Annual Report 2017

Sandringham Community Financial Services Limited

ABN 86 099 131 192

Sandringham **Community Bank®** Branch

Contents

Chairman's report

For year ending 30 June 2017

Our achievements

We completed another good year with net profit after tax of $37,467 for the year to 30 June 2017. This was an increase over the $15,798 for the year to 30 June 2016.

Our total assets are $903,793 and total equity is $779,388.

Total business continues to grow and now totals $160.3 million.

Consistent with previous years a Fully Franked Dividend payment of 6 cents per share will be paid to shareholders. This distribution of $36,600 brings the funds returned to shareholder by Return of Capital and Dividends to $457,500. The Australian Tax Office recently announced changes to the company tax rate which has resulted in the maximum franking credit on share dividends paid by our Bank being reduced to 27.5%. This legislation was passed on 17 May 2017 and had a retrospective effect to 1 July 2016, hence the franking credit required adjustment on the dividend we paid to shareholders last year. A recent advice from RSD Chartered Accountants explained the position and attached an amended shareholder dividend statement.

The banking environment continues to be competitive, however with careful management of our business we expect to be able to build on our strong customer base and reputation in the community to achieve a modest increase in our operating profit for the year to 30 June 2018.

Our community

Over recent years we have been looking for a community project that would bring benefits to the wider community and improve community values. In this regard, we have been accumulating funds in our reserves to put towards a suitable project. A worthwhile project was identified and the Board recently agreed to commit $500,000 to the Sandringham Hospital $2.5 million appeal for the proposed new Day Procedure Centre. This will give us naming rights and the new centre will be called the Sandringham **Community Bank**® Day Procedure Centre. The Centre should be completed in 2018.

This commitment together with total distributions to our community by way of sponsorships, donations, grants and dividends since establishment brings us close to $2 million worth of value being added to our community.

Beneficiaries of our grants, sponsorships and donations program for this year are shown in the community section of this report.

Our strategy

The Board remains committed to a strategy of growing and retaining our business. With continued growth and maintaining a strong balance sheet we will be well placed to continue to support our community into the future. We now use our grants and sponsorships to partner with our community to develop new business and this is expected to show good results in the future.

Our people

One of the major benefits of doing business with our **Community Bank**® branch is the staff. Our long serving staff lead by Matthew Gallop, who recently completed 15 years' service at our Bank, are competent and friendly. Their knowledge of all banking products and willingness to assist our customers is a major point of difference from the other banks.

We have eight Directors who bring diverse and competent skills to the Board and I am grateful for the dedicated support they give to me and the branch. We continually review our Succession Planning and committee structures and membership to ensure that we share the workload of Board promoting the branch in the community.

Chairman's report (continued)

We also acknowledge the support we received from our Regional Management team. Their support and guidance is much appreciated.

Our shareholders

Thank you for your ongoing support and the business that many of you transact at our branch.

The return of capital and dividends received over the years represent a good return on the investment you made in the **Community Bank**® company and the community.

Graham M Ludecke
Chairman

Manager’s report

For year ending 30 June 2017

As the Sandringham **Community Bank**® Branch gets set to enter its 15th year we continue to grow at a pleasing rate with total growth of $10 million to $160 million represented by deposit balances of $113 million and lending balances of $47 million.

We were pleased to have provided to our community a further $176,912 in grants, sponsorships and donations during the year bringing our total return to a fantastic milestone of $1.105 million since opening. We are so proud to have been able to return these funds back into our community and a summary is included in the middle pages of this report. We were involved with some wonderful causes such as ‘Team Sports 4 All’ that assists children to break out of the cycle of generational poverty, crime, institutionalism and substance abuse through involvement in team sport. We assisted funding the Peaks4CF cycling event to increase funding and awareness of Cystic Fibrosis along with Bayside Relay for Life for Cancer Council Victoria.

We continued to provide support to many excellent community organisations including Sandybeach Centre, Sandringham Lions Club, Sandringham Hospital, Bayley house, Fairway hostel and a vast array of local education and sporting organisations.

Existing clients remain an integral part of our growth as we deepen those relationships along with their friends and family. As shareholders we ask that you continue to spread the word and would welcome the opportunities that you could provide to assist in growing our business.

Our product range and service range is extensive and we are confident of being able to meet any requirements. We would welcome the opportunity to review you current banking arrangements.

