.au
www.rsdaudit.com.au

Auditors Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors OF Warringah Financial Services Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there have been no contraventions of:

(i) The auditor independence requirements set out in the *Corporations Act 2001* in relation to the audit; and

(ii) Any applicable code of professional conduct in relation to the audit.

RSD Audit

Kathie Teasdale
Partner
41A Breen Street
Bendigo VIC 3550

Dated: 7 September 2018

Warringah Financial Services Limited
ABN 61 134 721 216
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2018

	Note	2018 $	2017 $
Revenue	2	610,351	575,438
Expenses			
Employee benefits expense	3	(316,085)	(328,861)
Depreciation and amortisation	3	(28,454)	(28,897)
Finance costs	3	(1,423)	(1,967)
Bad and doubtful debts expense / recoveries	3	(273)	27,187
Professional Fees		(12,154)	(16,455)
Occupancy expenses		(113,670)	(110,543)
IT systems and support expenses		(32,353)	(32,052)
Cash delivery, freight and cartage		(5,927)	(11,010)
Marketing and advertising expenses		(10,507)	(13,762)
Other expenses		(52,727)	(43,639)
		(573,573)	(559,999)
Operating profit before charitable donations & sponsorship		**36,778**	**15,439**
Charitable donations and sponsorships		(2,968)	(4,918)
Profit before income tax		**33,810**	**10,521**
Income tax expense	4	-	-
Profit for the year after income tax		**33,810**	**10,521**
Other comprehensive income		-	-
Total comprehensive income for the year		**33,810**	**10,521**
Profit attributable to members of the company		33,810	10,521
Total comprehensive income attributable to members of the company		**33,810**	**10,521**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share	18	3.02	0.94

Warringah Financial Services Limited
ABN 61 134 721 216
Statement of Financial Position
as at 30 June 2018

	Note	2018 $	2017 $
Assets			
Current assets			
Cash and cash equivalents	5	78	209
Trade and other receivables	6	56,370	57,071
Financial assets	7	25,500	25,500
Total current assets		**81,948**	**82,780**
Non-current assets			
Plant and equipment	9	77,356	92,067
Intangible assets	10	17,178	30,921
Total non-current assets		**94,534**	**122,988**
Total assets		**176,482**	**205,768**
Liabilities			
Current liabilities			
Trade and other payables	12	48,936	89,257
Borrowings	13	23,174	59,352
Provisions	14	8,359	7,893
Total current liabilities		**80,469**	**156,502**
Non-current liabilities			
Provisions	14	12,937	-
Total non-current liabilities		**12,937**	**-**
Total liabilities		**93,406**	**156,502**
Net assets		**83,076**	**49,266**
Equity			
Issued capital	15	1,095,009	1,095,009
Accumulated losses	16	(1,011,933)	(1,045,743)
Total equity		**83,076**	**49,266**

Warringah Financial Services Limited
ABN 61 134 721 216
Statement of Changes in Equity
for the year ended 30 June 2018

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2017		1,095,009	(1,045,743)	49,266
Comprehensive income for the year				
Profit for the year		-	33,810	33,810
Other comprehensive income for the year		-	-	-
		-	33,810	33,810
Balance at 30 June 2018		1,095,009	(1,011,933)	83,076
Balance at 1 July 2016		1,095,009	(1,056,264)	38,745
Comprehensive income for the year				
Profit for the year		-	10,521	10,521
Other comprehensive income for the year		-	-	-
		-	10,521	10,521
Balance at 30 June 2017		1,095,009	(1,045,743)	49,266

Warringah Financial Services Limited
ABN 61 134 721 216
Statement of Cash Flows
for the year ended 30 June 2018

	Note	2018 $	2017 $
Cash flows from operating activities			
Receipts from customers		623,335	601,660
Payments to suppliers and employees		(597,030)	(615,095)
Interest paid		(1,423)	(1,967)
Interest received		662	-
Other Income		25,070	25,000
Net cash flows provided by operating activities	19b	50,614	9,598
Cash flows from investing activities			
Purchase of plant and equipment		-	(7,743)
Purchase of intangible assets		(14,567)	(14,567)
Net cash flows used in investing activities		(14,567)	(22,310)
Net increase/(decrease) in cash held		**36,047**	**(12,712)**
Cash and cash equivalents at beginning of financial year		(59,143)	(46,431)
Cash and cash equivalents at end of financial year	19a	(23,096)	(59,143)

These financial statements should be read in conjunction with the accompanying notes.

