

SUPPORTING OUR *community*

Canterbury Surrey Hills Community Finance Limited

Canterbury, Ashburton,
Surrey Hills and Balwyn
Community Bank® branches



ANNUAL REPORT 2017

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A little about us

We are one of Australia's largest and most successful Community Bank[®] groups, working to support our customers, people, partners and community via a successful, dependable, and sustainable network of Community Bank[®]s.

Sustaining, building and supporting our community

We opened our Canterbury and Surrey Hills Community Bank[®] branches in 2003, to fill the gap created when other banks closed on Maling and Union Roads. We then expanded into Ashburton and Balwyn branches in 2008 and 2010 respectively.

We are working to build sustainable and resilient communities and helping local people create the places where they want to live. We strive to create and share value with everyone connected with our business.

Bendigo Bank introduced the Community Bank[®] network to empower local communities—giving them direct equity in their banking service provider, as well as the scale advantages associated with an established banking brand. Bendigo Bank provides the balance sheet, the financial products, systems and training, while the local community provides the premises, equipment and staff.

At heart, we are a community business that focuses on supporting our community. We have three objectives:

- provide exceptional banking services to our communities
- grow our capacity to invest in community projects
- provide a reasonable financial return to shareholders, many of whom live locally.

We are very proud of our strong and valued brand, our commitment to great customer service and our role in our communities. To date, we have invested more than \$3.7 million in the Canterbury, Ashburton, Surrey Hills and Balwyn communities. We provide economic and social value by funding more than 250 community groups and organisations. Indeed, our financial support and investment ensured many community projects were viable.

Our Community Investment—which exceeded \$567,000 in the past 12 months—is possible only because our customers choose to bank with us. Backed by Bendigo Bank, we can provide robust banking solutions—home loans, personal and business banking, and insurance—as well as exceptional personalised customer service. In short, we are a genuine banking option for all.



Above: U3a Box Hill Sponsorship Cheque Presentation

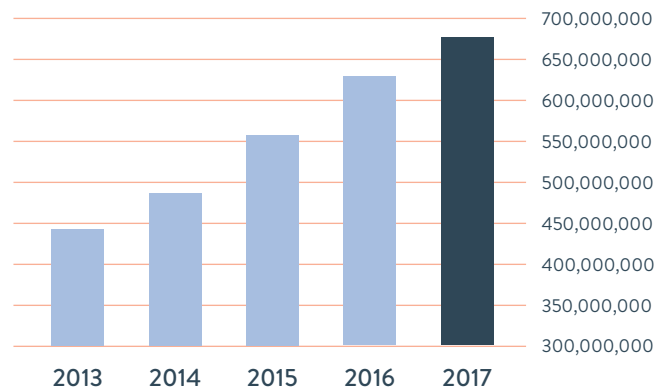
Left: 2016 Maling Road Kris Kindl Festival, Canterbury

Highlights

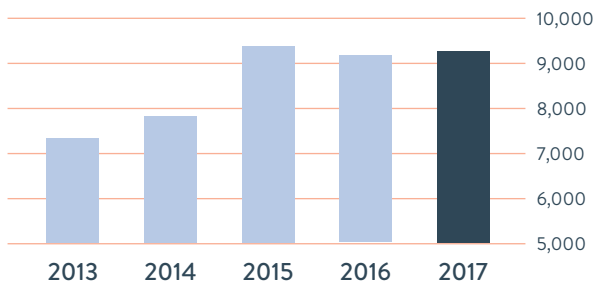
LOCAL IMPACT



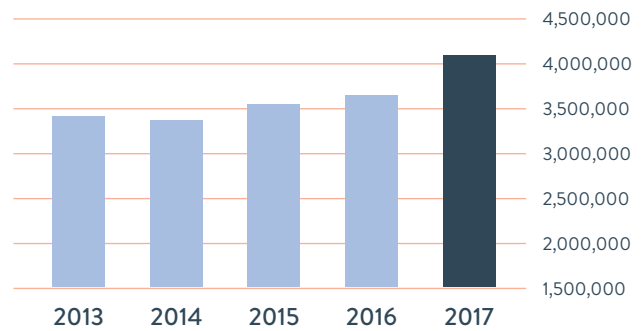
FOOTINGS GROWTH (\$)



CUSTOMER NUMBERS



REVENUE GROWTH (\$)



COMMUNITY INVESTMENT

258 groups supported since 2003

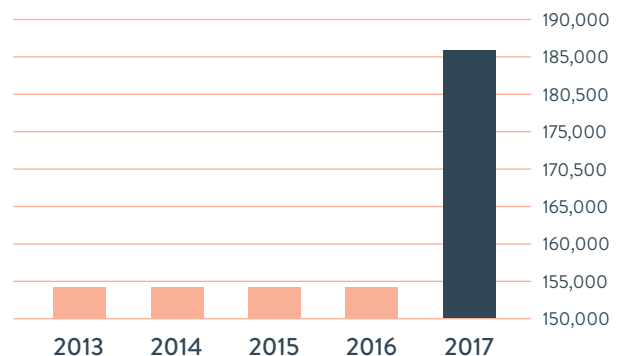
88 groups supported in 2016

\$3,703,382 total community investments since 2003

\$576,177 total community investments in 2016



FULLY FRANKED DIVIDEND (\$)



Chairman's report



‘Supporting our Community’ is why our Directors become involved with the company. We are committed to growing the company, and maintaining our role in supporting local communities through investments and funding. In the last 12 months we have provided more than half a million dollars to local community groups through our Community Investment Program, taking our total contribution over the life of the company to more than \$3.7 million.

I am pleased to report that our company continued to grow strongly during 2016-17, with revenue growing by 11.64% to \$4,140,906, profit increasing by 56.7% to \$535,462. Our overall footings increased by 11.25% to \$672.5m.

A high level of customer service, and competitive banking products underpin our financial performance. It is also strongly supported by our ongoing relationships with the numerous community groups that we support. Our directors and staff dedicate a great deal of time and effort to fostering these relationships, ensuring that they generate banking business, enabling us to provide further support back to the community.

As well as providing a reasonable financial return to shareholders, our company's profitability also enables us to provide a considerable contribution to groups in our local communities. In 2016-17 we contributed \$576,177 in investments and grants to a broad range of organisations. This brings our total contribution to the community over the life of the company to over \$3.7m.

However, continuing low interest rates and slow economic growth in Australia, continue to put pressure on the profitability of the banking sector. We also continue to hold discussions with Bendigo Bank in relation to their proposed new revenue sharing model which would, on current forecasts, significantly reduce our revenues over the coming years.

Strategy & Vision

Given these challenges, the level of revenue growth for the year ahead is uncertain, but we are working to overcome these challenges, in both the short term and the longer term.

The Board and management have been working on our strategic plan to ensure we continue to drive growth, both to maintain profitability levels, and to enable us to continue to provide support to the groups in our local communities.



Above: Hawthorn Amateur Football Club Sponsorship Cheque Presentation



We understand the changing needs of our customers and potential customers, including the need for a personal level of banking. We believe that one of our key points of difference is the ability for our customers to contact someone they know at a branch, rather than dealing with an impersonal call centre.

During the past year we have also strengthened the company's business development capacity by appointing a second mobile relationship manager. Gary Johnson has joined our group of banking experts—Nick Coker (Senior Manager), Nick Azar (Mobile Relationship Manager) and our branch managers—who are responding to customers' needs, and delivering high quality mobile banking services in customers' homes and workplaces.

As part of the strategic planning process, we are developing an investment strategy, which reflects the company's cash needs, our risk appetite and the new revenue sharing model. We are also considering how the 'branch of the future' can continue to deliver the services our customers need.

Other strategic initiatives include:

- developing a long term marketing strategy, including identifying ways to deepen relationships with community groups, developing new promotions and incentive schemes, and harnessing social media
- continuing to develop our relationships with our largest community groups, to ensure that we obtain benefit from our sponsorships in the form of increased banking activity
- investigating ways in which we can better serve the community through sponsorship of larger projects
- providing more professional development opportunities for our staff
- improving communication with shareholders.



Above: Business Breakfast event with Chief Economist, Bendigo Bank David Robertson



Broad Community Support

We have longstanding sponsorship relationships with many large sporting groups, and target them with a variety of incentive programs to encourage their members to bank with us. We have also allocated responsibility to specific directors and branch managers to support and develop the relationships with these groups.

We also work with smaller groups that provide valuable support services throughout the community, such as for the elderly, people with disabilities, and people from disadvantaged backgrounds.

We provide support to youth programs via the Boroondara Youth Foundation, providing grants for youth-led projects. We also sponsor local students to attend the Magic Moments youth leadership summit, and offer our Junior Observer program, which provides opportunities for students from three local government secondary schools to observe the work of our board and committees.

What Really Matters

It takes a team to operate any successful company, and I am very grateful to the team of dedicated people who work with me.

Firstly, I'd like to thank my fellow directors for their commitment to strengthening both our bank and our communities. They bring an unparalleled mix of experience and skills to the boardroom, as well as their enthusiasm for developing stronger communities.

There have been some changes in the board's composition over the past 12 months. We welcomed James Grant, who joined the Board as a Director in February 2017, following 35 years of experience in the banking and finance sector. James chairs the Staff Committee and sits on the Finance Committee.

We also farewelled the following Directors, and thank them for their commitment and valuable contribution:

- Gordon McFarlane retired as a Director at the end of November 2016. He joined the Board in 2008, and was Treasurer from 2011 until his retirement. Gordon came to us following the campaign to open a branch in Ashburton. Gordon has been a committed Director, served as Chairman of the Governance Committee and subsequently Treasurer during his time on the Board.
- Leigh Smith retired as a Director in January 2017, after 10 years on the Board. Leigh served as Chairman of the Community Investment Committee, Governance Committee, and the Staff Committee during his time on the Board. We are very pleased that Leigh is still involved with the company, as a member of the Staff Committee.

Our Company Secretary, Leanne Russell also resigned in January 2017, after 12 months. She was a valued member of the company and I thank her for her all her hard work. Michael Sapountzis is our new Company Secretary, and we welcome him to the company. We also welcome Ian Dinnison, who became our new Treasurer in December 2016 (following Gordon's departure).

Secondly, I would like to thank our staff, who are the professional face of the company. Our Senior Manager, Nick Coker, oversees operations at all four branches, and is actively involved with many of our community groups. He is supported by our dedicated branch managers, mobile relationship managers and branch staff. We appreciate their level of service, professionalism and commitment to our communities.

Thirdly, I would like to thank you, our shareholders, for your continued support for our bank and our communities.

2018 will be challenging, but the Board, the staff and I will continue to strive to deliver high quality personalised banking services and support for our local communities.



JULIANN BYRON
Chairman

Senior Manager's report



A successful year across our branch network highlighted by overall business growth of 11.25%, resulting in total footings of \$672.5m; community investment through sponsorships and grants exceeding \$3.7m; and an increased mobile workforce to cover the growing expectations of the retail lending market.

Retail banking remains competitive and challenging, with increased competition hitting the market almost every day. We are addressing this challenge by focusing on better connecting with our customers and community groups. We offer a full range of products and services, which we promote with our customers, community groups and local businesses. Our exceptional service—a personalised service—sets us apart from our competition. And this commitment to our customers generated growth in lending and deposits, and importantly also in insurance and financial planning products and account numbers.

Even in a very competitive market, total footings are now \$672.5m, up \$68.1m (or 11.25%) for the year. Our deposits grew by 9.6% (or \$33.3m) and lending increased by 13.6% (or \$34.8m). These growth figures compare well with growth in the banking systems broadly, and within the Bendigo Bank network. We lead the way within the Community Bank® network across Australia, and we are constantly looking at ways to improve our customer touch points. Across the group, account and customer numbers kept growing, and our customers are increasing the number of products they hold with us (supporting our objective to provide a holistic approach to customers' financial needs). This strong growth is particularly evident in our insurance and financial planning results and increased business banking and commercial business.

