



Annual Report 2017

South Burnett Community
Enterprises Limited

ABN 57 113 889 768

Yarraman & District and Nanango **Community Bank**[®] branches
Blackbutt branch

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Chairman's report

For year ending 30 June 2017

Dear Shareholders,

It is with great pleasure that I present the 12th Annual Report on behalf of South Burnett Community Enterprises Limited.

It has been a very interesting year, although not without many challenges. Our Board has steadfastly focused on growth and continued our journey towards profitability. Some of the major issues faced by the Board during the year have included the realignment of staffing and opening times at Blackbutt to reduce the losses sustained in this branch. I am happy to report that this has been a successful move which has brought stability to this branch while still delivering banking services to the Blackbutt community. During the year we have opened another agency at Wondai, which along with our agency at Murgon, is now contributing to the bottom line of our group.

Since last year's Report, our footings have continued to grow and are now at \$142 million which is an increase of nearly \$14 million over last year. Our initial losses from opening the Nanango **Community Bank**[®] Branch have continued to fall this year and I believe that the coming year will see us move into profit which in turn could allow us to be able to pay a long awaited dividend to our shareholders.

The **Community Bank**[®] network Australia wide has now returned more than \$165 million to strengthen local communities. During the year our group has added \$68,000 to this amount bringing the total amount delivered to our communities to over \$800,000 since our first **Community Bank**[®] branch opened 12 years ago. As we now consolidate our operations and profitability grows, more funding will flow to the community through grants, scholarships and sponsorships. Shareholders will also benefit as dividends can only increase as profitability grows.

During the year we have appointed two new Directors, Robert Kruger and Richard O'Neill. These two new people are already working as a part our team to deliver the best possible outcomes for our communities.

As the Chairman of South Burnett Community Enterprises Limited, it would be remiss of me not to make mention in this report of the sterling effort made by my fellow Directors during the year. They not only turn up for meetings but will be seen helping our staff set up displays at various functions around the region as well as working in the various assigned sub-committees. As our business continues to grow, many challenges are created and my Directors rise to each one with a vigour and determination rarely seen in the corporate world. I am very proud of each and every one of them. I feel special mention should be made of our Company Secretary Ross Begent. Ross, like myself, has been there from the beginning and as Company Secretary carries a heavy responsibility for the corporate governance and legal wellbeing of our group. Much of the work leading up to our Annual General Meeting falls on Ross's shoulders and I am sure the Board would echo my comments. Thanks Ross.

Special mention must also be made of our management team led by our Senior Manager Anne Woodrow and Manager Lorraine Wyvill. We have an absolutely awesome team! As Directors we can set the strategic direction for our community company, but without the management team we would not be able to achieve our goals. On behalf of the Board I thank them for what has been, and continues to be a fantastic effort.

Finally I must also mention and thank Anthony Schwarz our regular contact with our partner Bendigo and Adelaide Bank. Anthony is always on hand when needed and seems to be able to offer support which at times can be much needed. He is a very important part of our team.

Thank you for the opportunity to serve as your Chairman.



N .L .Strohfeld, OAM
Chairman

Senior Manager's report

For year ending 30 June 2017

Our local **Community Bank**[®] network now is providing thousands of people with fantastic customer service and a full range of banking products. By banking with one of your local **Community Bank**[®] branches be it Yarraman, Blackbutt or Nanango, or one of our agencies in Murgon and Wondai you're supporting the bank that supports you.

It is with pleasure that I present my Branch Manager's report for the financial year ending 30 June 2017 and my 12th for South Burnett Community Enterprises Limited.

The 2016/17 financial year has seen growth across all branches at varying levels, which is a very pleasing result, considering the competitive financial environment we are currently dealing with.

Our consolidated footings totalled \$142.152 million as at 30 June 2017 compared to \$128.368 million for the same period to June 2016. This represented a 10.738% growth across all areas of our business and \$13.784 million increase to our total funds under management.

Branch	2016	2017
Yarraman	\$73.059 million	\$74.321 million
Blackbutt	\$27.328 million	\$27.869 million
Nanango	\$ 27.981, million	\$40.061 million
Total	\$128.368 million	\$142.152 million

The above results show that collectively the branches are still recording a positive trend.

I would like to acknowledge and thank the staff at all three branches for their support and the exceptional customer service that they provide to all our customers on a daily basis. We are committed to building meaningful relationships with our customers that will enhance their banking experience. Customers often remark on the friendly, old-fashioned services that our Branches provide and the extra mile that we are willing to go on their behalf.

We are continuing to engage and strengthen our ties with our local community. Over the past 12 months Yarraman & District **Community Bank**[®] Branch, Blackbutt sub-branch and Nanango **Community Bank**[®] Branch, their staff and Board members have continued to support the local communities and community groups.

I continue to be proud and very satisfied of what our Group is able to achieve year in year out with the **Community Bank**[®] concept of supporting our local communities. For the 2016/17 financial year the South Burnett **Community Bank**[®] Group returned a total of \$68,081 by way of sponsorship, grant and scholarship funding. This is an amazing achievement from a locally owned company.