These financial statements and notes represent those of Warringah Financial Services Limited.

Warringah Financial Services Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 4 September 2018.

1. Summary of significant accounting policies

(a) Basis of preparation

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

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

Economic dependency

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

The branch operates as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank", the logo, and systems of operation of Bendigo and Adelaide Bank Limited. The company manages the **Community Bank®** branches on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank®** branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

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

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank®** branches 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®** branches;
- Training for the Branch Managers 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
- Sale techniques and proper customer relations.

1. Summary of significant accounting policies (continued)

(b) Impairment of assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

(c) Goods and services tax (GST)

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

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

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

(d) Comparative figures

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

(e) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company. Estimates and judgements are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and judgements that have a significant risk of causing material adjustments to the carrying values of assets and liabilities are as follows:

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and intangible assets. The depreciation and amortisation charge will increase where useful lives are less than previously estimated lives.

Fair value assessment of non-current physical assets

The AASB 13 Fair Value standard requires fair value assessments that may involve both complex and significant judgement and experts. The value of land and buildings may be materially misstated and potential classification and disclosure risks may occur.

1. Summary of significant accounting policies (continued)

(e) Critical accounting estimates and judgements (continued)

Employee benefits provision

Assumptions are required for wage growth and CPI movements. The likelihood of employees reaching unconditional service is estimated. The timing of when employee benefit obligations are to be settled is also estimated.

Income tax

The company is subject to income tax. Significant judgement is required in determining the deferred tax asset. Deferred tax assets are recognised only when it is considered sufficient future profits will be generated. The assumptions made regarding future profits is based on the company's assessment of future cash flows.

Impairment

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

(f) New and revised standards that are effective for these financial statements

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 July 2017. Information on the more standard(s) applicable to this entity are presented below.

AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses

AASB 2016-1 amends AASB 112 Income Taxes to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost.
AASB 2016-1 is applicable to annual reporting periods beginning on or after 1 January 2017.

(g) New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company.

The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in the future reporting periods is set out on the proceeding pages

1. Summary of significant accounting policies (continued)

(i) AASB 9 *Financial Instruments* and associated Amending Standards (applicable for annual reporting periods beginning on or after 1 January 2018)

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

a) Financial assets that are debt instruments will be classified based on:

(i) the objective of the entity's business model for managing the financial assets; and

(ii) the characteristics of the contractual cash flows.

b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

c) Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.

d) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

e) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

- the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI)
- the remaining change is presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- classification and measurement of financial liabilities; and
- derecognition requirements for financial assets and liabilities

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.

Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements.

1. Summary of significant accounting policies (continued)

(g) New accounting standards for application in future periods (continued)

(ii) AASB 15: *Revenue from Contracts with Customers* (applicable for annual reporting periods commencing on or after 1 January 2018)

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with customers;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosure regarding revenue.

When this Standard is first adopted for the year ending 30 June 2019, it is not expected that there will be a material impact on the transactions and balances recognised in the financial statements.

(iii) AASB 16: *Leases* (applicable for annual reporting periods commencing on or after 1 January 2019)

AASB 16:

- replaces AASB 117 Leases and some lease-related Interpretations;
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases;
- provides new guidance on the application of the definition of lease and on sale and lease back accounting;
- largely retains the existing lessor accounting requirements in AASB 117; and
- requires new and different disclosures about leases.

The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

2. Revenue

	2018 $	2017 $
Revenue		
- service commissions	608,681	574,612
	608,681	574,612
Other revenue		
- interest received	662	-
- other revenue	1,008	826
	1,670	826
Total revenue	**610,351**	**575,438**

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank LImited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

The entity applies the revenue recognition criteria set out below to each separately identifiable sales transaction in order to reflect the substance of the transaction.