Balwyn Community Bank® Branch keeps building its profile within the local community and has now been in the Whitehorse Rd shopping precinct for five years. Footings (\$172.3m) increased by 26.8% (or \$36.4m) for the year. This very pleasing result was a mixture of business written by our Business Development Manager Nick Azar, treasury investment funds, and the ongoing work of Adam Osmani (Branch Manager) and his team. Customer and account numbers are up and the branch recorded some great success with financial planning and insurance sales.

Canterbury Community Bank® Branch had a challenging year. Lending remained flat and deposits dropped back almost \$13m, driven by customers downsizing properties and changing investment strategies. In the year ahead, the team will focus on building the business from its current footings of \$145m, by engaging with the community and shopping strip. With a new Branch Manager, Shurojit (Shuro) Shome, the branch is in good hands to move forward and have a successful year.

Ashburton Community Bank® Branch achieved some great results, increasing footings by \$19.2m (16.7%). Lending and deposits grew by more than \$9m each. Although surrounded by five other banks, Kathy Koulouris and her team keep picking up business from competitors, by focusing on local community groups, building the branch's profile and emphasising the benefits of doing business with us.

Surrey Hills Community Bank® branch consolidated its position as one of the leaders of Bendigo Bank's entire Community Bank® network. Maggie Stamoulis and her team have leveraged the long term community engagement program, substantially increasing lending and deposits. This year footings increased by 13.6% (\$26.5m) to \$221.2m.

We had several staff changes during the past year, including appointing a new manager at the Canterbury Branch, creating and appointing a new Mobile Relationship Manager and varying other roles within our branches. Several staff were promoted throughout the year, reflecting our investment in developing our staff, and creating genuine career paths. Customer service, knowledge and expertise drive success in a very competitive field.



Above: Kew Box Hill Brumbies sponsorship cheque presentation



Above: Balwyn Cricket Club Sponsorship Cheque Presentation

Inset: Ashburton Community Bank Under 15 Ashy Redbacks team- 2016 Premiers

Left: Ashy Redbacks 10 Home Loan Campaign presentation



Above: The Edge Community Fund Easter Raffle



Left: 2016 Surrey Hills Music Festival

I would like to thank the staff for their commitment and drive in making ours such a successful business. They delivered great service to our customers, and demonstrated a passion to assist our community groups and partners.

We keep looking for ways to innovate and be market leaders within the Bendigo Bank network and on the street. Given the success of our current Mobile Relationship Manager, Nick Azar (who works across both the Canterbury and Balwyn branches), we created a second position to support the Surrey Hills and Ashburton branches.

We appointed Gary Johnson, who brings his management and lending experience to the group. He extends our 24/7 offering and availability for after hours and weekend appointments.

Our dedicated Board of Directors support my team and I in growing the business, through referrals and community involvement. They are open to change, value our opinion and encourage thinking outside the square. They are passionate and driven to build on the community partnerships that we have in place, create new ones and look at how they can further support the business. I thank them all for their continued support and for sharing their skills and knowledge.

We keep looking for ways to innovate and be market leaders within the Bendigo Bank network and on the street.

Thanks also to Anna Gratton, our Marketing Manager, who supports community groups to deliver our marketing strategy and helps all branches with personalised marketing activities as required. Anna's had a very busy 12 months and she has worked extremely hard

to develop marketing support within our network.

Rohan Sadler and his team from Bendigo and Adelaide Bank Ltd provided consistent support, and our business benefits greatly from this. Bendigo Bank continues to be a partner the local community can be proud of.

Our shareholders and customers deserve accolades, because you

provide the biggest impact on this business. Without you, there is no Community Investment Program. Your banking is building a better community. The more we can grow by attracting more business, the more we can all make a difference. Please refer all your family, friends and work colleagues to us so we can continue to grow and increase our community investment.

NICK COKER
Senior Manager



Treasurer's report

Operating results

Strong footings growth this year contributed to an 11.6% increase in revenue and an improvement of 22.5% in our overall Community Returns. Expenses increased at a rate of 2.6%.

Overall pre-tax profits increased by 52.1% from 2016.

The Board continues to monitor the potential future effects of Bendigo Bank's "Project Horizon" review, and the capacity to increase contributions to the local community and shareholders.

Dividends

In October 2016, the Company paid a dividend of 6 cents per share based on the performance of the 2016 financial year.

The Directors have determined that a dividend of 6 cents per share will be paid for the 2017 year, which is expected to be paid in October 2017.

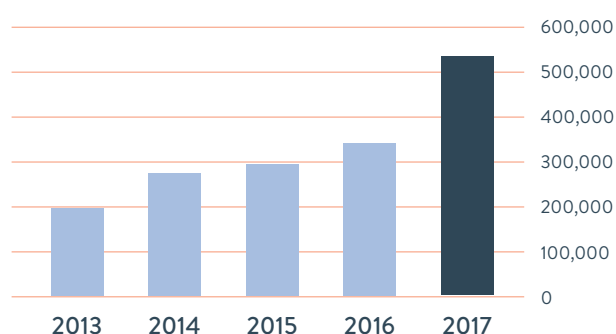
Notwithstanding the consistent payment of dividends made by the company over an extended period of time, the shares in the Company have had little change in value.

At the 2016 AGM shareholders approved the proposal by the Board to establish an on-market share buy-back program during 2017 to reduce the equity base of the Company and improve the overall use of capital. The share buy-back price commenced at the market bid price and has been further increased over time. There were no transactions processed using the buy-back mechanism to 30 June 2017.

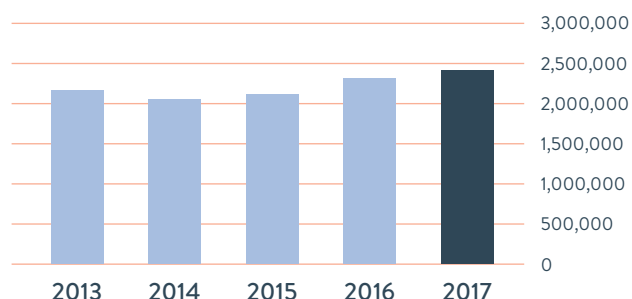


IAN DINNISON
Treasurer

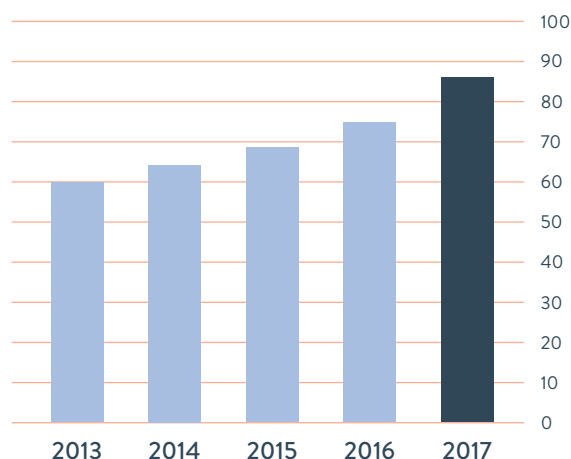
NET PROFIT AFTER TAX (\$)



COMMUNITY INVESTMENTS, DIVIDEND AND SALARIES (\$)



NET ASSET VALUE - PER SHARE (CENTS)



Review of operations

In this section we have assessed our performance in delivering three strategic initiatives identified in the 2016 Annual Report.



Building the business

What we wanted to do

We wanted the right organisational structure and personnel to keep growing our business. Specifically, we wanted another Business Development Manager, to improve flexibility and grow the business beyond the traditional branch network.

We wanted staff who know and understand all the products we can offer our customers. Specifically, we wanted to increase the number of products held by each customer, by improving customer awareness about our suite of products.

We wanted to work with our community groups, and do all we can to fulfil their members' needs. In 2016, we appointed a Marketing Manager, which means we can now provide more marketing material to our community groups, which in turn helps to increase our banking business.

We wanted to review our online capabilities to improve systems and processes, especially the sponsorship application process and our social media activity.

What happened

We employed a second Mobile Relationship Manager, to improve our flexibility in meeting the banking needs of customers and prospective customers. Our Mobile Relationship Managers attend customers' homes or workplaces and provide personalised support, which is well backed up by staff at our four branches.

We improved engagement and contact with our sponsored groups, through a structured contact program with the Marketing Manager and Branch Managers. We offer marketing materials and marketing support to all sponsored groups, so they can communicate the Community Banking story.

We simplified our sponsorship application process, which can now be completed via an online application form. We are using Facebook and Instagram for all branches, and working closely with our sponsored groups to use social media to promote the sponsorship relationship.

Increasing the number of products held per customer continues to challenge each branch. This initiative is a continuing focus.



Community result
STRONG



Overall result
POSITIVE

2 Strengthening our community engagement

What we wanted to do

We wanted to strengthen our Community Engagement, particularly with our sponsored community groups via our Community Investment Program. Specifically, we wanted to highlight the importance of a mutually beneficial relationship, and how much community groups can benefit through our incentive program. Community groups are setting many worthy aims and targets, and we can help them achieve those aims via our incentive program.

Initially, we decided to focus on larger sporting clubs, which have a large participation and supporter base. Groups benefit through revenue generation from member/supporter banking. This incentive program allows groups to deliver larger projects that cannot be funded via sponsorship alone.

What happened

We provided marketing materials and promotional materials to community groups to promote the sponsorship relationship and the opportunity for the groups to generate additional revenue through the incentive program.

We have appointed an account manager (Branch Manager) as the primary contact for each sponsored group, as well as a Director for larger groups. This approach provides consistency for groups and allows us to develop deeper relationships with each group's members and supporters. Our staff and Directors regularly attend events to further promote the sponsorship relationship.

During the past 12 months, we launched a home loan campaign promotion to selected groups. Groups have the opportunity to receive up to \$25,000 depending on the number of new home loans from their supporter/member base. This campaign has been successful, with some clubs almost half way to achieving their target.



Community result
GOOD



Overall result
POSITIVE

3 Continual improvement & renewal

What we wanted to do

We wanted to review the company structure, to ensure both our Directors and our staff have the right skills and experience mix necessary for our future success. Specifically, we needed a second Business Development Manager, as discussed previously.

We also wanted to review our Board and Committees, to ensure we have people with the appropriate skill set to meet future challenges.

What happened

We appointed a second Mobile Relationship Manager to support our growing mobile banking business.

The retirement of the Treasurer and resignation of the Company Secretary allowed us to recruit people with the skill sets necessary to meet the Company's future needs. We appointed a new Director with significant banking and financial services experience, to add to the diversity of skills held by existing Directors. We retained a retiring Director on the Staff Committee, so we could leverage the value he adds to this committee.



Community result
POSITIVE



Overall result
GOOD



Future focus

Growing the business

Over the past year, we focused on ensuring we have the right structure and team to keep growing our business. Further developing our team's capabilities remains important for the year ahead. We aim to generate new business through our increased mobile banking capabilities and our personalised banking service.

We will keep working to increase the number of products held by our customers. We will support and train staff so that they can promote our full suite of products to both new and existing customers.

We will work with our community groups to promote the Community Bank® story and ensure they distribute the message to their members and supporters. We will support the community groups to promote us and our services, by providing marketing support and materials.

We will look to drive business growth through traditional advertising channels, using both print and digital platforms. We will use social media to share our community stories and promote our Community Investment Program.

Generating meaningful and successful partnerships will remain the focus of our marketing program.

Investing in the community

Over the next 12 months, we will keep engaging the community groups who received funds through our Community Investment Program. Generating meaningful and successful partnerships will remain the focus of our marketing program. We will ensure our community groups understand what is possible through a mutually beneficial relationship, and how much the community can benefit. We will identify new large sporting groups to work with, to deliver a return on our investment through banking.