Staff news

The industry in which we work is changing on a continual basis and it is essential that we meet and exceed what these challenges bring. I would like to express my sincere thanks to the staff at all three branches for their effort and support and truly believe that they are excellent ambassadors for our **Community Bank**[®] group and all of our local communities. I am very fortunate to have the support of a great team.

- Yarraman: Lorraine Wyvill - (Branch Manager Yarraman and Blackbutt)
Cheryl Nix – Customer Relationship Officer, Joanne Collett and Cindy Rohlf
- Blackbutt: Nerrida Roberts – Customer relationship Officer and Carley Heit
- Nanango: Sasha Ross – Customer Relationship Manager, Dan Mead and Kerrie Shirley.

I would also like to acknowledge our Murgon and Wondai agencies staff, for embracing the **Community Bank**[®] model and for the excellent customer service they provide.

Senior Manager's report (continued)

We have continued to receive strong support from our partners Bendigo and Adelaide Bank through primarily our Regional Manager Michael List and our Regional Community Manager Anthony Schwarz. However it would be remiss of me not to acknowledge the continued support of our Sales & Capabilities Manager Vibi Harris, our Risk & Compliance Manager Amanda Hicks, our Local Connection Co-ordinator Brad Berlin, our Business Bankers Keith Forsyth and Merv Symons, our Financial Planner Katie Alifrangis, our Rural Bank Agri Manager, Ian Herd and our Community Support Officers in Brisbane. I thank you all.

Board support

The strength of our Board has continued during the 2016/17 financial year.

All of our Directors volunteer their time and work tirelessly in promoting the branches and supporting throughout the year.

I would like to congratulate our Chairman Noel Strohfeld for his continued strong leadership and each Director for their commitment and dedication to the success of our company, I thank you all on behalf of myself and the staff.

And, of course there are our customers and shareholders. They have made a vital contribution in putting their faith in the South Burnett **Community Bank**[®] group and in return are enjoying the exceptional customer service that our **Community Bank**[®] branches have become renowned for.

It has been another exciting yet challenging year, given the historic low interest rates and a very competitive banking environment, however we will continue to strive to be the best **Community Bank**[®] branches in the network by providing the highest levels of customer service and we remain committed to continuing our increasing engagement with the local communities.



Anne Woodrow
Senior Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2017

As we approach 20 years since the first **Community Bank**[®] branch opened its doors, it's timely to reflect on the role of our network's 70,000-strong shareholders and its army of nearly 2,000 passionate local Directors.

As a group of people you are a powerful force that continues to influence change both locally and nationally.

United for a shared purpose in your communities, you are making big things happen beyond the delivery of great banking products and services; you're creating jobs, helping businesses to thrive, solving problems and achieving outcomes that will make your communities better places to live and do business.

Amongst other things, you are providing hundreds of thousands of people in communities around Australia with new opportunities to:

- Play sport in new **Community Bank**[®] funded centres.
- Continue their education thanks to a **Community Bank**[®] scholarship.
- Seek treatment in hospitals closer to home with equipment funded through a **Community Bank**[®] grant.
- Reap the environmental benefits of **Community Bank**[®] funded solar panels and LED lighting, and
- Access mental health services for teenage children with a service supported by a local **Community Bank**[®] branch.

In fact, since the model's inception your investment in local communities exceeds \$165 million and that figure continues to grow every year. This amount excludes the significant co-investment on key projects that many companies have obtained from Government and other parties.

Nationally our voices are increasingly being heard, and our collaborative approach recognised and celebrated.

Representing us all at a recent forum at Canberra's Parliament House, Bendigo Bank's Managing Director and Chairman reinforced the significance of the **Community Bank**[®] model's achievements and called for regulatory change that would help us compete in a crowded and ever-evolving banking sector. Just two months later, the Federal Government announced a levy on Australia's biggest banks that is set to re-level the playing field as we've regularly advocated for.

But for us this is more than a levy. The Turnbull Government's announcement recognises the importance of customers having access to a robust, competitive and customer-focused banking sector. On this note Bendigo Bank was recently recognised as the banking provider of choice in the annual Mozo People's Choice Awards. Better yet, out of 110 banking providers nationally, we were the only bank recognised in all eight banking categories – and were rated the leading bank in six of those eight categories.

This is an extraordinary achievement for you and our bank. Not only does it demonstrate that, in the eyes of our customers, we are doing something right – it very clearly outlines that together we can continue to achieve results.

As we've long known, the more successful our customers are, the stronger our communities become. In this regard the **Community Bank**[®] model enables these outcomes for customers and communities, as increasingly recognised by more and more Australians.

So thank you for your investment in your local **Community Bank**[®] company, for your ongoing contribution and support, tireless advocacy and continued commitment to building strong local communities. Without this, our **Community Bank**[®] branches would be just another bank.



Robert Musgrove
Executive Engagement Innovation

Directors' report

For the financial year ended 30 June 2017

Your directors submit the financial statements of the company for the financial year ended 30 June 2017.