Rendering of services
The entity generates service commissions on a range of products issued by the Bendigo and Adelaide Bank Limited. The revenue includes upfront and trailing commissions, sales fees and margin fees.

Interest and other income
Interest income is recognised on an accrual basis using the effective interest rate method.

Other revenue is recognised when the right to the income has been established.

All revenue is stated net of the amount of goods and services tax (GST).

3. Expenses

	2018 $	2017 $
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	252,392	264,176
- superannuation costs	24,446	27,960
- other costs	39,247	36,725
	316,085	328,861
Depreciation and amortisation		
Depreciation		
Leasehold improvements	8,115	8,412
Plant and equipment	6,596	6,743
	14,711	15,155
Amortisation		
- franchise fees	13,743	13,742
Total depreciation and amortisation	28,454	28,897

3. Expenses (continued)

	2018 $	2017 $
Finance costs		
- Interest paid	1,423	1,967
Bad and doubtful debts expenses/(recoveries)	273	(27,187)
Auditors' remuneration		
Remuneration of the Auditor, RSD Audit, for:		
- Audit or review of the financial report	3,600	6,795
- Share registry services	2,032	1,900
	5,632	8,695

Operating expenses

Operating expenses are recognised in profit or loss on an accurals basis, which is typically upon utilisation of the service or at the date upon which the entity becomes liable.

Borrowing costs

Borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

Depreciation

The depreciable amount of all fixed assets, including capitalised leased assets, is depreciated over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of asset	*Rate*	*Method*
Leasehold improvements	7%	Straight line
Plant and equipment	7-50%	Straight line

4. Income tax

	2018 $	2017 $
a. The components of tax expense comprise:		
Current tax expense	12,984	(48,493)
Recoupment of prior year tax losses	(12,984)	48,493
	-	-
b. Prima facie tax payable		
The prima facie tax on profit / (loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 27.5% (2017: 27.5%)	9,298	2,893
Add tax effect of:		
- Utilisation of previously unrecognised carried forward tax losses	(9,298)	(2,893)
Income tax attributable to the entity	-	-
The applicable weighted average effective tax rate is:	0.00%	0.00%
Total carried forward tax losses not recognised as deferred tax assets:	243,978	258,923
c. Current tax liability		
Current tax relates to the following:		
Current tax liabilities / (assets)		
Opening balance	-	-
Current tax	12,984	(48,493)
Recoupment of previously unrecognised carried forward tax losses	(12,984)	48,493
	-	-

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

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

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

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

Deferred income tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

5. Cash and cash equivalents

	2018	2017
	$	$
Cash at bank and on hand	78	209
	78	**209**

Cash and cash equivalents include cash on hand, deposits available on demand with banks, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

6. Trade and other receivables

	2018	2017
	$	$
Current		
Trade receivables	56,370	57,071
	56,370	**57,071**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provision for doubtful debts. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. A provision for doubtful debts is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the assets carrying amount and the present value of estimated cash flows, discounted at the effective interest rate. The amount of the provision is recognised on profit or loss.

Credit risk

The main source of credit risk relates to a concentration of trade receivables owing by Bendigo and Adelaide Bank Limited, which is the source of the majority of the company's income.

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

6. Trade and other receivables (continued)

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be high credit quality.

	Gross amount	Not past due	Past due but not impaired			Past due and impaired
			< 30 days	31-60 days	> 60 days	
2018	$	$	$	$	$	$
Trade receivables	56,370	56,370	-	-	-	-
Total	**56,370**	**56,370**	-	-	-	-
2017						
Trade receivables	57,071	57,071	-	-	-	-
Total	**57,071**	**57,071**	-	-	-	-

7. Financial assets

	2018	2017
	$	$
Held to maturity financial assets		
Term deposits	25,500	25,500
	25,500	25,500

The effective interest rate on the bank deposit was 2.4% (2017: 2.6%). This deposit has a term of 12 months, maturing on 17 July 2018.

(a) Classification of financial assets

The company classifies its financial assets in the following categories:
- loans and receivables, and
- held to maturity investments,.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

Loans and receivables

This category is the most relevant to the company. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the period end, which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

Held to maturity investments

The entity classifies investments as held-to-maturity if:
- they are non-derivative financial assets
- they are quoted in an active market
- they have fixed or determinable payments and fixed maturities
- the entity intends to, and is able to, hold them to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which would be classified as current assets.

