



Annual Report 2016

West Beach & Districts Community
Financial Services Limited

ACN 094 486 727

West Beach **Community Bank®** Branch

West Beach & Districts

Community Financial Services Limited

Financial Statements

as at

30 June 2016

West Beach & Districts Community Financial Services Limited
ABN 86 094 486 727
Chairman's Report

Financial Year ending 30 June 2016

I am delighted to present the 15th Annual Report of West Beach & Districts Community Financial Services Limited to our shareholders.

I report that we have given back nearly \$2 million to date to the community and our shareholders, although the growth has not been as successful as past years, you will see from the following financial report that our business has continued with a steady result considering the current climate.

Our company has marked the year with the following achievements including:

- \$172 million in accounts;
- An increase to more than 4,600 accounts;
- Over \$1.9 million returned to the community since 2001 in projects, sponsorships, grants and dividends
- Over 23 community investments, donations and grants made to local community groups.

We will continue to explore and assess new community investment projects that will benefit and further enhance our local area. In the last 12 months we continued to support our local communities, more than 17 local community groups, were successful recipients of the community investment program. Our 2016 Community Enterprise Foundation™ Grants program saw another six community groups share in funds for community strengthening projects.

Our community support has extended to local community events and activities including:

- West Beach, Semaphore and Henley Surf clubs all granting their big ideas;
- Kidman Park Rotary Club's Community Outreach Centre project in Pt Adelaide;
- Welcoming some new local groups, like the Henley Community Gardens and The Women's Christian Temperance Union with their 'We Care Boxes' for Victims of Crime; and
- Continued support of some long-term community groups and events such as Henley RSL - Anzac Day Dawn Service and the Reedbeds Community Centre, First Aid Course.

We thank our customers and shareholders who have helped our **Community Bank®** company distribute nearly \$2 million to date in projects, community investments, grants, and dividends. These contributions have helped strengthen and develop the community of West Beach and surrounding districts.

Our 'Branch of the Future' is scheduled to be finalised in September, the refurbishment of our existing branch is timely with our 15th Anniversary, and will complement our strategic outlook for the next one, three, and five years.

This will coincide with the recent changes within the current state to future state profit share model, called "Project Horizon", with our partners, Bendigo and Adelaide Bank Limited. These changes include: Funds Transfer Pricing revenue share model. Marketing Development Fund changing to a Collaborative Marketing Fund, and the New Plain English Franchise Agreement. With the changing landscape that we face, I would like to assure shareholders that the board will continue to make the appropriate decisions necessary for the future security of the business. In particular the timing and amount of dividend payments will need to be reviewed at the appropriate time to ensure we continue to meet business goals and needs.

Your Board of Directors is a dedicated and knowledgeable team of people, who come together with a strong commitment to making a valuable contribution to our community. As Chairman, I am privileged to be working with such a dedicated and talented group of people on your behalf.

The company acknowledges the hard work of the Branch Manager, Peter Hodgkison, and staff of our **Community Bank®** branch. With their dedication, along with support from our corporate partner Bendigo and Adelaide Bank Limited, we have managed to continue to make increasing contributions to the community.

West Beach & Districts Community Financial Services Limited
ABN 86 094 486 727
Chairman's Report

In closing, I would like to take the opportunity to reinforce the message that together we can continue making a positive difference to the community we live in. I encourage all shareholders to advocate on our behalf and spread the message about how banking with us benefits and makes a difference to the lives of people locally. It is together that we can truly make a big difference. I commend this report to you and thank you for your continued support throughout this past year.

Yours Sincerely,

Rod Beames
Chairman

West Beach & Districts Community Financial Services Limited
ABN 86 094 486 727
Branch Manager's Report

The 12 months since the 2015 Annual Report, have seen a year of stabilisation for the West Beach & Districts **Community Bank®** Branch, having maintained a business level of over \$170 million in banking business. This has been the first year we have not had growth in total business held, however, one of the main reasons for this is that there was a significant deposit in May 2015 that was only held for a short time in this financial year.

From an operational point of view we continue to have new customers coming in to see us, having opened 440 new accounts during this financial year, our 16th year of operating and now have 4,606 accounts an increase of over one new account per week.