We will also keep supporting other groups that help disadvantaged members of our community, such as the elderly, and people with disabilities, and those in need. We have a strong and ongoing commitment to support these organisations.

Adapting to change

The banking landscape continues to evolve. So, we need to remain relevant and profitable by evolving our banking services to changing customer needs. Technology is reducing foot traffic in the branches, although personalised customer service remains relevant and important.

Our three-year Strategic Plan provides a road map for our vision for the future of our branches, recognising that we need to adapt to changes and the challenges in the future. We will continue to evolve our business model, processes and technology to keep in step with customer needs and changes in the banking markets. We are examining what 'the branch of the future' looks like, based on potential future customer usage patterns. We will evolve our organisational structure, roles and skills in response to the changing needs of the market and our customers.

We have strategies to grow our business, and address falling revenues associated with Bendigo Bank's new revenue sharing model.





Left: Camcare Presentation of Car funded by Canterbury Surrey Hills Community Finance Ltd

Below: STC Cricket Sponsorship Cheque Presentation

Below: Richmond Central Amateur Football Club Sponsorship Cheque Presentation



Right: Learning for Life- AbiliTEA launch- Adam Osmani & Madeleine Smith, Balwyn Community Bank

Far right: Canterbury Surrey Hills Community Finance Limited 2016 Annual General Meeting-celebrating \$3m in Community Contributions

Below right: Mont Albert Cricket Club



Above: STC Cricket Club

Right: Boroondara Netball Association celebrates 21 years



Surrey Hills



Achievements

We exceeded branch growth targets in both deposits and lending. Two factors drove this success:

- repeat business from existing clients, including multiple deposit, lending, insurance and financial advice transactions
- referrals to family and friends from existing clients.

We also exceeded our general insurance targets, which was formally recognised by Bendigo Bank's insurance provider. Our insurance business reflects our holistic approach to meeting all of our customers' financial needs.

We received customer advocacy/compliments consistently throughout the year. Pleasingly, the compliments we received through the customer feedback platform acknowledged the great work from all team members. This feedback reflected the team's consistent approach to providing excellent customer service, and their commitment to continuous improvement.

Highlights

We wrote new lending business for many former 'Big 4 bank' clients who were dissatisfied with service levels from their previous bank. Pleasingly, these new clients identified Bendigo Community Banking as meeting and exceeding expectations.

We were a Major Sponsor of the Surrey Hills Music Festival, the major community event in Surrey Hills. It's part of our longstanding relationship with the Surrey Hills Neighbourhood Centre (one of our sponsored community organisations). This event is a wonderful opportunity for the community to come together and enjoy great food and music.

Key sporting groups—Hawthorn Amateur Football Club, Mont Albert Cricket Club and Bulleen Cricket Club—highlighted the benefits of reciprocal support. Ongoing support and strong community banking advocacy by these groups benefited both the bank (in the form of new business) as well as the groups (via incentive payments).

We reinvigorated established relationships with the Surrey Park sporting clubs, by providing funds to help install a new electronic scoreboard.

We also supported other key groups in our community:

- We helped Kew Box Hill Brumbies Hockey Club install its electronic scoreboard.
- We provided much needed funding for a defibrillator at Alkira in Box Hill.
- We supported many local schools with their fetes and festivals, which give us a great opportunity to meet local families.



TEAM MEMBERS

Maggie Stamoulis Branch Manager

Jo May
Tegan Paul
Kamna Madan
Helen Sargeant

TOTAL FOOTINGS

\$221.2m

GROWTH

Deposit Growth		
2017	\$15.6m	↑ 16.1%
2016	-\$2.2m	
Lending Growth		
2017	\$5.3m	↑ 5.8%
2016	\$11.1m	
Other Business Growth		
2017	\$5.6m	↑ 85.7%
2016	-\$2.2m	
Total Growth		
2017	\$26.5m	↑ 13.6%
2016	\$6.6m	

Balwyn



Achievements

We exceeded our growth performance targets in both lending and deposits. The key factors that drove this were:

- Business derived from our Mobile Relationship Manager Nick Azar who is based at the branch
- Ongoing engagement through the shopping strip and community groups
- Referral and new business from our existing clients.

We exceeded our Insurance sales target, assisted by increased lending activity and staff focus. Our financial planning referrals also exceeded the previous year.

We have worked closely with our Business Banking specialists to increase business in this field and further support the needs of the local traders in commercial finance.

Our customer numbers increased by 10% for the year and this is due to our focus with business banking services and local shoppers.

Highlights

We financially supported many disadvantaged groups in our community via our Community Investment Program:

- The Balwyn Rotary Rail Day for children with a disability provides a wonderful day out for these children and their families.
- We sponsored Learning for Life, which provides wonderful services to children with Autism.

We supported various local sporting clubs and continue working closely with them to promote our services and the incentive program. We must grow our business to ensure the continued success of our Community Investment Program. The larger sporting clubs in the area present significant opportunities to acquire new business.

Our Mobile Relationship Manager offering has proven to be very appealing with access to after hours appointments.

We renovated the branch, to update the look and better use the space. A new office and meeting room deliver a more personal and confidential environment. This meeting room can be used by community groups.

We are working to establish a Traders Association for the local shopping strip on Whitehorse Road. We aim to attract business to the strip, while ensuring traders know we can service their personal and business needs.

We provided school banking for Balwyn Primary, helping children understand the importance of saving money, as well as finance basics.

We focused on staff development, with all staff undergoing regular training and upskilling so they can deliver outstanding customer service.



TEAM MEMBERS

Adam Osmani

Branch Manager

Madeleine Smith

Emily Wellesley-Winter

James Fernandes

Dot Tamburrini

TOTAL FOOTINGS

\$172.3m

GROWTH

Deposit Growth

2017 \$-0.4m ↓ -0.6%

2016 \$3.2m

Lending Growth

2017 \$21.7m ↑ 38.6%

2016 \$0.3m

Other Business Growth

2017 \$15.1m ↑ 478.3%

2016 -\$0.2m

Total Growth

2017 \$36.4m ↑ 26.8%

2016 \$3.3m



Canterbury



Achievements

The past twelve months have been challenging for the Canterbury Branch with an extended period without a Manager due to illness. The Branch performance reflects this with both lending and deposit targets missed. A number of external factors also contributed to the result, such as:

- Our lending was impacted by a number of property sales from clients downsizing
- Deposits were reduced due to changes in clients investment strategies and property purchases.

Lending numbers, although impacted due to the staffing issue, gave us confidence that we still have a strong local market and this will be evident in the year ahead.

Solid Insurance performance just coming in short of target.

Highlights

We were a major supporter of the annual Maling Road Kris Kindl Festival held in December. This key event on the Canterbury calendar brings the community together and celebrates the festive period.

We financially supported numerous sporting clubs, to help them grow. In particular, we are pleased we could help support initiatives to introduce girls' and women's teams at many football and cricket clubs.

We are working closely with Trinity Willison Cricket Club to help them finance the fitout of renovated club rooms. They see this partnership as a benefit effecting the community at large.

We helped Burke & Beyond purchase a new bus to transport their participants.

We welcomed new Branch Manager, Shurojit (Shuro) Shome. Shuro brings with him many years of banking and finance experience. He is inspired by the passion our people have for helping our local communities and the pride this brings in being a part of such a great organisation.



TEAM MEMBERS

Shurojit Shome
Branch Manager
Ashley Wingfield
Jacob Gordon
Harrison Gomez

TOTAL FOOTINGS

\$145.1m

GROWTH

Deposit Growth
2017 -\$13.7m ↓ -13.8%
2016 \$21.2m

Lending Growth
2017 -\$1.3m ↓ -2.3%
2016 \$7.3m

Other Business Growth
2017 \$1m ↑ 26.5%
2016 -\$1.1m

Total Growth
2017 -\$14m ↓ -8.8%
2016 \$27.4m



Ashburton



Achievements

We well exceeded our Lending and deposit targets for the year. This was the result of a clear team focus, with our customer service team identifying opportunities and our senior staff providing exceptional service. The three key drivers to this result being:

- Working closely with our Business Banking Specialist to jointly meet our business clients and local traders. Our offering in this area has proven to be very competitive and appealing to business clients
- Connecting with our local community and building a strong relationship with the members and committees
- Working closely with local professionals and our existing client base, seeking referral business and delivering on our customer service and expectations.

Branch lending activity proved to be a big driver in our success around insurance sales and financial planning referral's. We ensured that we continued to provide relevant products and services to our clients.

Our customer numbers increased by 5% for the year, confirming that the market place is aware of our product offering and great customer service.

Highlights

We were a major sponsor of the Ashburton Village Twilight Festival held in February. More than 14,000 people attended the Festival, and our financial support meant festival goers enjoyed many free activities.

We strengthened our partnership with many sporting clubs throughout the year. We were extremely proud of our financial support of Ashy Redbacks and in particular how that impacted on the field with our own Ashburton Community Bank® Under 15 girls AFL team winning the 2016 premiership.

Our funding helped Ceres Calisthenics Club upgrade its building, where more than 180 girls participate.

Through our sponsorship and incentive programss we helped many clubs and community organisations purchase new equipment, uniforms and offer specialist programs.



TEAM MEMBERS

Kathy Koulouris

Branch Manager

Manjula Wijesiri

Evelyn Butler

Nikhil Selvaratnam

TOTAL FOOTINGS

\$133.9m

GROWTH

Deposit Growth

2017 \$9m **↑ 15%**

2016 \$4.3m

Lending Growth

2017 \$9.1 **↑ 17.3%**

2016 \$4.1m

Other Business Growth

2017 \$1.1m **↑ 46.8%**

2016 \$0.9m

Total Growth

2017 \$19.2m **↑ 16.7%**

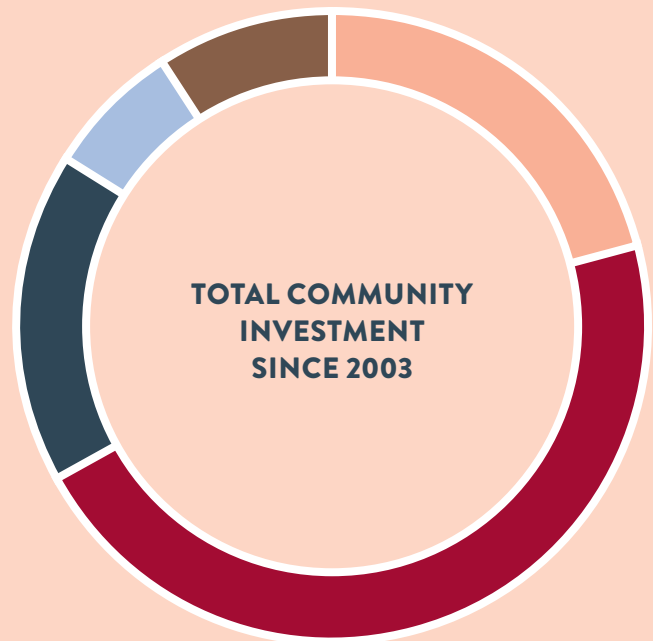
2016 \$9.4m

Community report

We have invested more than half a million dollars back into our local communities through our Community Investment Program in the past 12 months. This program enables the community to share in our success. The program is possible only through our customers' banking activities and the program's growth relies on our business's continued growth.

Community Groups

We make an extraordinary contribution to community projects, programs, sporting clubs, disability services, aged care, welfare and schools and early childhood services. We support local organisations, to help them to deliver services and programs within our communities. Our partnerships and initiatives strengthen communities, creating a vibrant place where people want to live. It is much more than handing out money through sponsorships, grants and incentives. It is about building relationships to build strong and prosperous communities.