7. Financial assets (continued)

(b) Measurement of financial assets
At initial recognition, the entity measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discount estimated future cash payments or receipts over the expected life (or where this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in the profit or loss.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method.*

(c) Impairment of financial assets
The entity assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Assets carried at amortised cost
For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

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

9. Plant and equipment

	2018 $ At cost	2018 $ Accumulated depreciation	2018 $ Written down value	2017 $ At cost	2017 $ Accumulated depreciation	2017 $ Written down value
Leasehold improvements	125,448	(71,033)	54,415	125,448	(62,918)	62,530
Plant and equipment	117,977	(95,036)	22,941	117,977	(88,440)	29,537
Total plant and equipmen	**243,425**	**(166,069)**	**77,356**	**243,425**	**(151,358)**	**92,067**

Plant, equipment and leasehold improvements

Plant, equipment and leasehold improvements are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant, equipment and leasehold improvements is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(a) Capital expenditure commitments
The entity does not have any capital expenditure commitments at 30 June 2018 (2017: None)

(b) Movements in carrying amounts of P&E

2018	Opening written down value	Additions	Depreciation	Closing written down value
Leasehold improvements	62,530	-	(8,115)	54,415
Plant and equipment	29,537	-	(6,596)	22,941
Total plant and equipment	**92,067**	**-**	**(14,711)**	**77,356**

2017	Opening written down value	Additions	Depreciation	Closing written down value
Leasehold improvements	66,622	4,320	(8,412)	62,530
Plant and equipment	32,857	3,423	(6,743)	29,537
Total plant and equipment	**99,479**	**7,743**	**(15,155)**	**92,067**

10. Intangible assets

	2018 $ At cost	2018 $ Accumulated amortisation	2018 $ Written down value	2017 $ At cost	2017 $ Accumulated amortisation	2017 $ Written down value
Franchise fees	178,713	(161,535)	17,178	178,713	(147,792)	30,921
Total intangible assets	**178,713**	**(161,535)**	**17,178**	**178,713**	**(147,792)**	**30,921**

Franchise fees have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation in the Statement of Profit or Loss and Other Comprehensive Income.

(a) Movements in carrying amounts

2018	Opening written down value	Amortisation	Closing written down value
Franchise fees	30,921	(13,743)	17,178
Total intangible assets	**30,921**	**(13,743)**	**17,178**

2017	Opening written down value	Amortisation	Closing written down value
Franchise fees	44,663	(13,742)	30,921
Total intangible assets	**44,663**	**(13,742)**	**30,921**

11. Financial liabilities

Financial liabilities include trade payables, other creditors, loans from third parties and loans from or other amounts due to related entities. Financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Financial liabilities are initially measured at fair value plus transaction costs, except where the instrument is classified as "fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

12. Trade and other payables

	2018 $	2017 $
Current		
Unsecured liabilities:		
Trade creditors	8,740	38,280
Accrued Expenses	27,511	35,925
Other creditors and accruals	12,685	15,052
	48,936	89,257

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

The average credit period on trade and other payables is one month.

13. Borrowings

	2018 $	2017 $
Current		
Unsecured liabilities		
Bank overdraft	23,174	59,352
Total borrowings	23,174	59,352

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(a) Bank overdraft and bank loans
The company has an overdraft facility of $350,000 which is subject to normal commercial terms and conditions.

14. Provisions

	2018 $	2017 $
Current		
Employee benefits	8,359	7,893
Non-current		
Employee benefits	12,937	-
Total provisions	21,296	7,893

14. Provisions (continued)

Short-term employee benefits
Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The liability for annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

Other long-term employee benefits
Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurement for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

15. Share capital

	2018 $	2017 $
1,117,768 Ordinary shares fully paid	1,117,768	1,117,768
Less: Equity raising costs	(22,759)	(22,759)
	1,095,009	1,095,009

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

(a) Movements in share capital

Fully paid ordinary shares:		
At the beginning of the reporting period	1,117,768	1,117,768
Shares issued during the year	-	-
At the end of the reporting period	1,117,768	1,117,768

Ordinary shareholderss participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

15. Share capital (continued)

(b) Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Statement of Financial Position.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the Distribution Limit.