As mentioned above our total deposits and loans have decreased by \$4.3 million to a total now of \$172.4 million. This is the first year that we have not seen positive growth at all, however we have been able to retain over 97% of our existing business. Plus, we had a very large deposit account opened in May 2015 which was closed in August 2015 and accounted for more than the total drop off in balances. These results don't reflect the work put in by both the staff at West Beach and also your **Community Bank®** company Directors.

As is always the way, we continue to look for the support of all our shareholders and existing customers in assisting us with the continued growth of our branch.

Our staff numbers have remained at eight, with no changes to staff in the past financial year.

The SA Produce Market at Pooraka continues to provide new opportunities for the branch via an agency operating at the SA Produce Credit office at the Market. It continues to provide significant benefits to the merchants, retailers and employees at the market (this is now in excess of \$290,000) and also to West Beach & Districts Community Financial Services Limited.

We have been able to continue to invest funds into our local community via grants, sponsorships and donations for many varied social, community and sporting groups (as per list provided in Secretary's report). It continues to be a pleasure to be able to visit these projects.

I wish to congratulate the Board on their continued good work and a successful year and I continue to encourage all shareholders to experience 'The Bendigo Way' of banking, at West Beach & Districts **Community Bank®** Branch.

Peter Hodgkison
Branch Manager
1 July 2016

West Beach & Districts Community Financial Services Limited
ABN 86 094 486 727
Bendigo and Adelaide Bank Report

For year ending 30 June 2016

It's been 18 years since Bendigo Bank and two rural communities announced they were joining forces to open **Community Bank®** branches.

The initial aim was to return traditional bank branches to regional community.

It was soon obvious that the 'community' aspect of this unique banking model was going to be just as important to all types of communities; whether they are rural, regional or urban.

Today, there are 312 **Community Bank®** communities in every state and territory of Australia.

The statistics are impressive:

- More than \$148 million in community contributions returned to local communities
- 1,900 Directors
- 1,500 staff
- More than \$38 million in shareholder dividends.

Yes, these figures are staggering.

But dig a little deeper and what's more significant is that social issues affecting every community in Australia have received funding from Community Bank® companies.

- | | | |
|--------------------------------|-----------------------|----------------|
| • Aged care | • Youth disengagement | • Homelessness |
| • Domestic and family violence | • Mental health | • Unemployment |
| • Environment | | |

I have no doubt that your Community Bank® company has already had a role to play, either in a funding grant, sponsorship support or connecting locals with relevant government, corporate and not-for-profit organisations.

Behind every **Community Bank®** branch is a company Board of Directors. These people are local mums and dads, tradespeople, small business operators, farmers, lawyers, accountants, school teachers, office workers... and the list goes on.

As **Community Bank®** company Directors they volunteer their time, their professional expertise and their local knowledge to make your Community Bank® branch the success it is today.

To every single one of our 1,900-plus Community Bank® company Directors, thank you for your commitment, your confidence in Bendigo and Adelaide Bank and your vision to make your community a better place to live.

As a **Community Bank®** community, you're all change makers.

As a shareholder, you're critical to helping make things happen for the benefit of your community.

On behalf of Bendigo Bank, thank you.

Thank you for your support as a shareholder, your belief in your community and your faith in what a **Community Bank®** community can achieve.



Robert Musgrove
Executive Community Engagement

West Beach & Districts Community Financial Services Limited
ABN 86 094 486 727
Directors' Report

Your directors submit the financial statements of the company for the financial year ended 30 June 2016.

Directors

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

Rodney Peter Beames

(Appointed 8 June 2011)

Chair

Occupation: Tafe Lecturer/Electrician

Qualifications, experience and expertise: Technical Lecturer at TAFE, a member of the Henley RSL, Area Co-ordinator for Neighbourhood Watch, West Beach.

Special responsibilities: All Sub Committee's - Audit & Risk, Ops & HR, Marketing, Governance.

Interest in shares: Nil.

Lisa Marie Cook Kleeman

(Appointed 10 September 2013)

Deputy Chair

Occupation: Founder and CEO of Get On Board Australia.

Qualifications, experience and expertise: Multiple board appointments across NFP, For-Profit, Public and Private Business & NSO. Marketing & Business Management Qualifications. Co-Vice Chair, Western Business Leaders Executive (City of Charles Sturt).

Special responsibilities: Governance Committee, Audit & Risk Committee, Marketing Committee.