Directors

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

Noel Leslie Strohfeld O.A.M

Chairman

Grazier - Semi Retired

30 years in local government including eleven years as Mayor. Qualified Justice of the Peace. Company Director since 1976. Board member and Chairman of the Queensland Murray-Darling Committee (QMDC), member of the Condamine Catchment Management Association (CCMA), Toowoomba Regional Council Pest Management Committee and SEQ Catchments Members Association. Former zone Chairman of CRT Group, President of Darling Downs Local Government Association for four years, President of South Burnett Local Government Association for one year, Board member of the South West QLD Electricity Board for two terms, member of South Myall Landcare and member of Highfields Pioneer Village.

Special responsibilities: Chairman

Interest in shares: 2,003

Ross Christopher Begent

Company Secretary

Manager - Local Government

Experience in business management and counselling, business support program development, tourism and event management and strategic planning facilitation. Holds a Diploma of Management and is a **Community Bank®** mentor.

Special responsibilities: Company Secretary

Interest in shares: 4,502

James Alan Beveridge

Treasurer

Chartered Accountant

Worked in public accounting since 1993, now a Chartered Accountant dealing with small to medium enterprises.

Director and Secretary of Interquest Library Company Ltd.

Special responsibilities: Executive Committee, Budget and Finance Committee

Interest in shares: 13,000

Lionel Charles Kerr

Director

Farmer (Self employed)

44 years experience running a mixed farming business at Brooklands, supplying lucerne hay and grains. Current community involvements are in the Local Rural Fire Brigade as Fire Warden and First Officer, and Uniting Church as an Elder and Treasurer. Formerly held positions in the Nanango and Kingaroy Show Societies, and the Nanango and Kingaroy Tennis Clubs.

Special responsibilities: Building and Property Committee, Sponsorship, Grants and Scholarships Committee, Share Liaison Officer. Deputy Chairperson.

Interest in shares: 2,000

Directors' report (continued)

Directors (continued)

Laura Ann Hobbs

Director

Human Resources Advisor

Currently a Human Resources Advisor with Stanwell Corporation. 12 years experience in human resources, recruitment and training and 13 years experience in public relations, event management and media research. Previously worked for Drake International, Sanitarium Health Foods and Hunter Media Monitoring. Partner in a small beef farming operation. Qualifications/accreditations include a Diploma of Management, AAICD with the Australian Institute of Company Directors, Certified Professional (CAHRI) and an accredited facilitator in Project Implementation and Behavioural Based Interviewing. Previous Chair for the SBUCC (combined Stanwell management and union consultative group).

Special responsibilities: Human Resources Committee, Sponsorship and Marketing Committee.

Interest in shares: 2,000

Kerry Claude Wyvill

Director

Retired

Retired business owner and grazier, with extensive local community service including 22 years as District Fire Officer with the Urban Fire Brigade, 17 years as Fire Warden, 25 years with the State Emergency Service and 7 years as Deputy Controller of the Rosalie Shire. 36 years as Chairman of the Local Ambulance Committee and 36 years as a Qualified Justice of the Peace and Chairman of Yarraman & District Mens Shed.

Special responsibilities: Community Liason, Sponsorship, Grants and Scholarship Committee.

Interest in shares: 39,667

Richard Quin O'Neill

Director (Appointed 5 April 2017)

Richard is a Director of Queensland Chamber of Agricultural Societies Inc, President of Murgon Local Ambulance Committee, a Member Assistant Commissioner Reference Group Darling Downs Region, a Member Murgon Show Society and the President of Queensland Dairy and Heritage Museum in Murgon.

Special responsibilities: Nil

Interest in shares: Nil

Robert John Kruger

Director (Appointed 5 April 2017)

Maintenance Fitter, Turner

Robert is currently a maintenance fitter with a local food manufacturing company (6 years). With other maintenance roles in cotton, coal and farming industries. Has over 18 years experience in the Australian Defense Force (Reserve). Other Qualifications include an Associate degree in Mechanical Engineering at the University of Southern Queensland.

Special responsibilities: Nil

Interest in shares: 3,500

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

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

Directors' report (continued)

Company Secretary

The company secretary is Ross Begent. Ross was re-appointed to the position of Company Secretary on 2 September 2014.

Ross has experience in business management, risk management, business support program development, and strategic planning facilitation. He is employed in a Local Government Tourism & Events management role. Ross holds a Diploma of Management and is a **Community Bank®** mentor.

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

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

Year ended 30 June 2017 \$	Year ended 30 June 2016 \$
(73,463)	(144,465)

Operating and financial review

Operations

The Company is a sole purpose entity, namely providing banking services, under a franchise agreement with Bendigo and Adelaide Bank Limited. Although the Company is reliant on Bendigo and Adelaide Bank for its products, services and operational procedures and policies, the model has been proven both robust and successful. This has provided the Company with a sound commercial foundation upon which to build its local business operations.

The Company was able to grow its revenue base during the financial year with significant decrease in costs. This has been driven by the strong and consistent marketing efforts by staff and Directors to sell the message of the **Community Bank®** concept and grow the business through relationships with community groups.

As the Yarraman, Blackbutt and Nanango branches and Murgon Agency continue to mature, this growth can be expected to continue over time.

Loss before tax has decreased by \$83,955. This is due to the board reviewing costs across all branches.