(i) the Distribution Limit is the greater of:
  (a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
  (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

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

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

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

16. Accumulated losses

	2018 $	2017 $
Balance at the beginning of the reporting period	(1,045,743)	(1,056,264)
Profit for the year after income tax	33,810	10,521
Balance at the end of the reporting period	(1,011,933)	(1,045,743)

17. Dividends paid or provided for on ordinary shares

No dividends have been paid or declared during the year ended 30 June 2018 (2017: Nil).

18. Earnings per share

	2018 $	2017 $
Basic earnings per share (cents)	3.02	0.94
Earnings used in calculating basic earnings per share	33,810	10,521
Weighted average number of ordinary shares used in calculating basic earnings per share.	1,117,768	1,117,768

Basic earnings per share
Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the company, excluding any costs of servcing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjsuted for bonus elements in ordinary shares issues during the year.

19. Statement of cash flows

	2018 $	2017 $

(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:

	2018 $	2017 $
Cash and cash equivalents (Note 5)	78	209
Less bank overdraft (Note 13)	(23,174)	(59,352)
As per the Statement of Cash Flow	(23,096)	(59,143)

(b) Reconciliation of cash flow from operations with profit after income tax

	2018 $	2017 $
Profit for the year after income tax	33,810	10,521
Non-cash flows in profit		
- Depreciation and amortisation	28,454	28,897
- Bad debts	273	-
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	428	(6,239)
- (Increase) / decrease in other assets	-	5,959
- Increase / (decrease) in trade and other payables	(25,754)	29,374
- Increase / (decrease) in provisions	13,403	(58,914)
Net cash flows from operating activities	50,614	9,598

(c) Credit standby arrangement and loan facilities

The company has a bank overdraft facility amounting to $350,000 (2017: $350,000). This may be terminated at any time at the option of the bank. At 30 June 2018, $23,174 of this facility was used (2017: $59,352). A variable interest rate applies to this overdraft facility.

20. Key management personnel and related party disclosures

(a) Key management personnel

Key management personnel includes any person having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company. The Directors are determined to be the key management personnel of the entity.

No remuneration was paid to key management personnel during 2018 as the positions are held on a voluntary basis (2017: Nil).

(b) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(c) Transactions with key management personnel and related parties

Other than detailed below, no key management personnel or related party has entered into any contracts with the company. No Director fees have been paid as the positions are held on a voluntary basis.

20. Key management personnel and related party disclosures (continued)

(d) Key management personnel shareholdings

The number of ordinary shares in Warringah Financial Services Limited held by each key management personnel of the company during the financial year is as follows:

	2018	2017
John Nelson	5,001	5,001
Murray Block	35,001	35,001
Fentin McEvoy	1,001	1,001
Virginia Howard	1,000	1,000
Mark Wallis	501	501
Miles Felstead	3,001	3,001
	45,505	45,505

There was no movement in key management personnel shareholdings during the year. Each share held has a paid up value of $1 and is fully paid.

(e) Other key management transactions

There have been no other transactions key management or related parties other than those described above.

21. Events after the reporting period

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

22. Contingent liabilities and contingent assets

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

23. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one area being Mosman, NSW. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited (2017: 100%).

24. Commitments

Operating lease commitments

	2018 $	2017 $
Payable:		
- no later than 12 months	101,094	96,926
- between 12 months and five years	193,852	290,778
- greater than five years	-	-
Minimum lease payments	294,946	387,704

The property lease is a non-cancellable lease with a five-year term ending 30 June 2021, with rent payable monthly in advance and 3% CPI increases.

25. Company details

The registered office and principal place of business is 652 Military Road, Mosman, NSW 2088.