Interest in shares: Nil

Andrew Farran

(Appointed 14 February 2000)

Director

Occupation: Business owner/Fazz Plumbing

Qualifications, experience and expertise: Original Steering Committee member, lived in the area for 58 years. Business Management for Plumbing business with restricted Builders License.

Special responsibilities: Sponsorship & Marketing Committee.

Interest in shares: 6001

Terry McClean

(Appointed 14 February 2000)

Director

Occupation: Retired/Bank Manager

Qualifications, experience and expertise: Original Steering Committee Member, previously Bank Manager for 21 years. Various Board position for the Soccer Federations, Instructor for SA Dog Obedience Club Inc.

Special responsibilities: Operations and HR Committee

Interest in shares: 4001

Arthur Economos

(Appointed 29 September 2000)

Director

Occupation: Business Owner

Qualifications, experience and expertise: Managing Director, CEO, Owner of Economos Bros Pty.

Special responsibilities: Operations and HR Committee

Interest in shares: 6501

West Beach & Districts Community Financial Services Limited
ABN 86 094 486 727
Directors' Report

Directors (continued)

Ian Butterfield

(Appointed 29 January 2007)

Director

Occupation: Business Owner

Qualifications, experience and expertise: Air Conditioning & Mechanical Services Engineer, Builders and Electrical Licence

Special responsibilities: Ambassador Co-ordinator

Interest in shares: 1000

Sue Wundenberg

(Appointed 12 August 2014)

Director

Occupation: State Manager of CSR Bradford

Qualifications, experience and expertise: Senior Executive with over 25 years experience managing all aspects of a Top 100 Building Products Company (CSR).

Special responsibilities: Operations & Human Resource Committee

Interest in shares: Nil

Karen Percival

(Appointed 31 May 2015)

Director

Occupation: Chartered Accountant

Qualifications, experience and expertise: Fellow of the Institute of Chartered Accountants England & Wales, as well as a Graduate of the Australian Institute of Company Directors.

Special responsibilities: Chair of Audit and Risk Committee, Budget Committee.

Interest in shares: Nil.

Tim Dodds

(Appointed 29 July 2015)

Director

Occupation: Retired / Police Officer

Qualifications, experience and expertise: Serving police officer with 31 years experience, attached to SAPOL Media and Public Engagement.

Prior to retirement, board member of Henley Bowling Club for 15 years and current president.

Special responsibilities: Sponsorship and Marketing 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 Alison Amber. Alison was appointed to the position of secretary on 24 November 2014.

Alison joined the board as the Board Assistant on August 29 2008. She previously held a Diploma in Graphic Design and Printing. Fifteen years Admin, Sales and Event Management experience in the music Industry. Volunteer and Secretary for a few local Not for Profit organisations.

West Beach & Districts Community Financial Services Limited
ABN 86 094 486 727
Directors' Report

Principal Activities

The principal activities of the company during the financial year were facilitating **Community Bank®** services under management rights to operate franchised branches of Bendigo and Adelaide Bank Limited.

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

Operating results

The operating results are in line with our budgeted expectations. The profit of the company for the financial year after provision for income tax was:

Year ended 30 June 2016	Year ended 30 June 2015
\$	\$
102,336	156,200

Directors' shareholdings

Rodney Beames
 Lisa Cook Kleeman
 Andrew Farran
 Terry McClean
 Arthur Economos
 Ian Butterfield
 Sue Wundenberg
 Karen Percival
 Tim Dodds

Balance at start of the year	Changes during the year	Balance at end of the year
-	-	-
-	-	-
6,601	-	6,001
4,001	-	4,001
6,501	-	6,501
1,000	-	1,000
-	-	-
-	-	-
-	-	-

Dividends

Year ended 30 June 2016
 Cents \$

- Dividends paid in the year 20.0 95,100

Significant changes in the state of affairs

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

Events since the end of the financial year

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

West Beach & Districts Community Financial Services Limited
ABN 86 094 486 727
Directors' Report

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.