During the year our long-term staff member Kathryn Harvey left us to re-join the family business and we have been very pleased to have Debbie Sinclair join us as a new Customer Service Officer. Excellent work ethic and customer service skills saw Sally Turner promoted to the Senior Customer Service Officer’s role made vacant by Kathryn’s departure. Along with Debbie and Sally, our other experienced and very capable staff Brooke Robinson, Julie Dunn and Siobhan Boyle we have a highly committed and knowledgeable staff to assist with all your banking requirements.

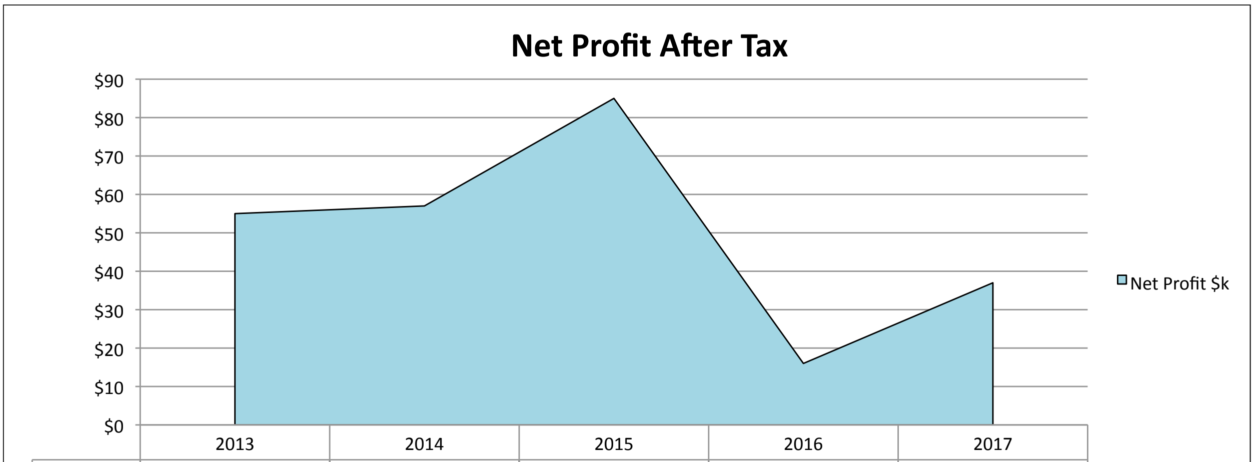
I wish to acknowledge my appreciation of the support by Bendigo Bank and in particular our Regional Manager, Michelle McDonald.

I would also like to express my appreciation to the Board of Directors for their continued support and hard work as they continue to build strong relationships in the community. Their commercial knowledge and experience has proven invaluable.

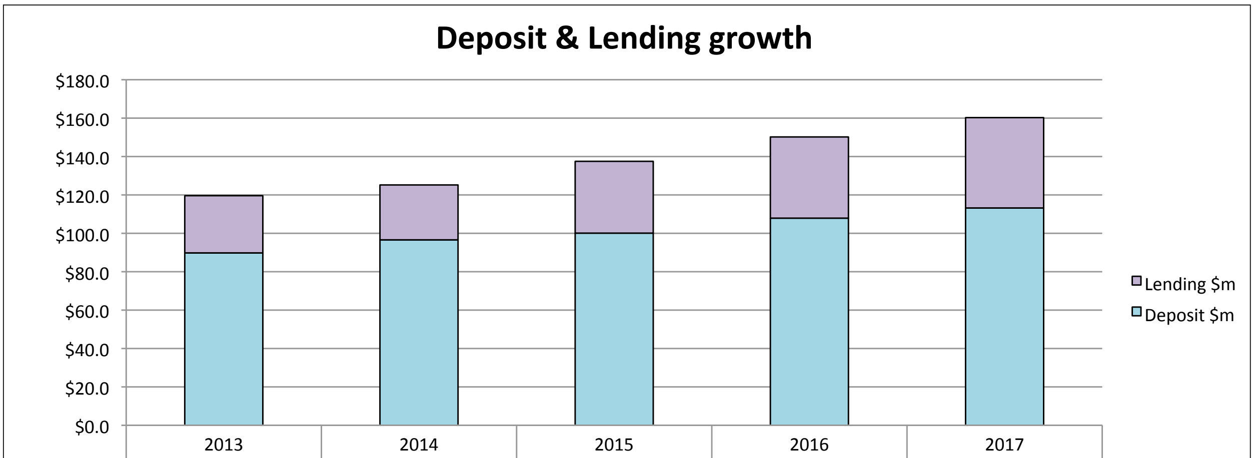
The support of our loyal client base has made this business the success that it is and I look forward to continue to grow our business and further investing in our community.