26. Financial instrument risk

Financial risk management policies

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

Specific financial risk exposure and management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and other price risk. There have been no substantial changes in the types of risks the company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

The company's financial instruments consist mainly of deposits with banks, short term investments, account receivables and payables, bank overdraft and loans. The totals for each category of financial instruments measured in accordance with AASB 139 *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies are as follows:

	Note	2018 $	2017 $
Financial assets			
Cash and cash equivalents	5	78	209
Trade and other receivables	6	56,370	57,071
Financial assets	7	25,500	25,500
Total financial assets		**81,948**	**82,780**
Financial liabilities			
Trade and other payables	12	48,936	89,257
Bank overdraft	13	23,174	59,352
Total financial liabilities		**72,110**	**148,609**

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the table above.

The company has significant concentrations of credit risk with Bendigo and Adelaide Bank Limited. The company's exposure to credit risk is limited to Australia by geographic area.

26. Financial instrument risk (continued)

(a) Credit risk (continued)

None of the assets of the company are past due (2017: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

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

(b) Liquidity risk

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

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

In addition the company has established an overdraft facility of $350,000 with Bendigo and Adelaide Bank Limited. The undrawn amount of this facility is $326,826 (2017: $290,648).

The table below reflects an undiscounted contractual maturity analysis for financial liabilities. The Bank overdraft facility is subject to annual review, may be drawn at any time, and may be terminated by the bank without notice. Therefore the balance of the overdraft facility outstanding at year end could become repayable within 12 months.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis:

30 June 2018	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
Cash and cash equivalents		78	78	-	-
Trade and other receivables		56,370	56,370	-	-
Financial assets	2.45%	25,500	25,500	-	-
Total anticipated inflows		81,948	81,948	-	-
Financial liabilities					
Trade and other payables		48,936	48,936	-	-
Bank overdraft *	6.00%	23,174	23,174	-	-
Total expected outflows		72,110	72,110	-	-
Net inflow / (outflow) on financial instruments		9,838	9,838	-	-

26. Financial instrument risk (continued)

(b) Liquidity risk (continued)

30 June 2017	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
Cash and cash equivalents		209	209	-	-
Trade and other receivables		57,071	57,071	-	-
Financial assets	2.60%	25,500	25,500	-	-
Total anticipated inflows		82,780	82,780	-	-
Financial liabilities					
Trade and other payables		89,257	89,257	-	-
Bank overdraft *	6.00%	59,352	59,352	-	-
Total expected outflows		148,609	148,609	-	-
Net inflow / (outflow) on financial instruments		(65,829)	(65,829)	-	-

* The Bank overdraft has no set repayment period and as such has been included as current.

(c) Market risk

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

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company has no exposure to fluctuations in foreign currency, or any exposure to a material price risk.

The financial instruments that primarily expose the company to interest rate risk are borrowings, fixed interest securities, and cash and cash equivalents.

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	2018		2017	
	Profit $	Equity $	Profit $	Equity $
+/- 1% in interest rates (interest income)	256	256	257	257
+/- 1% in interest rates (interest expense)	(232)	(232)	(594)	(594)
	24	24	(336)	(336)

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

Warringah Financial Services Limited
ABN 61 134 721 216
Directors' Declaration

In accordance with a resolution of the Directors of Warringah Financial Services Limited, the Directors of the company declare that

1. The financial statements and notes, as set out on pages 14 to 42 in accordance with the Corporations Act 2001 and:

   (i) Comply with Australian Accounting Standards which, as stated in accounting policy Note 1(a) to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

   (ii) Give a true and fair view of the company's financial position as at 30 June 2018 and of the performance for the year ended on that date;

2. In the Director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Bob Dickinson

Director

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Bendigo, Victoria
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WARRINGAH FINANCIAL SERVICES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Warringah Financial Services Limited, which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion:

(a) the financial report of Warringah 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 2018 and of its performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001;* and

(b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements related to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

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

Independence

We are independent of the entity 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

Richmond Sinnott & Delahunty, trading as RSD Audit
ABN 60 616 244 309

Director's Responsibility for the Financial Report

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

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. 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. Misstatements 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.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's 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, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of 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.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. On connection with our audit of the financial report, our responsibility is to read the other information, 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, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RSD Audit
Chartered Accountants

Kathie Teasdale
Partner
Bendigo
Dated: 7 September 2018

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