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		Committee Meetings Attended
	<i>Eligible</i>	<i>Attended</i>	<i>Attended</i>
Rodney Beames	12	11	19
Lisa Cook Kleeman	12	9	20
Andrew Farran	12	11	8
Terry McClean	12	9	2
Arthur Economos	12	8	6
Ian Butterfield	12	9	14
Sue Wundenberg	12	9	4
Karen Percival	12	10	9
Tim Dodds	12	10	5

The Board has Four sub-committees - Audit and Risk, Operations and Human Resource, Marketing and Community Investment, Governance, which have elected Directors who meet on a regular, or as needs basis, and present reports/recommendations to the monthly Board meetings where required.

West Beach & Districts Community Financial Services Limited
ABN 86 094 486 727
Directors' Report

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

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 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 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*.

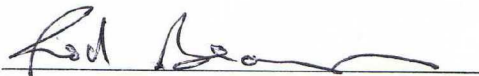
The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit 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.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

Signed in accordance with a resolution of the board of directors at West Beach, South Australia on 29 August 2016.



Rodney Beames, Chairman

**WEST BEACH & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED
ABN 86 074 486 727**

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF
WEST BEACH & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED**

I declare that, to the best of my knowledge and belief, during the period ended 30 June 2016 there have been:-

- (i) no contraventions of the auditor independence requirements as set out in 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.



Bruce H Carpenter
Registered Company Auditor No 374687

Level 8, 185 Victoria Square
ADELAIDE SA 5000

West Beach and Districts Community Financial Services Limited
ABN 86 094 486 727
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
Revenue from ordinary activities	4	1,055,774	1,060,161
Employee benefits expense		549,342	483,738
Charitable donations, sponsorship, advertising and promotion		106,400	115,662
Occupancy and associated costs		45,382	41,958
Systems costs		23,065	21,847
Depreciation and amortisation expense	5	27,967	29,475
General administration expenses		153,489	142,010
Profit before income tax expense		150,129	225,470
Income tax expense	6	47,793	69,270
Profit after income tax expense		102,336	156,200
Total comprehensive income for the year		102,336	156,200
Earnings per share for profit attributable to the ordinary shareholders of the company:		¢	¢
Basic earnings per share	22	0.22	0.33

The accompanying notes form part of these financial statements

West Beach & Districts Financial Services Limited
ABN 86 094 486 727
Balance Sheet
as at 30 June 2016

	Notes	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	644,091	696,345
Trade and other receivables	8	92,031	90,434
Total Current Assets		736,121	786,779
Non-Current Assets			
Property, plant and equipment	9	27,733	39,619
Intangible assets	10	66,762	7,008
Deferred tax asset	11	22,742	19,610
Total Non-Current Assets		117,237	66,236
Total Assets		853,358	853,015
LIABILITIES			
Current Liabilities			
Trade and other payables	12	20,009	22,584
Current tax liabilities	11	2,473	11,777
Hire Purchase Liability		5,826	5,485
Total Current Liabilities		28,308	39,846
Non-Current Liabilities			
Deferred Tax Liability	11	2,136	2,107
Hire Purchase Liability		18,055	23,881
Provisions	13	75,807	65,365
Total Non-Current Liabilities		95,999	91,353
Total Liabilities		124,306	131,199
Net Assets		729,052	721,816
Equity			
Issued capital	14	475,500	475,500
Retained earnings		253,552	246,316
Total Equity		729,052	721,816

The accompanying notes form part of these financial statements

West Beach & Districts Financial Services Limited
ABN 86 094 486 727
Statement of Changes in Equity
for the year ended 30 June 2016

	Issued capital \$	Retained Earnings \$	Total equity \$
Balance at 1 July 2014	475,500	185,216	660,716
Total comprehensive income for the year	-	156,200	156,200
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	95,100	95,100
Balance at 30 June 2015	475,500	246,316	721,816
Balance at 1 July 2015	475,500	246,316	721,816
Total comprehensive income for the year	-	102,336	102,336
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	95,100	95,100
Balance at 30 June 2016	475,500	253,552	729,052