21%
Community Groups and Events

17%
Community Welfare

9%
Community Projects

46%
Sporting Clubs

7%
Schools and Early Childhood



Above: 2017 Ashburton Village Twilight Festival

Right: 2016 Maling Road Kris Kindl Festival, Canterbury



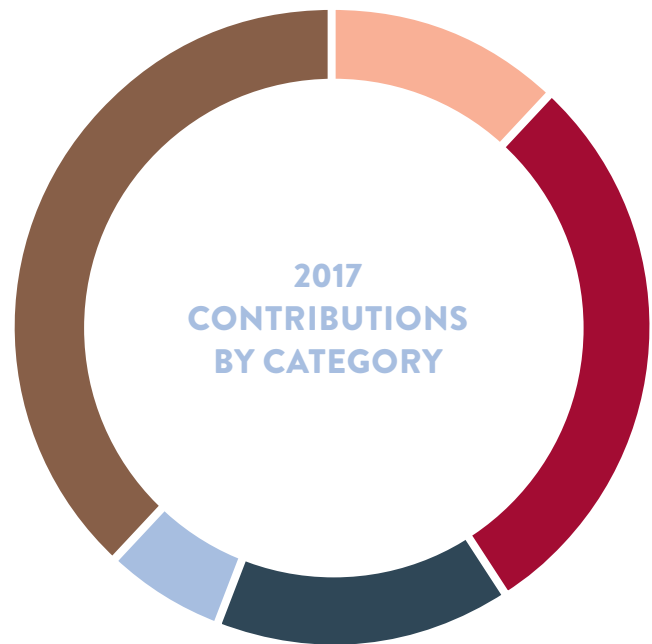
Below: 2017 Ashburton Village Twilight Festival



Total Community Investment 2017

In 2017, the Community Investment Program contributed to 86 community groups. More than 34% of these community groups received both sponsorship and incentive payments. Groups receive incentive payments as reward for banking referrals. It's our way of recognising the groups for the banking business their members generate, which provides a valued revenue stream. We will keep working with our larger clubs and organisations to drive business growth, which in turn grows profits and allow us to expand the Community Investment Program even further.

In 2017, we allocated funds across the various organisational categories in proportion with our longer term investments, including funds to support community projects.



12%

Community Groups and Events

15%

Community Welfare

38%

Community Projects

29%

Sporting Clubs

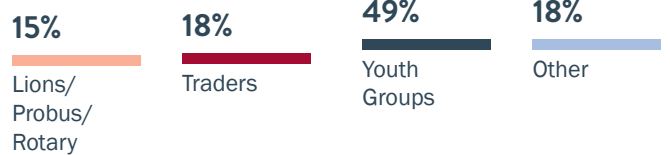
6%

Schools and Early Childhood



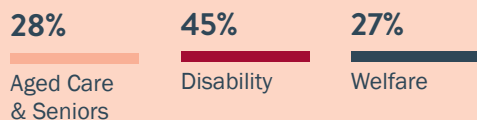
Community Groups and Events

This part of our Community Investment Program includes special interest groups, community and trader events, and our investment into youth programs. In 2017, we supported local traders associations and their associated events, as well as local Rotary projects. We contributed significantly to local youth, through the Boroondara Youth Foundation, the Magic Moments Foundation and our Junior Observer program.



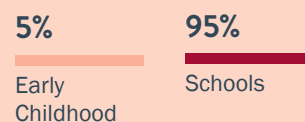
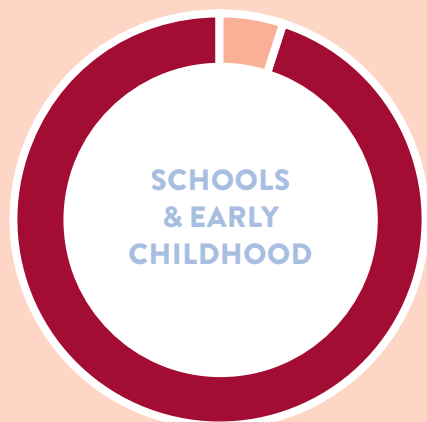
Community Support

Community Support includes aged care & seniors, welfare and disability support. These organisations received more than \$85,000 in the past 12 months, to provide highly valued services and opportunities to this important sector. Our funding helped activities such as purchasing a bus to transport people with a disability, purchasing important equipment for dementia sufferers, as well as other programs.



Schools & Early Childhood

In 2017, we continued supporting schools and early childhood organisations. We support school and preschool events and functions, and fund purchases such as equipment and sporting uniforms. This year, we funded a leadership program, volunteer awards and a financial inclusion program at Swinburne University. We have several School Banking programs, giving children a banking experience while they save for the future, and an opportunity for school families to move their banking to the Community Bank®.



Sporting Clubs

We distributed our investments in sporting clubs across more than 10 sports, demonstrating our commitment to supporting this broad sector. We support clubs that provide opportunities to all ages, gender and ability. Football and cricket clubs received significant contributions in 2017, to develop girls' and women's teams and programs. These large clubs also provide significant banking business support and these amounts include incentive payments for business referral.



25%
Cricket



32%
Football



7%
Soccer



4%
Netball



1%
Bowls



5%
Hockey



12%
Other



1%
Tennis



13%
Basketball

Director Profiles



Juliann Ruth Byron
Chairman – Non Executive
BCom, Grad Dip CM, FCPA, FAICD, AGIA, ACIS

Juliann has extensive experience in the accounting and finance fields. She has also provided corporate secretarial, management and governance consulting services over many years, and is a non-executive Director on public and not for profit company boards.

Juliann is a member of the Finance Committee, Staff Committee and the Audit & Governance Committee. As Chairman, she also attends other committee meetings as required.



Robert Einar Stensholt
Deputy Chairman –
Non Executive

BA, BD(Hons), M Int Law, Dip Phil

Bob has had an extensive career including roles as a senior diplomat, Assistant Director General for AusAID, senior research fellow, consultant and for over ten years as the state Member of Parliament for Burwood. Bob is now Chief of Staff to a Victorian Government minister.

Bob is a member of the Community Investment & Marketing Committee and is a member of the Finance Committee.



Hans Diederick Menting
Director – Non Executive
BCom, MBA, MAICD

Dick was the foundation Chairman of Canterbury Surrey Hills Community Finance Ltd and previously spent 35 years in banking, finance and administration. Dick retired as a Councillor for Boroondara City Council and continues to run a local small business. He is Chairman of the Inner East Region for Cricket Victoria.

Dick is the previous Chief Executive Officer, Chairman of the Staff Committee and a member of the Finance Committee and the Community Investment & Marketing Committee.

Treasurer



Ian Adrian Dinnison
(as from 1 December 2016)
LLB, BEc, CTA

Ian was appointed Treasurer effective 1 December 2016. He has had over thirty five years experience in industry, government departments and professional services firms in financial and management roles.

He is Chairman of the Finance Committee and attends the Board and Audit & Governance Committee meetings as required as a non-voting member.



Damien Leo Hudson
Director – Non Executive

Damien has over 15 years experience in local real estate and community organisations. In 2011, Damien established “Opening Halls”, a business providing management and consultancy services to community organisations focusing on revenue generation, marketing and membership. He currently consults to six major clients, predominately in Victoria.

Damien is the Chairman of the Events Committee.



Daizy Maan
Director – Non Executive

Daizy was appointed to the Board in February 2016 after serving as Chairman of the Youth Advisory Committee for one year. Daizy has considerable experience working with and for youth organisations, particularly those with an entrepreneurial or social enterprise focus. She manages Deakin University’s innovation and entrepreneurship program and has various volunteer roles, including the Boroondara Youth Foundation. Daizy was the Boroondara Young Citizen of the Year in 2015. Daizy is the Chairman of the Youth Advisory Committee.



Andrew Graham Whittaker
Director - Non Executive
FCA, GAICD

Andrew has over 40 years’ experience in a variety of professional services and senior executive roles. He was formerly a partner with PwC and Ferrier Hodgson and has worked across a variety of industry sectors, including banking, providing performance improvement and governance advice.

Andrew is Chairman of the Community Investment and Marketing Committee and is a member of the Finance Committee.



James Grant
Director – Non Executive
(appointed 1 February 2017)

James has spent over 35 years in banking and finance, financial planning and dispute resolution in these areas. He has extensive client facing and senior management experience in banking and finance and wealth management products, services and their delivery to business and wealthy clients.

James is the Chairman of the Staff Committee and is a member of the Finance Committee.



Gordon Lennox McFarlane
Director & Treasurer –
Non Executive

(until 30 November 2016)

Cert Bus (Acc), BBus, CPA, MBA, GAICD, JP in Victoria

Gordon was an executive at Melbourne Water where he worked in financial, contract management and governance roles. Prior to his resignation, Gordon was the Treasurer (since 2012) and Chairman of the Finance Committee. He also attended the Audit & Governance Committee meetings as a non-voting guest, having formerly been the chairman of that committee.



Leigh Warren Smith
Director – Non Executive
(until 25 January 2017)

Leigh is a Director and shareholder in a number of Melbourne and country Victoria motor vehicle dealerships, trading as Garry and Warren Smith Group, Goulburn Motor Group and the Big Garage and he is also a director of Australian Automotive Dealer Association Ltd. He has extensive experience in sales and marketing, management, human resources and contractual arrangements.

Prior to his resignation Leigh was a member of the Staff Committee and the Audit & Governance Committee.

Governance report

Canterbury Surrey Hills Community Finance Limited (“the Company”) is listed on the National Stock Exchange (“NSX”). The ASX Corporate Governance Council’s – Principles of Good Corporate Governance and Best Practice Recommendations (“ASX Principles”) are not compulsory for NSX listed companies. However, this report addresses both the corporate governance issues identified by the NSX and the ASX Principles (3rd edition) in its report on its Governance Framework.

The Company places great importance on its governance framework, adopting a proactive approach to ensure the structures, values and behaviours of the Company have the interests of its stakeholders as a focus.

Policies & Procedures to ensure compliance with the law

The Company has adopted the following governance strategies, policies and procedures to ensure it complies with the law, including the Corporations Act and the NSX Listing Rules:

Board Governance Framework – The Board has identified and documented the roles and obligations of its Directors and Officers in a Board Governance Framework. The Board Governance Framework promotes ethical, considered and independent judgment of the matters before the Board, set out as a Code of Conduct. It highlights the statutory obligations on Directors and Officers generally and also sets out the expectations that are placed on them in terms of the time dedicated to the Company’s affairs.

Monthly Secretary Reports – The Company Secretary provides a report to the Board each month regarding the various compliance obligations and notes any outstanding matters. The Company Secretary manages all NSX and ASIC reporting requirements, and monitors compliance with the Franchise Agreement and Company’s constitution.

Compliance Calendar – The compliance requirements have been defined and listed in a Compliance Calendar, which is reviewed by the Audit & Governance Committee monthly. The individual items due for completion are reported by the Company Secretary to the Board each month.



Share Trading Policy – All staff including Directors and Officers are not permitted to trade in the Company’s shares except during two periods following the disclosure of the Company’s accounts, and provided that they are not in possession of “Inside Information”.