Matthew Gallop
Branch Manager

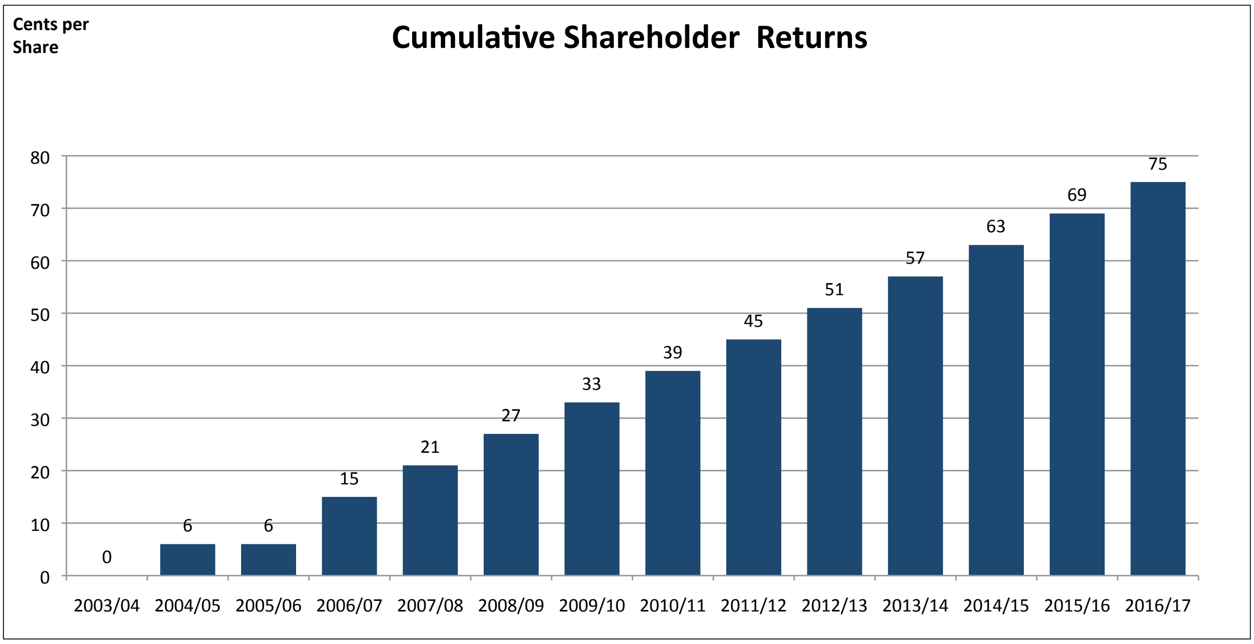
Performance graphs



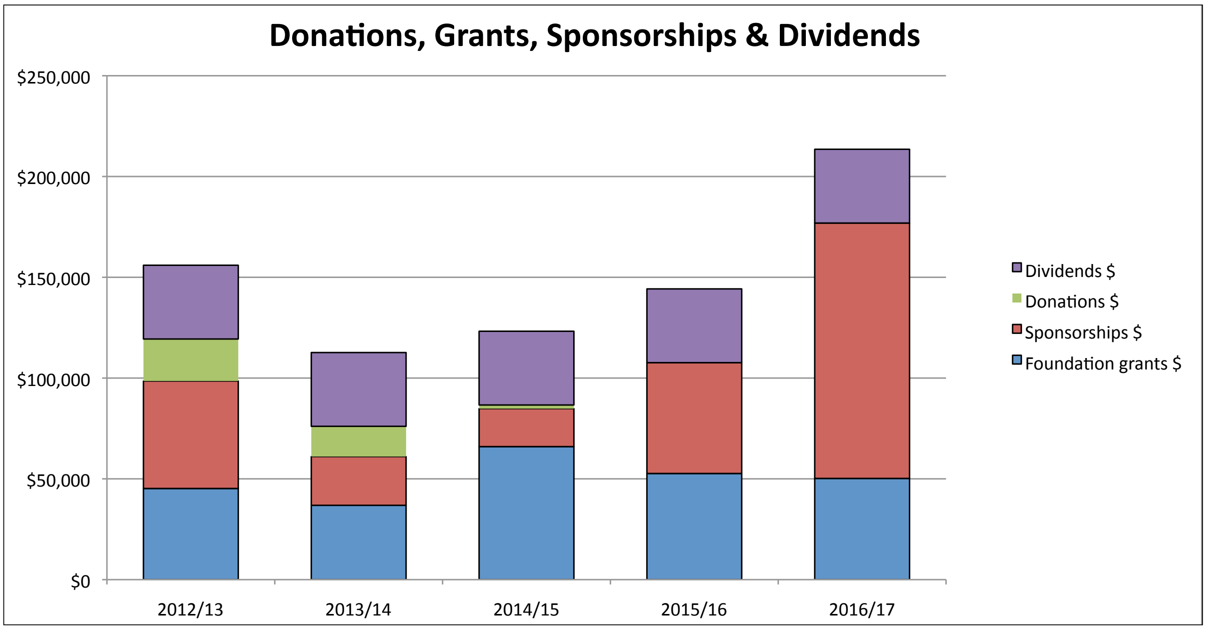
	2013	2014	2015	2016	2017
Net Profit $k	$55	$57	$85	$16	$37