The accompanying notes form part of these financial statements

West Beach & Districts Community Financial Services Limited
ABN 86 094 486 727
Statement of Cash Flows
for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
Cash flows from operating activities			
Receipts from customers		1,145,711	1,146,873
Payments to suppliers and employees		(979,389)	(917,886)
Borrowing Costs		(7,111)	(7,112)
Interest Received		16,297	15,923
Income taxes paid		(60,200)	(61,851)
Net cash provided by operating activities	16	115,308	175,947
Cash flows from investing activities			
Payments for property, plant and equipment		(5,854)	(2,012)
Payments for intangible assets		(66,607)	-
Net cash provided by/(used in) investing activities		(72,461)	(2,012)
Cash flows from financing activities			
Dividends paid		(95,100)	(95,100)
Net cash provided by/(used in) financing activities		(95,100)	(95,100)
Net decrease in cash held		(52,254)	78,835
Cash and cash equivalents at the beginning of the financial year		696,345	617,510
Cash and cash equivalents at the end of the financial year	7(a)	644,091	696,345

The accompanying notes form part of these financial statements

West Beach & Districts Community Financial Services Limited
ABN 86 094 486 727
Notes to the Financial Statements
for the year ended 30 June 2016

Note 1. Summary of significant accounting policies

a) Basis of preparation

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

Compliance with IFRS

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

Critical accounting estimates

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

Historical cost convention

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

Comparative figures

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

Application of new and amended accounting standards

The following amendments to accounting standards and a new interpretation issued by the Australian Accounting Standards Board (AASB) became mandatorily effective for accounting periods beginning on or after 1 July 2014, and are therefore relevant for the current financial year.

- AASB 2012-3 Amendments to Australian Accounting Standards (AASB 132) – Offsetting Financial Assets and Financial Liabilities.
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets.
- AASB 2013-4 Amendments to Australian Accounting Standards (AASB 139) – Novation of Derivatives and Continuation of Hedge Accounting.
- AASB 2013-5 Amendments to Australian Accounting Standards (AASB 10) – Investment Entities.
- AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles).
- AASB 2014-1 Amendments to Australian Accounting Standards (Part B: Defined Benefit Plans: Employee Contributions Amendments to AASB 119).
- Interpretation 21 Levies.
- AASB 1031 Materiality, AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part B: Materiality), AASB 2014-1 Amendments to Australian Accounting Standards (Part C: Materiality).

None of the amendments to accounting standards or the new interpretation issued by the Australian Accounting Standards Board (AASB) that became mandatorily effective for accounting periods beginning on or after 1 July 2014, materially affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

West Beach & Districts Community Financial Services Limited
ABN 86 094 486 727
Notes to the Financial Statements
for the year ended 30 June 2016

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Application of new and amended accounting standards (continued)

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

	Effective for annual reporting periods beginning on or after
• AASB 9 Financial Instruments, and the relevant amending standards.	1 January 2018
• AASB 15 Revenue from Contracts with Customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15.	1 January 2017
• AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations.	1 January 2016
• AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation.	1 January 2016
• AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants.	1 January 2016
• AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements.	1 January 2016
• AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.	1 January 2016
• AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle.	1 January 2016
• AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101.	1 January 2016
• AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality.	1 July 2015
• AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent.	1 July 2015
• AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception.	1 January 2016

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

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank®** branches at West Beach, South Australia.

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

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

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

West Beach & Districts Community Financial Services Limited
ABN 86 094 486 727
Notes to the Financial Statements
for the year ended 30 June 2016

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

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®** 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 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
- 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 benefits will flow to the company and any specific criteria have been met. Interest and fee revenue is recognised when earned. The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue. All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue calculation

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

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

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

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

Core banking products

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

West Beach & Districts Community Financial Services Limited
ABN 86 094 486 727
Notes to the Financial Statements
for the year ended 30 June 2016

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

b) Revenue (*continued*)

Margin

Margin is arrived at through the following calculation:

Interest paid by customers on loans less interest paid to customers on deposits

plus any deposit returns i.e. interest return applied by Bendigo and Adelaide Bank Limited for a deposit,

minus any costs of funds i.e. interest applied by Bendigo and Adelaide Bank Limited to fund a loan.

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

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

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

Commission

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

Fee income

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

Ability to change financial return

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

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

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

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

West Beach & Districts Community Financial Services Limited
ABN 86 094 486 727
Notes to the Financial Statements
for the year ended 30 June 2016

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

b) Revenue (*continued*)

Margin (*continued*)

Monitoring and changing financial return

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

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

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

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.