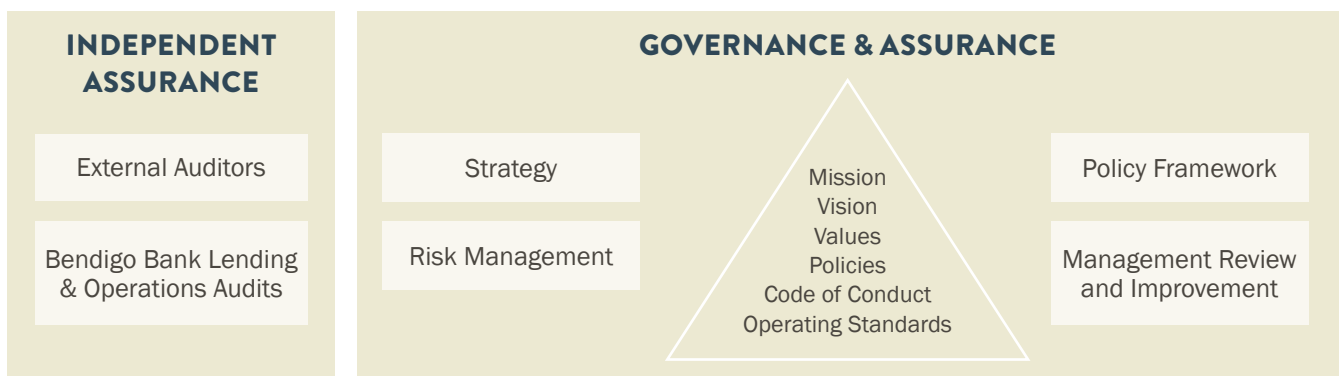
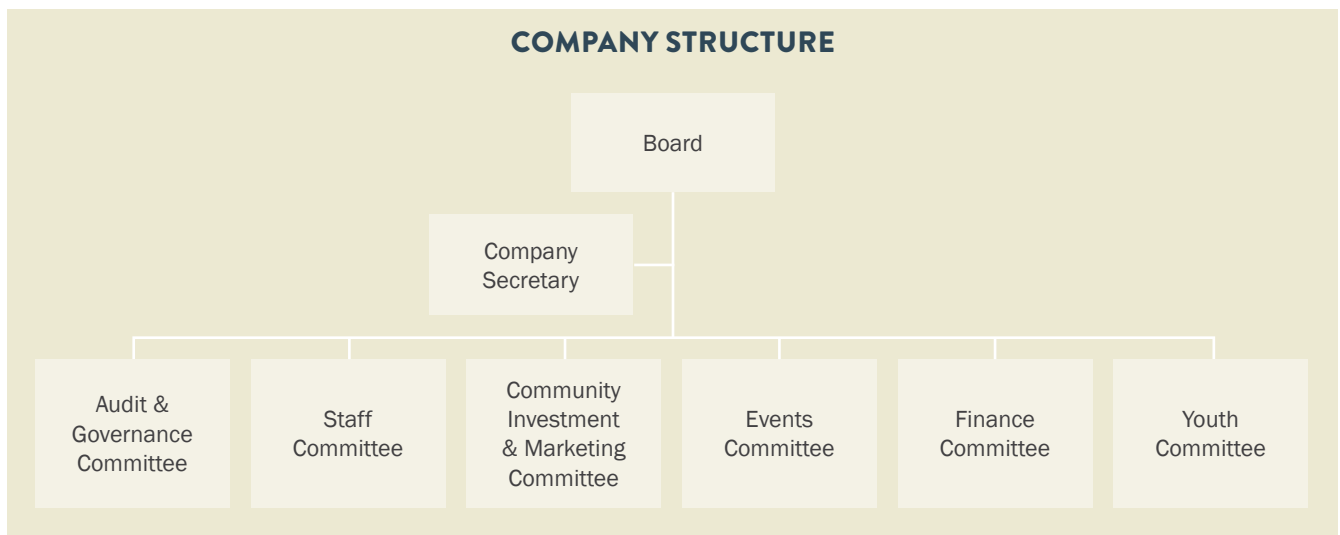
Privacy Policy – The requirements of the Australian Privacy Principles have been incorporated into a Privacy Policy that considers the privacy of shareholders, community groups and other stakeholders.

Audit & Governance Committee – This Board Committee has a special role in ensuring the Company complies with its corporate governance obligations and requirements. More details are set out below.

Policies & Procedures to ensure the Board acts with due care and diligence and in the interests of its shareholders

Company Structure

Our Company does not have an extensive executive structure because of its scale and the desire of the Board to be directly connected to the local community. The executive consists of the Senior Manager; Company Treasurer and Company Secretary.



Due to the size and scale of the Company, Directors are heavily involved in many practical roles such as marketing and risk management that might otherwise be overseen by an executive in a larger company. Directors are not specifically remunerated for this (see details of this policy in the Remuneration Report on page 33). The Board does not have a Remuneration Committee as the Board's remuneration has not changed significantly for some years. The Board, in conjunction with the Finance Committee, monitor and review remuneration annually.

Details of each Board Committee is provided below.

The Board Governance Framework established a list of responsibilities that were delegated to Committees or Officers, and also ensured certain responsibilities remained the responsibility of the Board. This has been developed into a comprehensive Delegations Register, which identifies the specific officer with delegated authority from the Board and any limits that apply to that delegated authority.

It is the Board's policy that a majority of its Directors are independent. This is currently the case.

Board Performance Review

The Board Governance Framework identifies how the Board's performance is reviewed. The broad policy requires:

- The Audit & Governance Committee to prepare a review of the Board as a whole annually. This may be an externally facilitated review if the Board considers this necessary;
- The Chairman and the Chair of the Audit & Governance Committee to review the performance of the Committees annually;
- The Chairman to meet with each Director annually to review each Director's personal performance.

The Senior Manager has a documented performance plan that is approved by the Board annually for the following calendar year and this is monitored by the Chairman.

Role of the Chairman

The Chairman's role is defined in the Board Governance Framework and is responsible for a range of roles that deal with leadership of the Board and the Company generally. The principal role is to facilitate effective discussion and decision making at Board meetings of material relevant to the conduct of the Company. The Chairman must be an independent, non-executive director.

Role of the Senior Manager

The Senior Manager provides leadership to programs that broadly include implementation of strategy, business growth, asset management, communications and community relations. The Senior Manager is responsible for the banking operations and provides the Board with a direct link to Bendigo Bank and its systems and procedures.

Board Appointments

The Board has prepared a Skills Matrix to identify the various skills and experience of its current members and to assist it to identify the skills that need to be recruited to the Board in the future. The Board does not have a standing Nominations Committee, but will appoint a Nominations Committee from time to time when considering the appointment of a new director. All new Directors must satisfy a comprehensive due diligence process that meets the requirements of the Company's and Bendigo Bank's risk management systems.

Directors are elected by shareholders for a maximum of three years with retirements on a rotating basis. The Chairman, as part of her annual discussion with Directors, will canvas each Director's view of their future plans to remain on the Board. The Board Governance Framework considers the ongoing succession planning for the Board's composition.

An induction procedure is in place to ensure all new Directors are able to learn as much about the Company as possible in a short time frame and contribute to the Board's functions as soon as possible.

The Board does not have a formal diversity policy because of the scale of the Company and the small geographic area the Company serves. The Board does have an aspiration to have greater gender balance on the Board, but is mindful that service on the Board is not remunerated on commercial terms and the limitations this creates.

Policies and Procedures to identify and deal with conflicts of interest

The Company maintains a Conflicts of Interest Register to record each Director's ongoing material personal interests. The register is managed by the Company Secretary and is published on our internal web portal and is tabled at a Board meeting every three months. Every Board and Committee meeting also has a scheduled item calling for participants to declare any actual or potential conflicts of interest with the scheduled agenda items.

This Register is supported by a written policy on how actual and potential conflicts of interest must be managed. Conflicted Directors are required to be absent from discussions on the conflicted issue. The policy also defines how a decision to obtain products or services from a Director must be taken, including ensuring the transactions is on arms-length terms.

Policies and Procedures to protect the interests of shareholders

Communication Procedures

The Company aims to provide timely and relevant information to shareholders throughout the year via its website. The Company also releases a number of newsletters in both electronic and written form, which are sent directly to shareholders. It also writes directly to shareholders when the Board considers information is sufficiently important.

The Company applies a rigorous process regarding its continuous disclosure obligations in order to comply with the requirements of the Corporations Act. These disclosures are published on the NSX website at: <https://www.nsx.com.au>

The Company website includes an investor section with greater information resources. The Company recognises the importance of its Governance Framework and provides all stakeholders with access to this information on the website at:

<http://supportingourcommunity.com.au/investor-relations/>

Shareholders are able to access forms and assistance for the management of their shareholding from the Company's share registry provider at: <https://boardroomlimited.com.au/>

Risk Management

The Company has developed its own formal Risk Management System ("RMS") and tools to identify and record the various risks to the Company and its business. The RMS is based on the international standard ISO 31000-2009 Risk Management and is monitored by the Audit & Governance Committee.

Bendigo & Adelaide Bank Limited ("Bendigo Bank"), as the franchisor to the Company, provides support for the development and implementation of the RMS. Bendigo Bank provides an internal audit system for the operational and lending risks to each branch and reports the results of these audit visits to the Senior Manager and the Board. The Audit & Governance Committee monitors these reports and reviews the implementation of any recommended changes and meets with the Senior Manager every six months to discuss any trends in the internal audit findings. The Committee may also interview Bendigo Audit staff from time to time to discuss the findings from these audits. It also monitors and reviews the Company's risks and risk appetite annually.

Policies and Procedures to protect the interests of other stakeholders

Staff Committee

The Staff Committee manages policy issues regarding the Company's employees, including remuneration policies, communication with the employees, reward and incentive programs and development pathways. More information is set out below.

Political Donations

The terms of reference for the Community Investment & Marketing Committee prohibit that Committee from considering donations, grants or sponsorship for political or religious purposes, except in limited circumstances (such as fetes or events) for the purposes of tolerance and understanding. The Company has made no political donations during the 2016-17 financial year.

Committees of the Board

All Committees have been established by the Board and each have a written terms of reference. The Director's appointed to each Committee are set out in the Directors Report on page 32, with additional members set out below.

Audit & Governance Committee

The Audit & Governance Committee has been established to review (and where appropriate, recommend changes to) the Company's processes and systems. The Committee has developed an annual workplan to ensure it considers a range of issues and reviews at least one written policy each month.

The Board has considered the appropriateness of the Company Secretary and the Board Chairman being on this committee and taken into account the scale of the Company and the qualifications and experience of these officers. The Treasurer is also invited to attend these meetings without being a formal member of the Committee. The Board appointed Michael Sapountzis as Committee Chairman following the departure of Leanne Russell in January 2017.

Finance Committee

The Finance Committee has been established to review, monitor and report on finance strategy and direction, financial performance and reporting, financial risk, investments of the Company and shareholders' rights. It also provides the primary input into budget preparation for the Board to approve. The Board appointed Ian Dinnison as Committee Chairman following the departure of Gordon McFarlane in November 2016.

Community Investment & Marketing Committee

The Community Investment and Marketing Committee has been established to facilitate Community Investment. It considers how these investments will contribute to the growth of the Company, how they can position our branches as the primary choice of the community for local banking and how we can promote these activities to the community.

The Board has delegated the Committee with an authority to approve sponsorships and grants up to \$20,000. Applications for more than this amount must be considered by the Board of Directors.

Staff Committee

The Staff Committee has been established to create and share business success with employees and to facilitate communications throughout the Company. The Committee develops and monitors staffing policies that do not relate to the banking procedures, and oversees the staff remuneration processes. The banking procedures are determined and monitored by Bendigo Bank in accordance with the Franchise Agreement. The Board has appointed Nick Coker as a member of the Committee following the departure of Justin Wibrow in September 2016.

Events Committee

The Events Committee has been established to plan and coordinate events that are undertaken by the Company. The Company is serious about its role as a member of our local community, and participates in a range of community events, all of which need substantial coordination. The Board has appointed Di Gillies as a community member of the Committee.

Youth Advisory Committee

The Youth Advisory Committee has been established to manage various programs run by the Company, such as the Junior Observer Program, Magic Moments program and the Boroondara Youth Foundation. This Committee provides advice and guidance to the Board on issues that affect local youth and on ways to increase the banking effectiveness to the youth market.

The Committee also involves the designated youth officer from each of our four branches. The Board has appointed Nikhil Selvaratnam as a member of the Committee as well as Michel Nehme as a community member of the Committee following the departure of Victor Lau in April 2017.



Director's report

Your Directors submit their report of the Company for the financial year ended 30 June 2017.

Directors

The names of the Company's Directors in office during the financial year and since the end of the financial year, including their skills, experience and responsibilities at the date of this report are set out on pages 24-25.