	2013	2014	2015	2016	2017
Lending $m	$29.8	$28.6	$37.4	$42.3	$47.1
Deposit $m	$89.8	$96.6	$100.1	$107.9	$113.2



Performance graphs (continued)



Directors' report

For the financial year ended 30 June 2017

The Directors present their report of the company for the financial year ended 30 June 2017.

Directors

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

Name and position held	Qualifications	Experience and other Directorships
Graham Manson Ludecke Director since August 2009 Chairman	SF Fin, MAICD	Retired Senior Banker with 42 years experience in Retail, Business and International banking both in Australia and overseas. Non Executive Director of Bentleigh Bayside Community Health Inc. and Committee member of Australian Business in Europe. President of the Black Rock Sports Auxiliary Inc.
Michael John Davies Director since January 2008 Director	FAIM, AMAMI	Formally Group President and Director of ITW Australia, Asia Pacific and subsidiary companies. Director of Victoria Carpet Company Pty Ltd, Quest Pty Ltd, HGS Pty Ltd and Sutton Tools Pty Ltd.
Glen Hay Kruger Director since February 2011 Director	MBA	20 years experience at senior management level in the not-for-profit area, currently Executive Director of Aries Technology Australia Pty Ltd. Also currently a director of Caroline Chisholm Education Foundations
Ian Richard Siebert Director since June 2010 Director	B Ec, Dip Tert Ed, MBA, FAIM	10 years experience as a manager and 30 years as a management consultant and Higher Education Leader, Facilitator and Coach.
Felicity Thomlinson Director since June 2014 Director	BSc, Dip Fin Serv	Over 14 years experience developing and growing new businesses and channels across a number of start-up and mature businesses primarily in financial services and health.
Cindy Nora Jessica O'Donoghue Director since October 2015 Director, Company Secretary and Treasurer	BComm (Accounting), CPA	Over 15 years accounting and business experience in both Accounting Practise and the Financial Services Industry. In particular, the corporate banking sector in London and Dublin. Held positions in listed companies namely, Lloyds TSB, Mercer HR and Bank of Ireland.
Amanda May Smyth Director since February 2016 Director	BEconomics	15 years experience both in Australia (David Jones, Big W) and the UK (Austin Reed, Cath Kidston) in Retail Buying. Strong community focus through primary school Parents Associations and Kindergarten Committees.

Directors (continued)

Name and position held	Qualifications	Experience and other Directorships
Caitlin Elizabeth Eves Director since February 2016 Director	Bcomm (Mgt/Marketing)	Over 15 years experience in Marketing, communications and strategy in global and multinational companies as well as direct consulting for small to medium businesses in financial and other sectors. Also currently Director of Strategy and customer service at FM Group Pty Ltd and Advisory Board - Blackrock Pre-School.

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

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

Directors' meetings

Attendances by each Director during the year were as follows:

	Board meetings		Audit Committee meetings	
Director	**A**	**B**	**A**	**B**
Graham Manson Ludecke	10	10	4	4
Michael John Davies	10	9	N/A	N/A
Glen Hay Kruger	10	7	N/A	N/A
Ian Richard Siebert	10	7	N/A	N/A
Felicity Thomlinson	10	9	N/A	N/A
Cindy Nora Jessica O'Donoghue	10	8	4	4
Amanda May Smyth	10	10	N/A	N/A
Caitlin Elizabeth Eves	10	9	N/A	N/A

A - The number of meetings eligible to attend.
B - The number of meetings attended.
N/A - not a member of that committee.

Company Secretary

Cindy O'Donoghue has been the Company Secretary of Sandringham Community Financial Services Limited since 1 August 2015.