Current and deferred tax for the period

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

West Beach & Districts Community Financial Services Limited
ABN 86 094 486 727
Notes to the Financial Statements
for the year ended 30 June 2016

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

c) 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.

d) 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.

e) 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.

f) 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 using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

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

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

g) 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.

h) Payment terms

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

i) Borrowings

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

West Beach & Districts Community Financial Services Limited
ABN 86 094 486 727
Notes to the Financial Statements
for the year ended 30 June 2016

Note 1. Summary of significant accounting policies (continued)

j) 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) *Available-for-sale financial assets*
Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in the Statement of Profit or Loss and Other Comprehensive Income. Available-for-sale financial assets are included in non-current assets except where that are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.
- (iv) *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 Profit or Loss and Other Comprehensive Income.

k) 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.

West Beach & Districts Community Financial Services Limited
ABN 86 094 486 727
Notes to the Financial Statements
for the year ended 30 June 2016

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

l) 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 of 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.

m) 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.

n) 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.

o) 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.

West Beach & Districts Community Financial Services Limited
ABN 86 094 486 727
Notes to the Financial Statements
for the year ended 30 June 2016

Note 2 Financial risk management (continued)

(iii) Credit risk

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

(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

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

(vi) Capital management

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board of directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Balance Sheet.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the distribution limit:

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

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 2015 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.

West Beach & Districts Community Financial Services Limited
ABN 86 094 486 727
Notes to the Financial Statements
for the year ended 30 June 2016

Note 3. Critical accounting estimates and judgements (*continued*)

Taxation

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

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

These judgements and assumptions are subject to risk and uncertainty. There is therefore 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 Profit or Loss and Other 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.

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.

West Beach & Districts Community Financial Services Limited
ABN 86 094 486 727
Notes to the Financial Statements
for the year ended 30 June 2016

Note 4. Revenue from ordinary activities	2016	2015
	\$	\$
Operating activities:		
- services commissions	205,374	238,422
- franchise margin income	696,341	650,203
- other revenue	137,762	155,613
Total revenue from operating activities	<u>1,039,477</u>	<u>1,044,238</u>
Non-operating activities:		
- interest received	16,297	15,923
Total revenue from non-operating activities	<u>16,297</u>	<u>15,923</u>
Total revenues from ordinary activities	<u>1,055,774</u>	<u>1,060,161</u>
 Note 5. Expenses		
Depreciation of non-current assets:		
- plant and equipment	5,854	2,012
- small business general pool	11,886	16,979
Amortisation of non-current assets:		
- franchise agreement	10,128	10,385
- borrowing costs	100	100
	<u>27,967</u>	<u>29,475</u>
Bad debts	<u>1,723</u>	<u>19</u>
 Note 6. Income tax expense		
The components of tax expense comprise:		
- Current tax	50,896	65,984
- Movement in deferred tax	(3,103)	3,286
- Adjustment to deferred tax to reflect change to tax rate in future periods	-	-
	<u>47,793</u>	<u>69,270</u>
 The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows		
Operating profit	150,129	225,470
Prima facie tax on profit from ordinary activities at 30%	45,039	67,641
Add tax effect of:		
- non-deductible expenses	5,857	(1,657)
- timing difference expenses	-	-
	<u>50,896</u>	<u>65,984</u>
Movement in deferred tax	(3,103)	3,286
Adjustment to deferred tax to reflect change of tax rate in future periods		
	<u>47,793</u>	<u>69,270</u>

West Beach & Districts Community Financial Services Limited
ABN 86 094 486 727
Notes to the Financial Statements
for the year ended 30 June 2016

Note 7. Cash and cash equivalents	2016	2015
	\$	\$
Cash at bank and on hand	194,091	96,345
Term deposits	450,000	600,000
	<u>644,091</u>	<u>696,345</u>

Note 7.(a) Reconciliation to cash flow statement

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

Cash at bank and on hand	194,091	96,345
Term deposits	450,000	600,000
	<u>644,091</u>	<u>696,345</u>

Note 8. Trade and other receivables

Trade receivables	84,910	83,412
Prepayments	7,120	7,022
	<u>92,031</u>	<u>90,434</u>

Note 9. Property, plant and equipment

Small Business General Pool	27,733	39,619
	<u>27,733</u>	<u>39,619</u>
Plant and equipment		
At cost	9,340	3,486
Less accumulated depreciation	(9,340)	(3,486)
	<u>-</u>	<u>-</u>
Total written down amount	<u>27,733</u>	<u>39,619</u>