The future growth of the business will continue to come from greater community interaction through our now four locations, leading to higher volumes of business and hence, profits. We now have a stable and experienced team in place to deliver on the board's goals and objectives.

Financial position

The Balance Sheet has remained weak due to ongoing costs associated with the Nanango and Blackbutt branches combined with slower than expected growth. The Company has negotiated with the Bendigo and Adelaide Bank to provide funding to cover liabilities.

The Company is managing its liabilities with the view to keeping them as low as possible. It is considered that the Company has enough liquidity to meet its ongoing commitments.

Directors' report (continued)

Operating and financial review (continued)

Discussion of business strategies

The Board has an ongoing commitment to strategy, with a plan around not only sustaining our current business, but also future growth. As a board, we want to get more involved in the community with benefits of that flowing back to all stakeholders.

Remuneration report

Prospects for future financial years

The Company's business growth revolves very strongly, around close, consistent and local marketing to community groups. The board works closely with the Company's marketing committee and branch managers on winning new business using a variety of strategies, to leverage the Company's community relationships. These strategies are not limited to our immediate geographical region.

The Company continuously evaluates all operational risks and, other than those financial risks identified in Note 2 to the Financial Statements, does not consider there are any significant risks that are likely to have a detrimental impact on its business.

Directors' remuneration

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

There are no employees who are directly accountable and have responsibility for the strategic direction and operational management of the entity.

There are therefore no specified Executives whose remuneration requires disclosure.

Transactions with directors

	\$
James Alan Beveridge received remuneration for accounting services provided by Beveridge Carey Accountants Pty Ltd.	16,576

Directors' shareholdings

	Balance at start of the year	Changes during the year	Balance at end of the year
Noel Leslie Strohfeld O.A.M	2,003	-	2,003
Ross Christopher Begent	4,502	-	4,502
James Alan Beveridge	13,000	-	13,000
Lionel Charles Kerr	2,000	-	2,000
Laura Ann Hobbs	2,000	-	2,000
Kerry Claude Wyvill	39,667	-	39,667
Richard Quin O'Neill (Appointed 5 April 2017)	-	-	-
Robert John Kruger (Appointed 5 April 2017)	3,500	-	3,500

Directors' report (continued)

Dividends

No dividends were declared or paid for the previous year and the directors recommend that no dividend be paid for the current year.

Significant changes in the state of affairs

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

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:

	Directors' Meetings	
	Eligible	Attended
Noel Leslie Strohfeld O.A.M	11	9
Ross Christopher Begent	11	10
James Alan Beveridge	11	8
Lionel Charles Kerr	11	11
Laura Ann Hobbs	11	7
Kerry Claude Wyvill	11	11
Richard Quin O'Neill (Appointed 5 April 2017)	3	2
Robert John Kruger (Appointed 5 April 2017)	3	3

Directors' report (continued)

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 (Andrew Frewin Stewart) for audit and non audit services provided during the year are set out in the notes to the accounts.

The board of directors has considered the position 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 board 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 12.

Signed in accordance with a resolution of the board of directors at Yarraman, Queensland on 27 September 2017.



James Alan Beveridge,
Treasurer

Auditor's independence declaration



Partners in success

Chartered Accountants

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

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of South Burnett Community Enterprises Limited

As lead auditor for the audit of South Burnett Community Enterprises Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

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

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 27 September 2017

David Hutchings
Lead Auditor

Financial statements

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

	Notes	2017 \$	2016 \$
Revenue from ordinary activities	4	1,196,907	1,079,347
Employee benefits expense		(699,242)	(722,710)
Charitable donations, sponsorship, advertising and promotion		(104,806)	(69,316)
Occupancy and associated costs		(153,239)	(140,718)
Systems costs		(50,431)	(54,010)
Depreciation and amortisation expense	5	(70,443)	(64,749)
Finance costs	5	(15,132)	(13,260)
General administration expenses		(203,692)	(198,617)
Loss before income tax credit		(100,078)	(184,033)
Income tax credit	6	26,615	39,568
Loss after income tax credit		(73,463)	(144,465)
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		(73,463)	(144,465)
Earnings per share		¢	¢
Basic earnings per share	22	(4.57)	(8.99)

The accompanying notes form part of these financial statements.

Financial statements (continued)

Balance Sheet as at 30 June 2017

	Notes	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	2,374	610
Trade and other receivables	8	116,555	107,725
Total Current Assets		118,929	108,335
Non-Current Assets			
Property, plant and equipment	9	461,073	462,118
Intangible assets	10	149,299	178,855
Deferred tax asset	11	336,726	310,111
Total Non-Current Assets		947,098	951,084
Total Assets		1,066,027	1,059,419
LIABILITIES			
Current Liabilities			
Trade and other payables	12	82,610	72,968
Borrowings	13	426,023	371,032
Provisions	14	109,190	99,409
Total Current Liabilities		617,823	543,409
Non-Current Liabilities			
Trade and other payables	12	43,868	65,802
Borrowings	13	43,690	25,189
Provisions	14	25,432	16,342
Total Non-Current Liabilities		112,990	107,333
Total Liabilities		730,813	650,742
Net Assets		335,214	408,677
Equity			
Issued capital	15	1,350,744	1,350,744
Accumulated losses	16	(1,015,530)	(942,067)
Total Equity		335,214	408,677

The accompanying notes form part of these financial statements.