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

Review and results of operations

The review of operations is set out on pages 12-13.

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.

Principal activities

The principal activities of the Company during the course of the financial period were in providing Community Bank® services under management rights to operate four franchised branches of Bendigo and Adelaide Bank Limited in Canterbury, Surrey Hills, Ashburton and Balwyn, Victoria.

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

Significant events after the balance date

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 providing banking services to the community.

Environmental regulations

The Company is not subject to any significant environmental regulations.

Proceedings on behalf of the Company

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

Dividends

A fully franked dividend of 6 cents per share was declared and paid in the year ended 30 June 2017 (2016: 5 cents).

Share Options

The Company has granted no options on unissued shares at any time.

Indemnification and insurance of Directors and Officers

The Company is required under its constitution to indemnify each Officer of the Company out of assets of the Company to the relevant extent against any liability incurred by that Officer arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The Company has Directors and Officers Insurance for the benefit of Officers of the Company against any liability incurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the Company or in or arising out of the discharge of the Officer's duties.

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

Company Secretary

Leanne Russell was Company Secretary until 31 January 2017.

Michael Sapountzis was appointed Company Secretary on 25 January 2017. He has extensive experience in providing high level executive support, governance advice and managing the regulatory requirements for a variety of Boards including listed public and unlisted companies. Michael holds a Graduate Diploma of Applied Corporate Governance and Graduate Diploma of Legal Practice. He also holds a Bachelor of Commerce (Finance) and a Bachelor of Laws (Hons).

Directors Meetings

During the financial year, the Directors conducted the following number of meetings for the Board as a whole and each Committee (listed together with the attendance record of each Director). Attendances by each Director during the year are shown below:

MEETING ATTENDANCES BY DIRECTORS 2017

	Directors Meetings		Audit & Governance Committee		Finance Committee		Community Investment & Marketing Committee		Youth Committee		Staff Committee		Events Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Juliann Ruth Byron	11	10	7	7	8	6	10	10	4	3	5	5	12	10
Damien Leo Hudson	11	10	-	-	-	-	-	-	-	-	-	-	12	12
Daizy Maan	11	8	7	4	-	-	-	-	4	4	-	-	-	-
Gordon Lennox McFarlane	5	3	-	-	4	3	-	-	-	-	-	-	-	-
Hans Diederick Menting	11	6	-	-	8	5	10	5	-	-	5	3	-	-
Leigh Warren Smith	6	3	3	2	-	-	-	-	-	-	2	-	-	-
James Craig Grant	5	4	-	-	4	4	-	-	-	-	3	3	-	-
Robert Einar Stensholt	11	10	-	-	8	6	10	8	-	-	-	-	-	-
Andrew Graham Whittaker	11	8	-	-	8	8	10	10	-	-	-	-	-	-

Directors Interests

The Directors hold the following interests in the Company as at the 30 June 2017:

	Number of Shares Held 30 June 2017			Total 30 June 2016
	Directly	Indirectly	Total	
Juliann Ruth Byron	2,200	7,600	9,800	9,800
Hans Diederick Menting	49,452	1,100	50,552	50,552
Robert Einar Stensholt	20,350	-	20,350	20,350
Damien Leo Hudson	14,582	-	14,582	14,582
Daizy Maan	-	-	-	-
Andrew Graham Whittaker	-	-	-	-
James Craig Grant	2,500	-	2,500	-

Non-audit services

The amount paid or payable to the Auditor (Richmond Sinnott & Delahunty) for non-audit services provided during the year ended 30 June 2017 was \$9,758 (2016: \$5,529).

The Directors are satisfied that the provisions of non-audit services by the Auditor did not compromise the Auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Audit & Governance Committee to ensure they do not impact on the impartiality and objectivity of the Auditor; and
- none of the services undermine the general principles relating to Auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Remuneration Report

a) Policies

Director Remuneration: The Company's special position as a for-profit, community-based company places particular restrictions on how it should remunerate its directors. The Board has determined the following policy, which was approved by shareholders at the 2011 Annual General Meeting (AGM) and was last reviewed by the Audit & Governance Committee in August 2016.

Directors will be remunerated by taking into account two issues. Firstly, the Company recognises the personal liability risk that each director of a listed public company bears and has determined a fee for this risk is appropriate. The current fee for this risk is \$7,000 per annum. Each Director is paid this fee, plus superannuation required under the Superannuation Guarantee legislation.

Secondly, certain roles will have a further fee attaching to them as some compensation for the additional work and resources provided by those serving in these positions. The positions and their additional fee are:

Chairman	\$14,000
Treasurer	\$3,000
Chair of CIMCO	\$3,000
Secretary	\$3,000

The Company did not engage any remuneration consultants in reviewing its remuneration structure for the 2017 financial year. From 1 July 2011, public companies have additional reporting obligations if they receive a 'no' vote of 25% or higher at their previous AGM. At the 2016 AGM, the Company recorded a 'no' vote of 0.00% (2015: 2.86%) on its remuneration report.

b) Directors' Remuneration

Director remuneration for the year ended 30 June 2017 is set out in the table below. For the purpose of Section 300A(1)(c) of the Corporations Act 2001, the amount of each prescribed detail is nil unless set out in the table:

	Short Term Employee Benefits		Post Employment Benefits
	Cash Salary	Bonuses	Superannuation
Juliann Ruth Byron	\$21,000	\$0	\$1,995
James Grant	\$2,917	\$0	\$227
Damien Leo Hudson	\$7,000	\$0	\$665
Daizy Maan	\$7,000	\$0	\$665
Gordon Lennox McFarlane	\$4,167	\$0	\$198
Hans Diederick Menting	\$7,000	\$0	\$665
Leigh Warren Smith	\$4,083	\$0	\$388
Robert Einar Stensholt	\$7,000	\$0	\$665
Andrew Graham Whittaker	\$10,000	\$0	\$950

Loans to key management personnel

There were no loans to key management personnel during the current or prior reporting period.

End of Remuneration Report.

Additional Information

In accordance with National Stock Exchange Listing Rule 6.9, the Company provides the following information as at 30 June 2017:

- The principal activities of the Company are described above.
- The Company does not have any subsidiary companies.
- The interests of each director in the Company are set out above.
- The Accounts presented with this report do not differ materially from any forecast previously issued by the Company.
- There are no service contracts for directors that are proposed for election at the forthcoming AGM.
- There are no arrangements under which a director has waived or agreed to waive any emoluments.
- There are no arrangements under which a shareholder has waived or agreed to waive any dividends.

(h) Comparative Table of Financial Results

Profit & Loss	2017 (\$)	2016 (\$)	2015 (\$)	2014 (\$)	2013 (\$)
Revenue from operating activities	4,140,906	3,709,155	3,540,644	3,413,402	3,414,032
Total Expenses	(3,398,555)	(3,220,995)	(3,142,280)	(3,013,408)	(3,125,139)
Profit from ordinary activities before income tax expense	742,351	488,160	398,364	399,994	288,893
Income tax expense	(206,889)	(146,449)	(102,097)	(122,556)	(88,311)
Not profit/loss after tax	535,462	341,711	296,267	277,438	200,582
Net profit/loss attributable to shareholders	535,462	341,711	296,267	277,438	200,582
Balance Sheet	2017 (\$)	2016 (\$)	2015 (\$)	2014 (\$)	2013 (\$)
Current assets	2,445,912	1,782,330	1,769,936	1,580,940	1,412,668
Non-current assets	624,794	827,327	606,758	713,970	672,185
Total assets	3,070,706	2,609,657	2,376,694	2,294,910	2,084,853
Current liabilities	409,523	302,812	264,324	324,572	228,183
Non-current liabilities	10,957	6,999	-	-	9,535
Total liabilities	420,480	309,811	264,324	324,572	237,718
Shareholders' funds	2,650,226	2,299,846	2,112,370	1,970,338	1,847,135
Earnings per share (in cents)	17.36	11.08	9.60	8.99	6.50
Dividends per share (in cents)	6.00	5.00	5.00	5.00	5.00
Net assets value per share (in cents)	85.91	74.56	68.48	63.87	59.88
Price earnings ratio	3.23	3.82	5.63	5.67	8.76

(i) The Treasurer's Report is contained at page 9.

(j) The Corporate Governance Report is contained at page 25.

(k) The following table shows the ten largest shareholders:

Shareholder	No. of Shares	% of issued capital
Adrienne Leslie Murray	110,000	3.56
Thomas Leigh Pty Ltd <The Waring Family S/F A/C>	106,040	3.44
Scipio Nominees Pty Ltd	102,300	3.32
Hans Diederick Menting	50,552	1.64
Kevin Francis McCormack	50,000	1.62
Leigh Smith & Felicity Smith <ATF EB Investment Fund A/C>	44,000	1.43
Richard Middleton <ATF Marpuz Super Fund A/C>	44,000	1.43
Wayne Austen & Erica Austen	41,800	1.36
Northern Suburbs Secretarial <ATF Juleton A/C>	35,600	1.15
John Henry Anderson & Patricia Noreen Anderson	33,000	1.07

Auditor Independence Declaration

The Auditor Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 35.

No Officer of the Company is or has been a partner of the Auditor of the Company.

Signed in accordance with a resolution of the Directors in Melbourne on 30 August 2017.



JULIANN RUTH BYRON
Chairman



Level 2, 10-16 Forest Street
Bendigo, Victoria
PO Box 448, Bendigo, VIC, 3552

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Auditor's Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Canterbury Surrey Hills Community Finance Limited.

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there has been no contraventions of:

- (i) the Auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

A handwritten signature in blue ink, appearing to read 'K. Teasdale', is written over a circular stamp.

Kathie Teasdale
Partner
Bendigo
Dated: 31 August 2017



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CANTERBURY SURREY HILLS COMMUNITY FINANCE LIMITED**

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Canterbury Surrey Hills Community Finance Limited, which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion:

- (a) the financial report of Canterbury Surrey Hills Community Finance 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 then ended; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

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

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

Independence

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report or the year ended 30 June 2017. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How Our Audit Addressed the Matter
<p>Taxation</p> <p>The application of taxation legislation to the Company's accounts is inherently complex and requires judgement to be exercised in relation to estimating tax exposures and quantifying provisions and liabilities.</p> <p>Further disclosure regarding Taxation can be found at Note 1(f) <i>Critical Accounting Estimates and Judgements</i> and Note 4 <i>Income Tax</i>.</p>	<p>We have performed the following procedures:</p> <ul style="list-style-type: none"> • Reviewed the income taxation calculations prepared and are satisfied that the calculations are in accordance with the accounting standards and applicable income tax legislation. • Tested the assumptions and forecast taxable income supporting deferred tax assets • Considered the appropriateness of the Company's disclosures regarding current tax matters • Assessed the consistency of assumptions used in estimating provisions and liabilities.
<p>Employee Provisions</p> <p>The valuation of employee entitlements are subject to complex estimation techniques and significant judgement. Assumptions required for wage growth and CPI movements, coupled with the estimated likelihood of employees reaching unconditional services is estimated.</p> <p>A small change in assumptions can have a material impact on the financial statements.</p> <p>Further disclosure regarding Employee Provisions can be found at Note 1(f) <i>Critical Accounting Estimates and Judgements</i> and Note 14 <i>Provisions</i>.</p>	<p>We have performed the following procedures:</p> <ul style="list-style-type: none"> • Reviewed the employee entitlement calculations and are satisfied that they calculations are in accordance with applicable accounting standards. • Tested the accuracy of the calculations and models used to calculate employee entitlement provisions. • Evaluated the assumptions applied in calculating employee entitlements such as the discount rate and the probability of long service leave vesting conditions being met.