Cindy O'Donoghue's qualifications and experience includes a Bachelor of Commerce (Accounting) degree and she is also a qualified Certified Practising Accountant (CPA) of Australia since 2001. Cindy has over 15 years experience in both accounting practise and the Financial Services sector in London and Dublin. She has held positions in listed companies, namely Lloyds TSB, Mercer HR and Bank of Ireland.

Cindy became a Director of the company on 1 October 2015 and was paid $14,000 plus superannuation guarantee in regard to her role as the company's accountant and company secretary.

Principal activities

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

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

Review of operations

The profit of the company for the financial year after provision for income tax was $37,467 (2016 profit: $15,798), which is a 1.4% increase as compared with the previous year and included a significant increase in Charitable Donations & Sponsorships totalling $127,208 (2016 sponsorships: $104,985).

Dividends

Dividends paid or declared since the start of the financial year.

A fully franked final dividend of 6 cents per share ($36,601) was declared and paid during the year for the year ended 30 June 2016.

Options

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

Significant changes in the state of affairs

No significant changes in the company's state of affairs occurred during the financial year.

Events subsequent to the end of the reporting period

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

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor

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

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

Proceedings on behalf of company

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

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 12 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Non-audit services

The Board of Directors, in accordance with advice from the Audit Committee, are satisfied that the provision of non audit services during the year is compatible with the general standard of independence for Auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed in Note 3 did not compromise the external Auditor's independence for the following reasons:

The Directors are satisfied that the services disclosed in Note 3 did not compromise the external Auditor's independence for the following reasons:

- all non audit services are reviewed and approved by the Audit Committee prior to commencement to ensure they do not adversely affect the integrity 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

Remuneration policy

The remuneration policy of Sandringham Community Financial Services Limited has been designed to allign key management personnel (KMP) objectives with shareholder and business objectives. The Board believe the remuneration policy to be appropriate and effective. The following criteria is applied to determine the remuneration of the Directors:

(a) The Board policy for determining the nature and amount of remuneration is as follows:

   i. Attends a minimum of 6 face-to-face Board meetings;

   ii. Attends the Annual General Meeting and one other **Community Bank** activity; and

(b) The prescribed details up to the 31 March 2017 in relation to the remuneration of:

   i. Each Director of the company received $1,800, and

   ii. Each committee chair received an additional $600

   iii. The Chair of the Board received an additional $1,200

(c) The prescribed details effective from 1 April 2017 in relation to the remuneration of:

   i. Each Director of the company receives $2,500, irrespective of position.

The Board reviews its performance on an annual basis.

Remuneration benefits and payments

Other than detailed below, no Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

The Sandringham Community Financial Services Limited has accepted the Bendigo and Adelaide Bank Limited's **Community Bank**® Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be $NIL for the year ended 30 June 2017.

Remuneration report (continued))

Directors' fees

	2017 $
Graham Mason Ludecke	2,875
Michael John Davies	2,425
Glen Hay Kruger	1,975
Ian Richard Siebert	1,975
Felicity Thomlinson	2,425
Cindy Nora Jessica O'Donoghue	1,975
Amanda May Smyth	1,975
Caitlin Elizabeth Eves	1,975
	17,600

Equity holdings of key management personnel

The number of ordinary shares in the company held during the financial year and prior year by each Director and other key management personnel, including their related parties, are set out below:

Name	Balance at 30 June 2016	Net change in holdings	Balance at 30 June 2017
Directors			
Graham Mason Ludecke	6,500	-	6,500
Michael John Davies	1,000	-	1,000
Glen Hay Kruger	-	-	-
Ian Richard Siebert	-	-	-
Felicity Thomlinson	-	-	-
Cindy Nora Jessica O'Donoghue	-	-	-
Amanda May Smyth	-	-	-
Caitlin Elisabeth Eves			

Loans to key management personnel

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

Signed in accordance with a resolution of the Board of Directors at Sandringham on 18 September 2017.

Graham Ludecke
Director

Auditor’s independence declaration

rsd Audit

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Bendigo, Victoria
PO Box 448, Bendigo, VIC, 3552

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admin@rsdaudit.com.au
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Auditor’s Independence Declaration under section 307C of the Corporations Act 2001 to the Directors of Sandringham Community Financial Services 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.