Financial statements (continued)

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

	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2015	1,350,744	(797,602)	553,142
Total comprehensive income for the year	-	(144,465)	(144,465)
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2016	1,350,744	(942,067)	408,677
Balance at 1 July 2016	1,350,744	(942,067)	408,677
Total comprehensive income for the year	-	(73,463)	(73,463)
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2017	1,350,744	(1,015,530)	335,214

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
Cash flows from operating activities			
Receipts from customers		1,306,331	1,165,744
Payments to suppliers and employees		(1,303,166)	(1,322,145)
Interest received		21	186
Interest paid		(15,132)	(13,260)
Net cash used in operating activities	17	(11,946)	(169,475)
Cash flows from investing activities			
Payments for property, plant and equipment		(39,842)	(33,887)
Payments for intangible assets		(19,940)	(7,381)
Net cash used in investing activities		(59,782)	(41,268)
Cash flows from financing activities			
Proceeds from borrowings		34,168	35,464
Repayment of borrowings		(14,431)	(1,207)
Net cash provided by financing activities		19,737	34,257
Net decrease in cash held		(51,991)	(176,486)
Cash and cash equivalents at the beginning of the financial year		(361,354)	(184,868)
Cash and cash equivalents at the end of the financial year	7(a)	(413,345)	(361,354)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2017

Note 1. Summary of significant accounting policies

a) Basis of preparation

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

Compliance with IFRS

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

Critical accounting estimates

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

Historical cost convention

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

Comparative figures

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

Application of new and amended accounting standards

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

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

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

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

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

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**[®] branches at Yarraman, Blackbutt and Nanango, Queensland.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

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.

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 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.

Going concern

The net assets of the company as at 30 June 2017 were \$335,214 and the loss made for the year was \$73,463, bringing accumulated losses to \$1,015,530.

In addition:	\$
Total assets were	1,066,027
Total liabilities were	730,813
Operating cash flows were	(11,946)

There was a 49% decrease in the loss recorded for the financial year ended 30 June 2017 when compared to the prior year.

The company meets its day to day working capital requirements through an overdraft facility that is due for renewal in September 2017. The overdraft has an approved limit of \$450,000 and was drawn to \$415,719 as at 30 June 2017.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Going concern (continued)

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the directors' report on pages 6 to 11. The financial position of the company, its cash flows, liquidity position and borrowing facilities are described in the financial statements.

The current economic environment is difficult and while revenue continues to increase the company has again reported an operating loss for the year. The directors consider that the outlook presents significant challenges in terms of banking business volume and pricing as well as for operating costs. Whilst the directors have instituted measures to preserve cash and secure additional finance, these circumstances create material uncertainties over future trading results and cash flows.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company will be required to seek an increase in its overdraft facility.

The company has held discussions with Bendigo and Adelaide Bank Limited about its future borrowing needs. It is likely that these discussions will not be completed for some time but no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms. The company has also obtained an undertaking of support from Bendigo and Adelaide Bank Limited that it will continue to support the company and its operations for the 2017/18 financial year. This support is provided on the basis that the company continues to fulfil its obligations under the franchise agreement and continues to work closely with Bendigo and Adelaide Bank Limited to further develop its business.

The directors have concluded that the combination of the circumstances above represents a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern and that, therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Core banking products

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

Margin

Margin is arrived at through the following calculation:

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

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

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

Commission

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

Fee income

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

Discretionary financial contributions

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

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

It is for the board to decide how to use the MDF.

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

Ability to change financial return

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Ability to change financial return (continued)

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

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

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

Monitoring and changing financial return

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

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

c) Income tax

Current tax

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

Deferred tax

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

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

c) Income tax (continued)

Deferred tax (continued)

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

Current and deferred tax for the period

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

d) Employee entitlements

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

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

e) Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet.

f) Trade receivables and payables

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

g) Property, plant and equipment

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

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance 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
- motor vehicle 3 - 5 years

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

h) Intangibles

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

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

i) Payment terms

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

j) Borrowings

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

k) Financial instruments

Recognition and initial measurement

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

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

Derecognition

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

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) 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.

l) Leases

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

l) Leases (continued)

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

m) Provisions

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

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

n) Contributed equity

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

o) Earnings per share

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

p) Goods and Services Tax

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

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

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

Note 2. Financial risk management

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

Risk management is carried out directly by the board of directors.

(i) Market risk

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

(ii) Price risk

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

Notes to the financial statements (continued)

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 weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

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

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

Note 3. Critical accounting estimates and judgements

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

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

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

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

Notes to the financial statements (continued)

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.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired branch/agency at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

The calculations require the use of assumptions.