Director's Responsibility for the Financial Report

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

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

Auditor's Responsibility

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

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

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

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

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

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. On connection with our audit of the financial report, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

REPORT ON THE AUDIT OF THE REMUNERATION REPORT

Auditor's Opinion on the Remuneration Report

We have audited the remuneration report included in pages 4 to 7 of the director's report for the year ended 30 June 2017. The directors of the Company are responsible for the preparation and presentation of the remuneration report and in accordance with s 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.

In our opinion, the remuneration report of Canterbury Surrey Hills Community Finance Limited, for the year ended 30 June 2017 is in accordance with s300A of the *Corporations Act 2001*

Responsibilities for the Remuneration Report

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.

RICHMOND SINNOTT & DELAHUNTY

Chartered Accountants



Kathie Teasdale

Partner

Bendigo

Dated: 31st August 2017

Financial Statements

STATEMENT OF PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2017 (\$)	2016 (\$)
Revenue	2	4,140,906	3,709,155
Expenses			
Employee benefits expense	3	(1,734,908)	(1,675,333)
Depreciation and amortisation	3	(115,555)	(134,517)
Rental expense		(430,283)	(359,136)
Bad and doubtful debts expense	3	-	(572)
Administration and other expenses		(546,984)	(585,443)
Operating profit before charitable donations and sponsorships		1,313,176	954,154
Charitable donations and sponsorships		(570,825)	(465,994)
Profit before income tax		742,351	488,160
Income tax expense	4	206,889	146,449
Profit for the year		535,462	341,711
Other comprehensive income		-	-
Total comprehensive income for the year		535,462	341,711
Profit attributable to members of the company		535,462	341,711
Total comprehensive income attributable to members of the company		535,462	341,711
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share	16	17.36	11.08

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

	Note	2017 (\$)	2016 (\$)
Assets			
Current assets			
Cash and cash equivalents	5	261,493	388,302
Trade and other receivables	6	394,441	356,927
Investments and other financial assets	7	1,716,556	951,000
Other assets	8	73,422	86,101
Total current assets		2,445,912	1,782,330
Non-current assets			
Property, plant and equipment	9	380,564	409,337
Intangible assets	10	96,878	85,327
Deferred tax assets	4	17,216	21,413
Investments and other financial assets	7	100,000	300,000
Other assets	8	30,136	11,250
Total non-current assets		624,794	827,327
Total assets		3,070,706	2,609,657
Liabilities			
Current liabilities			
Trade and other payables	11	247,698	187,889
Current tax liability	4	96,815	49,836
Provisions	12	65,010	65,087
Total current liabilities		409,523	302,812
Non-current liabilities			
Provisions	12	10,957	6,999
Total non-current liabilities		10,957	6,999
Total liabilities		420,480	309,811
Net assets		2,650,226	2,299,846
Equity			
Issued capital	13	1,536,989	1,536,989
Retained earnings	14	1,113,237	762,857
Total equity		2,650,226	2,299,846

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Note	Issued capital (\$)	Retained earnings (\$)	Total equity (\$)
Balance at 1 July 2015		1,536,989	575,381	2,112,370
Profit for the year		-	341,711	341,711
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	341,711	341,711
Transactions with owners, in their capacity as owners				
Dividends paid or provided	23	-	(154,235)	(154,235)
Balance at 30 June 2016		1,536,989	762,857	2,299,846
Balance at 1 July 2016		1,536,989	762,857	2,299,846
Profit for the year		-	535,462	535,462
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	535,462	535,462
Transactions with owners, in their capacity as owners				
Dividends paid or provided	23	-	(185,082)	(185,082)
Balance at 30 June 2017		1,536,989	1,113,237	2,650,226

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

	Note	2017 (\$)	2016 (\$)
Cash flows from operating activities			
Receipts from customers		4,251,681	4,054,954
Payments to suppliers and employees		(3,419,614)	(3,341,551)
Interest received		45,807	40,937
Income tax paid		(155,714)	(133,506)
Net cash provided by operating activities	15b	722,160	620,834
Cash flows from investing activities			
Purchase of property, plant and equipment		(31,178)	(22,423)
Purchase of investments and other financial assets		(565,556)	(401,000)
Purchase of intangible assets		(67,153)	-
Net cash flows used in investing activities		(663,887)	(423,423)
Cash flows from financing activities			
Dividends paid		(185,082)	(154,235)
Net cash provided used in financing activities		(185,082)	(154,235)
Net increase in cash held		(126,809)	43,176
Cash and cash equivalents at beginning of financial year		388,302	345,126
Cash and cash equivalents at end of financial year	15a	261,493	388,302

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

These financial statements and notes represent those of Canterbury Surrey Hills Community Finance Limited.

Canterbury Surrey Hills Community Finance Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 30 August 2017.

1. Summary of significant accounting policies

(a) Basis of preparation

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

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs.

Franchise Relationship

The company has entered into franchise agreements with Bendigo and Adelaide Bank Limited that govern the management of the Community Bank® branches at Canterbury, Surrey Hills, Ashburton and Balwyn.

All transactions with customers conducted through the Community Bank® branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

(b) Income tax

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

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

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

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent

that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

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

(c) Fair value of assets and liabilities

The company may measure some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair value of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

(d) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

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

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

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

Depreciation

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

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

Class of asset	Rate	Method
Leasehold improvements	3%	SL
Plant and equipment	10-20%	SL

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(e) 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 recognising 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.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

(f) Impairment of assets

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

(g) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included

with other receivables or payables in the statement of financial position.

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

(h) Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

(i) Intangible assets

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

(j) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

(k) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any discounts and volume rebates allowed. Revenue comprises service commissions and other income received by the company on a range of products issued by the Bendigo and Adelaide Bank Limited.

Interest income is recognised on an accruals basis using the effective interest rate method.

All revenue is stated net of the amount of GST.

(l) Expenses

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

(m) Investments and other financial assets

(i) Classification

The company classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables, and
- held to maturity investments.

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

Financial assets at fair value through profit or loss

Financial assets held at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term with the intention of making a profit. The company has not designated any financial assets at fair value through profit or loss.

Loans and Receivables

This category is the most relevant to the company.

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

Held to maturity investments

The group classifies investments as held-to-maturity if:

- they are non-derivative financial assets
- they are quoted in an active market
- they have fixed or determinable payments and fixed maturities
- the group intends to, and is able to, hold them to maturity.

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

(ii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised as follows:

- for 'financial assets at fair value through profit or loss' – in profit or loss within other income or other expenses
- for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security are recognised in profit or loss and other changes in the carrying amount are recognised in other comprehensive income”
- for other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income.

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

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

(iii) Impairment

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

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash

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

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

(iv) Derecognition

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

(n) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets. Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for doubtful debts. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. A provision for doubtful debts is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between

the assets carrying amount and the present value of estimated cash flows, discounted at the effective interest rate. The amount of the provision is recognised on profit or loss.

(o) Trade and other payables

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

(p) Financial liabilities

Financial liabilities include trade payables and other creditors. Financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Financial liabilities are initially measured at fair value plus transaction costs, except where the instrument is classified as "fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

(q) Contributed equity

Ordinary shares are classified as equity.

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

(r) New and amended accounting policies adopted by the company

There are no new and amended accounting policies that have been adopted by the company this financial year.

(s) Comparative figures

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

(t) Earnings per share

Basic earnings per share

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

(u) New accounting standards for application in future periods

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

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

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

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

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

The main changes are:

- a) Financial assets that are debt instruments will be classified based on:
 - (i) the objective of the entity's business model for managing the financial assets; and
 - (ii) the characteristics of the contractual cash flows.
- b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- c) Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.
- d) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

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

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

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

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

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

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

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

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

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

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

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

In May 2015, the AASB issued ED 260 Income of Not-for-Profit Entities, proposing to replace the income recognition requirements of AASB 1004 Contributions and provide guidance to assist not-for-profit entities to apply the principles of AASB 15. The ED was open for comment until 14 August 2015 and the AASB is currently in the process of redeliberating its proposals with the aim of releasing the final amendments in late 2016.

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

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

AASB 16:

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

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

(v) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

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

Fair value assessment of non-current physical assets

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

Employee benefits provision

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

Income tax

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

Impairment

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

2. Revenue

	2017 (\$)	2016 (\$)
Revenue	4,095,099	3,668,218
- services commissions	4,095,099	3,668,218
Other revenue	45,807	40,937
- interest received	45,807	40,937
Total revenue	4,140,906	3,709,155

3. Expenses

	2017 (\$)	2016 (\$)
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	1,464,670	1,410,626
- superannuation costs	133,858	128,935
- other costs	136,380	135,772
	1,734,908	1,675,333
Depreciation and amortisation		
Depreciation		
- plant and equipment	59,258	57,535
- leasehold improvements	694	490
	59,952	58,025
Amortisation		
- franchise fees	45,833	38,714
- establishment costs	9,770	37,778
	55,603	76,492
Total depreciation and amortisation	115,555	134,517
Bad and doubtful debts expenses	-	572
Auditor's remuneration		
Remuneration of the Auditor for:		
- Audit or review of the financial report	3,800	4,902
- Share registry services	9,758	5,529
	13,558	10,431

4. Income tax

	2017 (\$)	2016 (\$)
a. The components of tax expense comprise:		
Current tax expense	202,692	146,649
Deferred tax expense	4,197	(200)
	206,889	146,449
b. Prima facie tax payable		
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 27.5% (2016: 30%)	204,147	146,449
Add tax effect of:		
- Non-deductible expenses	958	-
- Change in company tax rate	1,784	-
Income tax attributable to the entity	206,889	146,449
The applicable weighted average effective tax rate is	27.87%	30.00%
c. Current tax liability		
Current tax relates to the following:		
<i>Current tax liabilities</i>		
Opening balance	49,836	36,693
Income tax paid	(155,713)	(133,506)
Current tax	202,692	146,649
	96,815	49,836
d. Deferred tax asset		
Deferred tax relates to the following:		
Deferred tax assets balance comprises:		
Accruals	3,215	3,660
Employee provisions	20,891	21,626
Superannuation payable	213	-
	24,319	25,286
Deferred tax liabilities balance comprises:		
Accrued income	7,103	3,873
	7,103	3,873
Net deferred tax asset	17,216	21,413
e. Deferred income tax (revenue)/expense included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	967	(4,073)
(Decrease) / increase in deferred tax liabilities	3,230	3,873
	4,197	(200)

5. Cash and cash equivalents

	2017 (\$)	2016 (\$)
Cash at bank and on hand	261,493	388,302
	261,493	388,302

6. Trade and other receivables

	2017 (\$)	2016 (\$)
Current		
Trade receivables	394,441	356,927
	394,441	356,927

Credit risk

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

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, within

the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

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

	Gross Amount (\$)	Past due and impaired (\$)	Past due but not impaired			Not past due (\$)
			< 30 days (\$)	31-60 days (\$)	> 60 days (\$)	
2017						
Trade receivables	394,441	-	-	-	-	394,441
Total	394,441	-	-	-	-	394,441
2016						
Trade receivables	356,927	-	-	-	-	356,927
Total	356,927	-	-	-	-	356,927

7. Investments and other financial assets

	2017 (\$)	2016 (\$)
Current		
<i>Held to maturity financial assets</i>		
Term deposits	1,716,556	951,000
	1,716,556	951,000
Non Current		
<i>Held to maturity financial assets</i>		
Term deposits	100,000	300,000
	100,000	300,000
Total investments and other financial assets	1,816,556	1,251,000

8. Other assets

	2017 (\$)	2016 (\$)
Current		
Prepayments	3,409	16,813
Security bonds	44,185	56,379
Accrued interest	25,828	12,909
	73,422	86,101
Non Current		
Security bond	30,136	11,250
	30,136	11,250
Total other assets	103,558	97,351