RSD Audit
Chartered Accountants

Kathie Teasdale
Partner
Bendigo
Dated: 20 September 2017

Financial statements

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

	Notes	2017 $	2016 $
Revenue	2	877,964	838,006
Expenses			
Employee benefits expense	3	(405,339)	(427,246)
Depreciation and amortisation	3	(35,519)	(34,183)
Bad and doubtful debts expense	3	(719)	(220)
Marketing expenses		(30,045)	(23,370)
IT costs		(45,416)	(43,628)
Rental expenses		(52,065)	(51,349)
Rates (town/water/land tax)		(15,477)	(16,825)
Insurance expenses		(13,157)	(13,130)
Auditors remuneration	3	(9,105)	(9,656)
Other expenses		(92,260)	(90,841)
		(699,102)	**(710,448)**
Operating profit before charitable donations and sponsorships		**178,862**	**127,558**
Charitable donations and sponsorships		(126,705)	(104,985)
Profit before income tax		**52,157**	**22,573**
Income tax expense	4	(14,690)	(6,775)
Profit for the year		**37,467**	**15,798**
Other comprehensive income		-	-
Total comprehensive income for the year		**37,467**	**15,798**
Profit attributable to members of the company		37,467	15,798
Total comprehensive income attributable to members of the company		**37,467**	**15,798**
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	6.14	2.59

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

Statement of Financial Position
as at 30 June 2017

	Notes	2017 $	2016 $
Assets			
Current assets			
Cash and cash equivalents	5	717,725	675,819
Trade and other receivables	6	82,626	88,399
Investments and Other financial assets	7	32,944	32,408
Current tax asset	4	2,785	451
Total current assets		**836,080**	**797,077**
Non-current assets			
Plant and equipment	8	41,942	64,595
Intangible assets	9	1,923	13,461
Deferred tax assets	4	23,848	22,873
Total non-current assets		**67,713**	**100,929**
Total assets		**903,793**	**898,006**
Liabilities			
Current liabilities			
Trade and other payables	10	37,166	35,726
Provisions	12	80,445	83,758
Total current liabilities		**117,611**	**119,484**
Non-current liabilities			
Provisions	12	6,794	-
Total non-current liabilities		**6,794**	**-**
Total liabilities		**124,405**	**119,484**
Net assets		**779,388**	**778,523**
Equity			
Issued capital	13	518,507	518,507
Retained earnings	14	260,881	260,016
Total equity		**779,388**	**778,523**

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

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

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2015		518,507	280,819	799,326
Profit for the year		-	15,798	15,798
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		**-**	**15,798**	**15,798**
Transactions with owners, in their capacity as owners				
Dividends paid or provided	15	-	(36,601)	(36,601)
Balance at 30 June 2016		**518,507**	**260,016**	**778,523**
Balance at 1 July 2016		518,507	260,016	778,523
Profit for the year		-	37,467	37,467
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		**-**	**37,467**	**37,467**
Transactions with owners, in their capacity as owners				
Dividends paid or provided	15	-	(36,601)	(36,601)
Balance at 30 June 2017		**518,507**	**260,881**	**779,388**

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

Statement of Cash Flows
for the year ended 30 June 2017

	Notes	2017 $	2016 $
Cash flows from operating activities			
Receipts from customers		869,898	814,780
Payments to suppliers and employees		(785,368)	(763,219)
Dividends received		536	489
Interest received		13,305	16,296
Income tax paid		(17,999)	(37,641)
Net cash provided by operating activities	**17b**	**80,372**	**30,705**
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,329)	(4,184)
Purchase of investments		(536)	(489)
Net cash flows from / (used in) investing activities		**(1,865)**	**(4,673)**
Cash flows from financing activities			
Dividends paid		(36,601)	(36,601)
Net cash used in financing activities		**(36,601)**	**(36,601)**
Net decrease in cash held		41,906	(10,569)
Cash and cash equivalents at beginning of financial year		675,819	686,388
Cash and cash equivalents at end of financial year	**17a**	**717,725**	**675,819**

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

Notes to the financial statements

For year ended 30 June 2017

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

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

The financial statements were authorised for issue by the Directors on 18 September 2017.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

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

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

<u>Economic dependency</u>

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

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

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

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank®** branches franchise operations. It also continues to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

- Advice and assistance in relation to the design, layout and fit out of the **Community Bank®** branches;
- Training for the Branch Managers and other employees in banking, management systems and interface protocol;
- Methods and procedures for the sale of products and provision of services;
- Security and cash logistic controls;
- Calculation of company revenue and payment of many operating and administrative expenses;
- The formulation and implementation of advertising and promotional programs; and
- Sale techniques and proper customer relations.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(b) Impairment of assets

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

(c) Goods and services tax (GST)

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

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

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

(d) 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.