Movements in carrying amounts:

Small Business General Pool		
Carrying amount at beginning	39,619	56,598
Additions	-	-
Disposals		
Less: depreciation expense	(11,886)	(16,979)
Carrying amount at end	<u>27,733</u>	<u>39,619</u>
Plant and equipment		
Carrying amount at beginning	-	-
Additions	5,854	2,012
Disposals		
Less: depreciation expense	(5,854)	(2,012)
Carrying amount at end	<u>-</u>	<u>-</u>
Total written down amount	<u>27,733</u>	<u>39,619</u>

West Beach & Districts Community Financial Services Limited
ABN 86 094 486 727
Notes to the Financial Statements
for the year ended 30 June 2016

Note 10. Intangible assets	2016	2015
	\$	\$
Franchise fee		
At cost	69,981	51,925
Less: accumulated amortisation	(3,374)	(45,172)
	<u>66,607</u>	<u>6,753</u>
 Borrowing Costs		
At cost	398	398
Less: accumulated amortisation	(243)	(143)
	<u>155</u>	<u>255</u>
 Total written down amount	<u>66,762</u>	<u>7,008</u>
 Note 11. Tax		
Current:		
Income tax payable/(refundable)	<u>2,473</u>	<u>11,777</u>
 Non-Current:		
Deferred tax assets		
- employee provisions	22,742	19,610
	<u>22,742</u>	<u>19,610</u>
 Deferred tax liability		
- prepayments	2,136	2,107
	<u>2,136</u>	<u>2,107</u>
 Net deferred tax	<u>20,606</u>	<u>17,503</u>
 Note 12. Trade and other payables		
Current:		
Trade creditors	1,274	1,953
Other creditors and accruals	18,735	20,632
	<u>20,009</u>	<u>22,584</u>

West Beach & Districts Community Financial Services Limited
ABN 86 094 486 727
Notes to the Financial Statements
for the year ended 30 June 2016

Note 13. Provisions	2016	2015
	\$	\$
Provision for annual leave	19,395	17,260
Provision for long service leave	56,412	48,105
	<u>75,807</u>	<u>65,365</u>

Note 14. Contributed equity

475,500 ordinary shares fully paid	475,500	475,500
	<u>475,500</u>	<u>475,500</u>

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®** branches have the same ability to influence the operation of the company.

(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 2001*.

West Beach & Districts Community Financial Services Limited
ABN 86 094 486 727
Notes to the Financial Statements
for the year ended 30 June 2016

Note 14. Contributed equity (continued)

Rights attached to shares (continued)

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 233. As at the date of this report, the company had 259 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.

Note 15 Retained earnings	2016	2015
	\$	\$
Balance at the beginning of the financial year	246,316	185,216
Net profit from ordinary activities after income tax	102,336	156,200
Dividends paid or provided for	(95,100)	(95,100)
Balance at the end of the financial year	<u>253,552</u>	<u>246,316</u>

Note 16. Statement of cash flows

Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities

Profit from ordinary activities after income tax	102,336	156,200
Non cash items:		
- depreciation	17,740	18,991
- amortisation	10,227	10,485
- interest on Hire Purchase	1,626	1,947
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(1,498)	(3,686)
- (increase)/decrease in prepayments	(99)	(5,199)
- (increase)/decrease in deferred tax asset & Liability	(3,103)	(2,030)
- (increase)/decrease in sundry debtors	-	-
- increase/(decrease) in Creditors	2,211	2,617
- increase/(decrease) in provision for income tax	(9,305)	4,133
- increase/(decrease) in payables	(15,271)	(1,756)
- increase/(decrease) in provisions	10,442	(5,756)
Net cash flows provided by operating activities	<u>115,308</u>	<u>175,947</u>

West Beach & Districts Community Financial Services Limited
ABN 86 094 486 727
Notes to the Financial Statements
for the year ended 30 June 2016

Note 17. Leases	2016	2015
	\$	\$
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	49,500	49,500
- between 12 months and 5 years	198,000	198,000
- greater than 5 years	-	
	<u>247,500</u>	<u>247,500</u>

The company holds non-cancellable leases for the branch location. The lease on the branch is a five year term which expires in June 2021 with an option of additional terms.