9. Property, plant and equipment

	2017 (\$)	2016 (\$)
Leasehold improvements		
At cost	43,519	26,709
Less accumulated depreciation	(1,535)	(841)
	41,984	25,868
Plant and equipment		
At cost	1,144,989	1,130,620
Less accumulated depreciation	(806,409)	(747,151)
	338,580	383,469
Total property, plant and equipment	380,564	409,337
Movements in carrying amounts		
Leasehold improvements		
Balance at the beginning of the reporting period	25,869	8,411
Additions	16,809	17,948
Depreciation expense	(694)	(490)
Balance at the end of the reporting period	41,984	25,869
Plant and equipment		
Balance at the beginning of the reporting period	383,468	436,528
Additions	14,370	4,475
Depreciation expense	(59,258)	(57,535)
Balance at the end of the reporting period	338,580	383,468
Total property, plant and equipment		
Balance at the beginning of the reporting period	409,337	444,939
Additions	31,179	22,423
Depreciation expense	(59,952)	(58,025)
Balance at the end of the reporting period	380,564	409,337

10. Intangible assets

	2017 (\$)	2016 (\$)
Franchise fee		
At cost	485,536	418,382
Less accumulated amortisation	(388,658)	(342,825)
	96,878	75,557
Preliminary expenses	352,822	352,822
At cost	(352,822)	(343,052)
Less accumulated amortisation	-	9,770
Total intangible assets	96,878	85,327
Movements in carrying amounts		
Franchise fee		
Balance at the beginning of the reporting period	75,557	114,271
Additions	67,154	-
Amortisation expense	(45,833)	(38,714)
Balance at the end of the reporting period	96,878	75,557
Preliminary expenses		
Balance at the beginning of the reporting period	9,770	47,548
Additions	-	-
Amortisation expense	(9,770)	(37,778)
Balance at the end of the reporting period	-	9,770
Total intangible assets		
Balance at the beginning of the reporting period	85,327	161,819
Additions	67,153	-
Amortisation expense	(55,603)	(76,492)
Balance at the end of the reporting period	96,877	85,327

11. Trade and other payables

	2017 (\$)	2016 (\$)
Current		
Unsecured liabilities:		
Trade creditors	144,908	74,489
Other creditors and accruals	102,790	113,400
	247,698	187,889

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

12. Provisions

	2017 (\$)	2016 (\$)
Current		
Employee benefits	65,010	65,087
Non-current		
Employee benefits	10,957	6,999
Total provisions	75,967	72,086

13. Share capital

	2017 (\$)	2016 (\$)
1,092,062 Ordinary shares fully paid to \$1 each	1,092,062	1,092,062
Return of capital of 10 cents per share	(196,571)	(196,571)
1,092,062 Bonus shares issued for no consideration	-	-
406,748 Ordinary shares fully paid to \$1 each	406,748	406,748
259,085 Bonus shares issued for no consideration	-	-
234,750 Ordinary shares fully paid to \$1 each	234,750	234,750
	1,536,989	1,536,989
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	3,084,707	3,084,707
Shares issued during the year	-	-
At the end of the reporting period	3,084,707	3,084,707

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The company

does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

Capital Management

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

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

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

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

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

The company has established a mechanism for a limited share buy-back via the NSX.

14. Retained earnings

	2017 (\$)	2016 (\$)
Balance at the beginning of the reporting period	762,857	575,381
Profit after income tax	535,462	341,711
Dividends paid	(185,082)	(154,235)
Balance at the end of the reporting period	1,113,237	762,857

15. Statement of cash flows

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

	2017 (\$)	2016 (\$)
Cash and cash equivalents (Note 5)	261,493	388,302
As per the Statement of Cash Flow	261,493	388,302

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

	2017 (\$)	2016 (\$)
Profit after income tax	535,462	341,711
Non-cash flows in profit		
- Depreciation	59,952	58,025
- Amortisation	55,603	76,492
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(37,514)	(34,389)
- (increase) / decrease in prepayments and other assets	(6,209)	133,708
- (Increase) / decrease in deferred tax asset	4,197	(200)
- Increase / (decrease) in trade and other payables	59,809	30,966
- Increase / (decrease) in current tax liability	46,979	13,143
- Increase / (decrease) in provisions	3,881	1,378
Net cash flows from operating activities	722,160	620,834

16. Earnings per share

	2017 (\$)	2016 (\$)
Basic earnings per share (cents)	17.36	11.08
Earnings used in calculating basic and diluted earnings per share	535,462	341,711
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share.	3,084,707	3,084,707

17. Key management personnel and related party disclosures

(a) Key management personnel

Any person(s) having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company is considered key management personnel.

The totals of remuneration paid to key management personnel of the company during the year are as follows:

	2017 (\$)	2016 (\$)
Short-term employee benefits	70,167	106,054
Post-employment benefits	6,468	10,175
Total key management personnel compensation	76,635	116,229

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive Directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to Executive Directors and other key management personnel.

Post-employment benefits

These amounts are the current year's estimated cost of providing the company's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

Other long-term benefits

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

Share-based payments

These amounts represent the expense related to the participation of key management personnel in equity-settled benefits schemes as measured by the fair value of the options, rights and shares granted on grant date

(b) Other related parties

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

No key management personnel or related party has entered into any contracts with the company.

(c) Key management personnel shareholdings

The number of ordinary shares in Canterbury Surrey Hills Community Finance Limited held by each key management personnel of the company during the financial year is as follows:

	2017 (\$)	2016 (\$)
Juliann Ruth Byron	9,800	9,800
James Grant	2,500	-
Damien Hudson	14,582	14,582
Daizy Maan	-	-
Gordon Lennox McFarlane	3,850	3,850
Hans Diederick Menting	50,552	50,552
Leigh Warren Smith	44,000	44,000
Robert Einar Stensholt	20,350	20,350
Andrew Whittaker	-	-
	145,634	143,134

There was 2,500 movement in key management personnel shareholdings during the year. Shareholdings increased by 2,500 for James Grant. Each share held has a paid up value of \$1 and is fully paid. Gordon McFarlane retired on on 30 November 2016 and Leigh Smith on 25 January 2017.

(d) Other key management transactions

There has been no other transactions involving equity instruments other than those described above.

18. Events after the reporting period

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

19. Contingent liabilities and contingent assets

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

20. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one geographic area being the City of Boroondara, Victoria. The company has franchise agreements in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2016: 100%).

21. Commitments

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the Statement of Financial Position.

	2017 (\$)	2016 (\$)
Payable:		
- no later than 12 months	332,306	294,577
- between 12 months and five years	525,242	258,483
- greater than five years	-	-
Minimum lease payments	857,548	553,060

The property leases are non-cancellable leases with five year terms, with rent payable monthly in advance and with CPI increases each year.

22. Company details

The registered office is:

143 Maling Road , Canterbury, Victoria 3126

The principle places of business are:

Canterbury Community Bank®
143 Maling Road, Canterbury, Victoria 3126

Ashburton Community Bank®
241 High Street, Ashburton, Victoria 3147

Surrey Hills Community Bank®
107 Unon Road, Surrey Hills, Victoria 3127

Balwyn Community Bank®
411 Whitehorse Road, Balwyn, Victoria 3103

23. Dividends paid or provided for on ordinary shares

Dividends paid or provided for during the year

	2017 (\$)	2016 (\$)
Final fully franked ordinary dividend of 6 cents per share (2016: 5 cents) franked at the tax rate of 27.5% (2016: 30%).	185,082	154,235

24. Financial risk management

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

Specific financial risk exposure and management

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

The company's financial instruments consist mainly of deposits with banks, short term investments, account receivables and payables. The carrying amounts of all financial assets reflect their fair values. The totals for each category of financial instruments measured in accordance with AASB 139 Financial Instruments: Recognition and Measurement as detailed in the accounting policies are as follows:

	Notes	2017 (\$)	2016 (\$)
Financial assets			
Cash and cash equivalents	5	261,493	388,302
Trade and other receivables	6	394,441	356,927
Investments and Financial assets	7	1,816,556	1,251,000
Total financial assets		2,472,490	1,996,229
Financial liabilities			
Trade and other payables	11	247,698	187,889
Total financial liabilities		247,698	187,889

(a) Credit risk

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

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

Credit risk exposures

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

The company's exposure to credit risk is limited to Australia by geographic area.

None of the assets of the company are past due (2016: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

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

(b) Liquidity risk

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

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

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed.

Financial liability and financial asset maturity analysis:

	Weighted average interest rate	Total (\$)	Within 1 year (\$)	1 to 5 years (\$)	Over 5 years (\$)
30 June 2017					
Financial assets					
Cash and cash equivalents	0.50%	261,493	261,493	-	-
Trade and other receivables	0.00%	394,441	394,441	-	-
Investments and Financial assets	2.80%	1,816,556	1,716,556	100,000	-
Total anticipated inflows		2,472,490	2,372,490	100,000	-
Financial liabilities					
Trade and other payables	0.00%	187,889	187,889	-	-
Total expected outflows		187,889	187,889	-	-
Net inflow / (outflow) on financial instruments		2,284,601	2,184,601	100,000	-
30 June 2016					
Financial assets					
Cash and cash equivalents	0.50%	388,302	388,302	-	-
Trade and other receivables	0.00%	356,927	356,927	-	-
Investments and Financial assets	2.95%	1,251,000	951,000	300,000	-
Total anticipated inflows		1,996,229	1,696,229	300,000	-
Financial liabilities					
Trade and other payables	0.00%	187,889	187,889	-	-
Total expected outflows		187,889	187,889	-	-
Net inflow / (outflow) on financial instruments		1,808,340	1,508,340	300,000	-

(c) Market risk

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

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

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

Sensitivity analysis

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



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

	Profit (\$)	Equity (\$)
Year ended 30 June 2017		
+/- 1% in interest rates (interest income)	20,780	20,780
	20,780	20,780
Year ended 30 June 2016		
+/- 1% in interest rates (interest income)	16,393	16,393
	16,393	16,393

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

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Director's Declaration

In accordance with a resolution of the Directors of Canterbury Surrey Hills Community Finance Limited, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 41 to 65 are in accordance with the Corporations Act 2001 and:
 - (i) comply with Australian Accounting Standards which, as stated in accounting policy Note 1(a) to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - (ii) give a true and fair view of the company's financial position as at 30 June 2017 and of the performance for the year ended on that date;
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

3. 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 resolution is made in accordance with a resolution of the Board of Directors pursuant to section 295(5)(a) of the Corporations Act 2001.



JULIANN BYRON
Chairman

Signed at Balwyn on 30 August 2017



Glossary



FOOTINGS means the total deposits, loan and other business held at a particular Community Bank[®] branch. This is a measure of the banking business we look after for customers.



COMMUNITY INVESTMENT means a contribution made by our Company to a not-for-profit community-based organisation. This can be in the form of a sponsorship or a grant. Some are big while some are small, and may reflect the number of members from the community that have become customers. Details of our Community Investments can be found in our Community Report.



COMMUNITY INVESTMENT PROGRAM means the strategy adopted by the Board for assessing and selecting Community Investments over the short, medium and longer term.



COMMUNITY BANK[®] means a franchise of the Bendigo & Adelaide Bank Limited that is operated by a public company owned by people in the community the branch operates in.



INCENTIVE PROGRAM means an arrangement with sponsored community groups where the community group will receive a payment based on the type and number of products their members acquire at one of our branches.



PROJECT HORIZON means the review being undertaken by Bendigo Bank and the Community Bank[®] network to ensure the Community Bank[®] system remains successful.



Below: Hawthorn Amateur
Football Club Womens Team 2017
Community Cup winners



Top: 2016 Maling Road
Kris Kindl Festival,
Canterbury

Above: Ashy Redbacks
Community Cup Winners



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**Ashburton
Community Bank®
Branch**

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Ashburton VIC 3147
Tel: (03) 9885 2666

**Surrey Hills
Community Bank®
Branch**

107 Union Road
Surrey Hills VIC 3127
Tel: (03) 9890 7188

**Balwyn
Community
Bank® Branch**

411 Whitehorse Road
Balwyn VIC 3103
Tel: (03) 9836 8029

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