(e) Comparative figures

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

(f) 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:

<u>Estimation of useful lives of assets</u>

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.

<u>Fair value assessment of non-current physical assets</u>

The AASB 13 Fair Value standard requires fair value assessments that may involved 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.

<u>Employee benefits provision</u>

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.

Note 1. Summary of significant accounting policies (continued)

(f) Critical accounting estimates and judgements (continued)

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.

(g) New accounting standards for application in future periods

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

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

Note 1. Summary of significant accounting policies (continued)

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

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

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.

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

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

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

AASB 16:

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

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

Note 2. Revenue

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

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

Rendering of services

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

Interest, dividend and other income

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

Dividend and other revenue is recognised when the right to the income has been established.

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

	2017 $	**2016 $**
Revenue		
- service commissions	846,623	771,221
- market development fund	17,500	50,000
	864,123	**821,221**
Other revenue		
- interest received	13,305	16,296
- other revenue	536	489
	13,841	**16,785**
Total revenue	**877,964**	**838,006**

Note 3. Expenses

Operating expenses

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

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**
Plant and equipment	5 - 33%	SL

SL = Straight Line

Note 3. Expenses (continued)

Gains/losses upon disposal of non-current assets

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.

	2017 $	2016 $
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	(335,664)	(331,839)
- superannuation costs	(34,572)	(32,989)
- other costs	(35,103)	(62,418)
	(405,339)	**(427,246)**
Depreciation and amortisation		
Depreciation		
- plant and equipment	(23,982)	(22,646)
	(23,982)	**(22,646)**
Amortisation		
- franchise fees	(11,537)	(11,537)
Total depreciation and amortisation	**(35,519)**	**(34,183)**
Bad and doubtful debts expenses	(719)	(220)
Auditors' remuneration		
Remuneration of the Auditor, Richmond, Sinnott & Delahunty, for:		
- Audit or review of the financial report	(5,162)	(4,875)
- Taxation services	(600)	(1,050)
- Share registry services	(3,343)	(3,731)
	(9,105)	**(9,656)**

Note 4. 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/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

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

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

Note 4. Income tax (continued)

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.

	2017 $	2016 $
a. The components of tax expense comprise:		
Current tax expense	15,875	13,496
Deferred tax expense	(975)	(5,292)
Under / (over) provision of prior years	(210)	(1,429)
	14,690	**6,775**
b. Prima facie tax payable		
The prima facie tax on profit / (loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit / (loss) before income tax at 27.5% (2016: 28.5%)	14,865	6,772
Add tax effect of:		
- Franking credits gross up	-	60
- Under / (over) provision of prior years	(210)	(1,429)
- change in company tax rate	35	1,711
Income tax attributable to the entity	**14,690**	**7,114**
The applicable weighted average effective tax rate is	-28.17%	-30.01%
c. Current tax liability/ (asset)		
Current tax relates to the following:		
Current tax liabilities / (assets)		
Opening balance	(451)	25,123
Income tax paid	(17,999)	(37,641)
Current tax	15,875	13,496
Under / (over) provision prior years	(210)	(1,429)
	(2,785)	**(451)**
d. Deferred tax asset		
Deferred tax relates to the following:		
Deferred tax assets balance comprises:		
Accrued income	(143)	(160)
Employee provisions	23,991	23,033
	23,848	**22,873**
Net deferred tax asset	**23,848**	**22,873**

	2017 $	2016 $
Note 4. Income tax (continued)		
e. Deferred income tax (revenue)/expense included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	(957)	(5,258)
(Decrease) / increase in deferred tax liabilities	(17)	(34)
	(974)	**(5,292)**

Note 5. 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.

	2017 $	2016 $
Cash at bank and on hand	100,279	70,909
Short-term bank deposits	617,446	604,910
	717,725	**675,819**

The effective interest rate on short-term bank deposits was 2.05% (2016: 2.35%); these deposits have an average maturity of 60 days.

Note 6. Trade and other receivables

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

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. A provision for doubtful debts is established when ther eis 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.

	2017 $	2016 $
Current		
Trade receivables	75,519	68,354
Other receivables	7,107	20,045
	82,626	**88,399**

Supporting our local community

Over 80% of profits returned to our community*

*during the period of 2012-2016

Sandringham **Community Bank**® Branch has contributed more than $1million to local community groups and organisations over the past 13 years. We're proud to have supported the following clubs, organisations and groups:

Community groups/organisations

- Team Sports 4 All
- Sing Australia Bayside
- L'Arche Melbourne
- Bayley house
- Sandringham Aged Care Association (Fairways)
- BusyFeet Bayside
- Five Champys Pty Ltd
- Sandringham Hospital Kinder Program
- Sandybeach Centre
- The Holland Foundation
- Lions Club of Sandringham Inc

Sandringham Hospital

We donated $500,000 to support the Sandringham Hospital Appeal to raise funds for the new day procedure centre – soon to be known as the Sandringham **Community Bank**® Day Procedure Centre.