Impairment of assets

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

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

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

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

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 4. Revenue from ordinary activities		
Operating activities:		
- gross margin	859,522	668,177
- services commissions	117,347	198,829
- fee income	144,392	141,091
- market development fund	75,625	71,250
Total revenue from operating activities	1,196,886	1,079,347
Non-operating activities:		
- interest received	21	-
Total revenue from non-operating activities	21	-
Total revenues from ordinary activities	1,196,907	1,079,347

Note 5. Expenses

Depreciation of non-current assets:

- plant and equipment	8,156	8,788
- leasehold improvements	25,319	25,814
- motor vehicles	7,412	518

Amortisation of non-current assets:

- franchise agreement	16,259	2,287
- establishment fee	2,000	-
- franchise renewal fee	11,297	27,342
	70,443	64,749

Finance costs:

- interest paid	15,132	13,260
Bad debts	1,166	1,221
Loss on disposal of asset	-	2,213

Note 6. Income tax credit

The components of tax credit comprise:

- Future income tax benefit attributable to losses	(30,157)	(61,032)
- Movement in deferred tax	3,542	27,750
- Adjustment to deferred tax to reflect change to tax rate in future periods	-	11,277
- Under/(Over) provision of tax in the prior period	-	(17,563)
	(26,615)	(39,568)

Notes to the financial statements (continued)

	Note	2017 \$	2016 \$
Note 6. Income tax credit (continued)			
The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax credit as follows			
Operating loss		(100,078)	(184,033)
Prima facie tax on loss from ordinary activities at 27.5% (2016: 28.5%)		(27,521)	(52,449)
Add tax effect of:			
- non-deductible expenses		4,400	5,861
- timing difference expenses		(3,542)	(10,823)
- other deductible expenses		(3,494)	(3,621)
		(30,157)	(61,032)
Movement in deferred tax		3,542	27,750
Adjustment to deferred tax to reflect change of tax rate in future periods		-	11,277
Under/(Over) provision of income tax in the prior year		-	(17,563)
		(26,615)	(39,568)

Note 7. Cash and cash equivalents

Cash at bank and on hand	2,374	610
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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		2,374	610
Bank overdraft	13	(415,719)	(361,964)
		(413,345)	(361,354)

Note 8. Trade and other receivables

Trade receivables		92,390	84,298
Prepayments		24,165	23,427
		116,555	107,725

Note 9. Property, plant and equipment

Leasehold improvements

At cost		509,042	508,562
Less accumulated depreciation		(165,168)	(139,849)
		343,874	368,713

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 9. Property, plant and equipment (continued)		
Plant and equipment		
At cost	156,978	148,838
Less accumulated depreciation	(95,376)	(87,220)
	61,602	61,618
Motor vehicles		
At cost	63,527	32,305
Less accumulated depreciation	(7,930)	(518)
	55,597	31,787
Total written down amount	461,073	462,118
Movements in carrying amounts:		
Leasehold improvements		
Carrying amount at beginning	368,713	394,527
Additions	480	-
Disposals	-	-
Less: depreciation expense	(25,319)	(25,814)
Carrying amount at end	343,874	368,713
Plant and equipment		
Carrying amount at beginning	61,618	71,037
Additions	8,140	1,582
Disposals	-	(2,213)
Less: depreciation expense	(8,156)	(8,788)
Carrying amount at end	61,602	61,618
Motor vehicles		
Carrying amount at beginning	31,787	-
Additions	31,222	32,305
Disposals	-	-
Less: depreciation expense	(7,412)	(518)
Carrying amount at end	55,597	31,787
Total written down amount	461,073	462,118

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 10. Intangible assets		
Franchise fee		
At cost	157,983	157,983
Less: accumulated amortisation	(132,273)	(116,014)
	25,710	41,969
Establishment fee		
At cost	30,000	30,000
Less: accumulated amortisation	(28,000)	(26,000)
	2,000	4,000
Renewal Processing Fee		
At cost	137,117	137,117
Less: accumulated amortisation	(78,564)	(67,267)
	58,553	69,850
Goodwill on purchase of agency		
At cost	70,274	70,274
Less: accumulated impairment losses	(7,238)	(7,238)
	63,036	63,036
Total written down amount	149,299	178,855

Note 11. Tax

Deferred tax assets		
- accruals	1,100	1,415
- employee provisions	37,021	31,832
- tax losses carried forward	334,498	304,341
	372,619	337,588
Deferred tax liability		
- property, plant and equipment	35,893	27,477
	35,893	27,477
Net deferred tax asset	336,726	310,111
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	(26,615)	(39,568)

Notes to the financial statements (continued)

	Note	2017 \$	2016 \$
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Note 12. Trade and other payables

Current:

Trade creditors		74,454	67,741
Other creditors and accruals		8,156	5,227
		82,610	72,968

Non-Current:

Trade creditors		43,868	65,802
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Note 13. Borrowings

Current:

Chattel mortgage	18	10,304	9,068
Bank overdrafts		415,719	361,964
		426,023	371,032

Non-Current:

Chattel mortgage	18	43,690	25,189
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The company has an approved overdraft facility of \$450,000, secured by a general security over the assets of the company. The overdraft was interest free for the first six months and now attracts interest at a variable rate of 4.690%.

The chattel mortgage on the motor vehicles are held with Bendigo & Adelaide Bank Limited and one is repayable over four years (due May 2020) and the other is repayable over five years (due December 2021), attracting an average interest rate of 4.95%. The chattel mortgages are secured by a fixed and floating charge over the company's assets.