Note 18. Auditor's remuneration

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

- audit and review services	7,650	7,600
- non audit services		
	<u>7,650</u>	<u>7,600</u>

Note 19. Director and related party disclosures

Transactions with Key Management Personnel

Ian Butterfield is a Director of Butterfield Services Pty Ltd which provided maintenance services to the branch during the financial year to the value of \$1,081.86

Detailed shareholding disclosures are provided in the remuneration report, included as part of the directors' report.

Note 20. Dividends paid or provided

a. Dividends paid during the year

Current year dividend		
100% franked dividend (2015: 100%) - 20 cents per share (2015: 20 cents)	<u>95,100</u>	<u>95,100</u>

The tax rate at which dividends have been franked is 30% (2015: 30%).

West Beach & Districts Community Financial Services Limited
ABN 86 094 486 727
Notes to the Financial Statements
for the year ended 30 June 2016

Note 21. Dividends paid or provided (continued)

	2016	2015
	\$	\$
b. Franking account balance		
Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	229,331	208,238
- franking credits/(debits) that will arise from payment/(refund) of income tax as at the end of the financial year	60,200	61,851
- franking debits that will arise from the payment of dividends	(40,758)	(40,758)
	<hr/>	<hr/>
Franking credits available for future financial reporting periods:	248,774	229,331
- franking debits that will arise from payment of dividends proposed or declared before the financial report was authorised for use but not recognised as a distribution to equity holders during the period	-	-
	<hr/>	<hr/>
Net franking credits available	<u>248,774</u>	<u>229,331</u>

Note 22. Earnings per share

(a)	Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	0.22	0.33
		Number	Number
(b)	Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	475,500	475,500

Note 23. Events occurring after the reporting date

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

Note 24. Contingent liabilities and contingent assets

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

Note 25. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank®** services in Adelaide Plains district, South Australia pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 26. Registered office/Principal place of business

The entity is a company limited by shares, incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office	Principal Place of Business
Group GH 22 Nile Street Port Adelaide SA 5015	695B Burbridge Road West Beach SA 5024

West Beach & Districts Community Financial Services Limited
ABN 86 094 486 727
Notes to the Financial Statements
for the year ended 30 June 2016

Note 27. Financial instruments

Financial Instrument Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for all financial instruments, as well as the settlement period for instruments with a fixed period of maturity and interest rate.

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing	
			1 year or less		Over 1 to 5 years		Over 5 years			
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets										
Cash and cash equivalents	643,891	696,145	643,891	696,145	-	-	-	-	200	200
Receivables	-	-	-	-	-	-	-	-	84,910	83,412
Financial liabilities										
Payables	-	-	-	-	-	-	-	-	20,009	22,584

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

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from the interest bearing financial assets and liabilities in place subject to variable interest rates, as outlined above.

Sensitivity Analysis

The company has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in interest rates.

As at 30 June 2016, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2016	2015
	\$	\$
Change in profit/(loss)		
Increase in interest rate by 1%	6,439	6,961
Decrease in interest rate by 1%	6,439	6,961
Change in equity		
Increase in interest rate by 1%	6,439	6,961
Decrease in interest rate by 1%	6,439	6,961

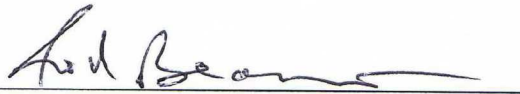
West Beach & Districts Community Financial Services Limited
ABN 86 094 486 727
Directors' Declaration

In accordance with a resolution of the directors of West Beach & Districts Community Financial Services Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

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



Rodney Beames, Chairman

Signed on the 29th August 2016



West Beach & Districts Community Financial Services Ltd.
ACN 094 486 727

Postal Address: PO Box 18 West Beach SA 5024
Branch Address: 695b Burbridge Road West Beach SA 5024
P. 08 8235 0208 F. 08 8235 1199
E. peterhodgkison@bendigobank.com.au

Share Registry: ShareData, PO Box 298 St. Agnes SA 5097,
W. sharedata.com.au, P. 08 8395 2308

Franchise of Bendigo and Adelaide Bank Limited
ABN 11 068 049 178 AFSL 237879

www.bendigobank.com.au/public/community/our-branches/west-beach