	2017 \$	2016 \$
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Note 14. Provisions

Current:

Provision for annual leave	66,248	56,634
Provision for long service leave	42,942	42,775
	109,190	99,409

Non-Current:

Provision for long service leave	25,432	16,342
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Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 15. Contributed equity		
1,607,028 ordinary shares fully paid (2016: 1,607,028)	1,465,250	1,465,250
Less: equity raising expenses	(114,506)	(114,506)
	1,350,744	1,350,744

Rights attached to shares

(a) Voting rights

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

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

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

(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.

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 they control or own 10% or more of the shares in the company (the "10% limit").

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.

Notes to the financial statements (continued)

Note 15. Contributed equity (continued)

Prohibited shareholding interest (continued)

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.

The National Stock Exchange (NSX) has advised that in its view the prohibited shareholding provisions are appropriate and equitable but the 'base number test' is not, as a result the base number clause does not operate whilst the company remains listed on the NSX.

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

	2017 \$	2016 \$
Note 16. Accumulated losses		
Balance at the beginning of the financial year	(942,067)	(797,602)
Net loss from ordinary activities after income tax	(73,463)	(144,465)
Balance at the end of the financial year	(1,015,530)	(942,067)

Note 17. Statement of cash flows

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

Loss from ordinary activities after income tax	(73,463)	(144,465)
Non cash items:		
- depreciation	40,887	35,120
- amortisation	29,556	29,629
- loss on disposal of asset	-	2,213
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(8,830)	(25,024)
- (increase)/decrease in other assets	(26,615)	(39,568)
- increase/(decrease) in payables	7,648	(28,146)
- increase/(decrease) in provisions	18,871	766
Net cash flows used in operating activities	(11,946)	(169,475)

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 18. Leases		
Finance lease commitments		
Payable - minimum lease payments:		
- not later than 12 months	10,304	9,068
- between 12 months and 5 years	50,791	28,992
- greater than 5 years	-	-
Minimum lease payments	61,095	38,060
Less future finance charges	(7,101)	(3,803)
Present value of minimum lease payments	53,994	34,257

The finance lease for the first motor vehicle, which commenced in May 2016, is a four-year lease. Interest is recognised at an average rate of 4.95%.

The finance lease for the second motor vehicle, which commenced in December 2016, is a five-year lease. Interest is recognised at an average rate of 4.95%.

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	81,115	77,452
- between 12 months and 5 years	155,729	213,805
	236,844	291,257

The lease on the Yarraman branch premises is a non-cancellable lease with a five-year term which expires in August 2020.

The lease on the Blackbutt branch premises is a non-cancellable lease with a five-year term which expires in November 2017.

The lease on the Nanango branch premises is a non-cancellable lease with a five-year term which expires in August 2020.

Note 19. Auditor's remuneration

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

- audit and review services	5,500	5,250
- share registry services	1,885	1,800
- non audit services	3,477	3,010
	10,862	10,060

Notes to the financial statements (continued)

Note 20. Director and related party disclosures

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

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

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

	2017 \$	2016 \$
Transactions with Key Management Personnel		
James Alan Beveridge received remuneration for accounting services provided by Beveridge Carey Accountants Pty Ltd.	16,576	18,686

	2017	2016
Key Management Personnel Shareholdings		
Ordinary shares fully paid	79,839	63,172

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

Note 21. Dividends paid or provided

a. Franking account balance

Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	6,139	-
- franking credits that will arise from payment of income tax as at the end of the financial year	-	-
- franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	-	-
Franking credits available for future financial reporting periods:	6,139	-
- 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	-	-
Net franking credits available	6,139	-

Note 22. Earnings per share

(a) Loss attributable to the ordinary equity holders of the company used in calculating earnings per share	(73,463)	(144,465)
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	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,607,028	1,607,028

Notes to the financial statements (continued)

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 Yarraman, Blackbutt and Nanango, Queensland 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

23 Toomey Street
YARRAMAN QLD 4614

Principal Place of Business

23 Toomey Street
YARRAMAN QLD 4614

49A Coulson Street
BLACKBUTT QLD 4306

92 Drayton Street
NANANGO QLD 4615

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		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 %	2016 %
Financial assets												
Cash and cash equivalents	1,765	-	-	-	-	-	-	-	609	610	Nil	Nil
Receivables	-	-	-	-	-	-	-	-	92,390	84,298	N/A	N/A
Financial liabilities												
Interest bearing liabilities	415,719	361,964	10,304	9,068	43,690	25,189	-	-	-	-	3.77	4.31
Payables	-	-	-	-	-	-	-	-	74,454	67,741	N/A	N/A

Notes to the financial statements (continued)

Note 27. Financial instruments (continued)

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 2017, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2017	2016
	\$	\$
Change in profit/(loss)		
Increase in interest rate by 1%	4,679	3,962
Decrease in interest rate by 1%	(4,679)	(3,962)
Change in equity		
Increase in interest rate by 1%	4,679	3,962
Decrease in interest rate by 1%	(4,679)	(3,962)

Directors' declaration

In accordance with a resolution of the directors of South Burnett Community Enterprises Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (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.



James Alan Beveridge,
Treasurer

Signed on the 27th of September 2017.

Independent audit report



Chartered Accountants

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

Independent auditor's report to the members of South Burnett Community Enterprises Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial report of South Burnett Community Enterprises Limited is in accordance with the *Corporations Act 2001*, including:

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

What we have audited

South Burnett Community Enterprises Limited's (the company) financial report comprises the:

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

Basis for opinion

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

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

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

Material uncertainty related to going concern

Our opinion is not modified for this matter. We draw attention to Note 1 in the financial report, which indicates that the company incurred a net loss after tax of \$73,463 during the year ended 30 June 2017, further reducing the company's net assets to \$335,214. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt over the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Other information

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

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Independent audit report (continued)

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

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

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

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

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2017. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of South Burnett Community Enterprises Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

There are no key audit matters to disclose for the 30 June 2017 audit.

Directors' responsibility for the financial report

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

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

Auditor's responsibility for the audit of the financial report

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

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



Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated: 27 September 2017



David Hutchings
Lead Auditor

NSX report

South Burnett Community Enterprises Limited is a public company incorporated in Australia and listed on the National Stock Exchange of Australia (NSX).

Shareholding

The following table shows the number of shareholders, broken into various categories showing the total number of shares held.

Number of shares held	Number of shareholders	Number of shares held
1 to 1,000	331	216325
1,001 to 5,000	197	477290
5,001 to 10,000	30	227439
10,001 to 100,000	29	685974
100,001 and over		
Total shareholders	587	1,607,028

Equity securities

Each of the above shareholders are entitled to 1 vote, irrespective of the number of shares held.

There are no substantial shareholders (holding more than 5% of voting rights) as each shareholder is entitled to 1 vote. Normally holding more than 5% of total issued shares would create a substantial

shareholder, but this is not applicable due to the voting restrictions for the company.

There are 22 shareholders holding less than a marketable parcel of shares (\$500 in value).

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to \$1 per share. There are no unquoted equity securities.

Ten largest shareholders

The following table shows the 10 largest shareholders including equal holdings

Shareholder	Number of fully paid shares held	Percentage of issued capital
D C Cragg & S A Hamilton <Cragg-Lea Super Fund A/C>	80,000	4.98
Douglas C Cragg & Shiralee A Hamilton	50,000	3.11
John Norman Crumpton & Colin Robert Crumpton & Sonie John Crumpton & Darren Leslie Crumpton <Crumpton Family Super Fund>	40,000	2.49
Mr Kerry Claude Wyvill	39,667	2.47
Robert Charles Brooks & Jennifer Anne Brooks	35,000	2.18
Mr John B Adams - Also H274	34,000	2.12
Anthony John Tilden	28,467	1.77
Rosalie Shire Council	26,667	1.66
Sheralyn Lorraine Vellnagel	26,667	1.66
Sonie John Crumpton & Lesley Jane Crumpton	26,000	1.62
Total of securities	386,468	24.06

NSX report (continued)

Security register

The security register (share register) is kept at:

AFS & Associates Pty Ltd
61 Bull Street,
Bendigo VIC 3550
Phone: (03) 5443 0344

Company Secretary

Ross Begent was the inaugural Company Secretary of South Burnett Community Enterprises Limited and was reappointed to the position in September 2014.

Corporate governance

The company has implemented various corporate governance practices, which include:

- (a) The establishment of an audit committee. Members of the audit committee are James Beveridge (Treasurer) and Noel Strohfeld (Chairman).
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

Annexure 3

There are no material differences between the information in the company's Annexure 3 and the information in the financial documents in its Annual Report.

5 Year summary of performance

		2013	2014	2015	2016	2017
Gross revenue	\$	917,812	895,372	938,965	1,079,347	1,196,907
Net profit before tax	\$	-63,953	-490,702	-328,830	-184,033	-100,078
Total assets	\$	1,292,786	948,548	932,776	1,059,419	1,066,027
Total liabilities	\$	149,462	147,962	379,634	650,742	730,813
Total equity	\$	1,143,324	800,586	553,142	408,677	335,214

Yarraman & District **Community Bank**[®] Branch
23 Toomey Street, Yarraman QLD 4614
Phone: (07) 4163 8162
www.bendigobank.com.au/yarraman

Nanango **Community Bank**[®] Branch
92 Drayton Street, Nanango QLD 4615
Phone: (07) 4163 1075
www.bendigobank.com.au/nanango

Blackbutt branch
49A Coulson Street, Blackbutt QLD 4306
Phone: (07) 4163 0734
www.bendigobank.com.au/blackbutt

Franchisee: South Burnett Community Enterprises Limited
23 Toomey Street, Yarraman QLD 4614
Phone: (07) 4163 8162
ABN: 57 113 889 768

Share Registry:
AFS & Associates Pty Ltd
61 Bull Street, Bendigo VIC 3550
PO Box 454, Bendigo VIC 3552
Phone: (03) 5443 0344 Fax: (03) 5443 5304
Email: shareregistry@afsbendigo.com.au
www.afsbendigo.com.au

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