Sandringham **Community Bank**® Branch

Supporting our local community

Community initiatives/events

- Peaks4CF (Cystic Fibrosis cycling event)
- Bayside Relay for Life
- Sandringham Traders' Fair
- Battle of the Boots

Schools and kindergartens

- St Mary's Primary School
- Sandringham East Primary School
- Sandringham Primary School
- Holy Trinity Kindergarten

Sporting groups

- Sandringham Bowls Club
- Sandringham Little Athletics Centre
- Hampton Junior Soccer Club
- South East Cricket Umpires Association
- Hampton Life Saving Club
- Sandringham Football Club
- Hampton Rovers
- Hampton Cricket Club
- Sandringham Croquet Association
- Sandringham Dragons
- Hampton RSL Bowling Club

$1 million to the local community

This year we were pleased to announce that we have now invested $1 million into our community, since we opened our doors in 2002. To celebrate, we held an event for our customers, shareholders, friends and partners at the Without Pier Gallery.








Note 6. Trade and other receivables (continued)

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 $	Not past due $	Past due but not impaired			Past due and impaired $
			< 30 days $	31-60 days $	> 60 days $	
2017						
Trade receivables	75,519	-	-	-	-	75,519
Other receivables	7,107	-	-	-	-	7,107
Total	**82,626**	**-**	**-**	**-**	**-**	**82,626**
2016						
Trade receivables	68,354	-	-	-	-	68,354
Other receivables	20,045	-	-	-	-	20,045
Total	**88,399**	**-**	**-**	**-**	**-**	**88,399**

Note 7. Financial assets

Classification of financial assets

The company classifies its financial assets in the following categories:

- loans and receivables,
- held to maturity investments, and
- available for sale assets.

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

Loans and receivables

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

Note 7. Financial assets (continued)

Classification of financial assets (continued)

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.

Available for sale financial asset

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long-term. Financial assets that are not classified into any of the other categories (at FVPL, loans and receivables or held-to-maturity investments) are also included in the available-for-sale category.

The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

Measurement of financial assets

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 are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised 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.

Impairment of financial assets

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.

Note 7. Financial assets (continued)

Impairment of financial assets (continued)

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.

Assets classified as available for sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

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.

	2017 $	**2016 $**
Held to maturity financial assets		
Australian Term deposits > 3 months	24,668	24,668
Available for sale financial assets		
Listed investments - at cost	8,276	7,740
	32,944	**32,408**

Note 8. Plant and equipment

Plant and equipment

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

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

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

	2017 $	2016 $
Plant and equipment		
At cost	205,701	204,372
Less accumulated depreciation	(163,759)	(139,777)
	41,942	**64,595**
Total plant and equipment	**41,942**	**64,595**
Movements in carrying amounts		
Plant and equipment		
Balance at the beginning of the reporting period	64,595	83,057
Additions	1,329	4,184
Depreciation expense	(23,982)	(22,646)
Balance at the end of the reporting period	**41,942**	**64,595**
Balance at the end of the reporting period	**41,942**	**64,595**

Note 9. Intangible assets

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 amortisation in the Statement of Profit or Loss and Other Comprehensive Income.

	2017 $	2016 $
Note 9. Intangible assets (continued)		
Franchise fee		
At cost	57,686	57,686
Less accumulated amortisation	(55,763)	(44,225)
	1,923	**13,461**
Total intangible assets	**1,923**	**13,461**
Movements in carrying amounts		
Franchise fee		
Balance at the beginning of the reporting period	13,461	24,998
Amortisation expense	(11,537)	(11,537)
Balance at the end of the reporting period	**1,923**	**13,461**

Note 10. 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.

	2017 $	2016 $
Current		
Unsecured liabilities:		
Trade creditors	26,884	27,688
GST Payable	10,282	8,038
	37,166	**35,726**

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

Note 11. Financial liabilities

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

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

Note 12. Provisions

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.

	2017 $	2016 $
Current		
Employee benefits	80,445	83,758
Non-current		
Employee benefits	6,794	-
Total provisions	**87,239**	**83,758**

Note 13. Share capital

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.

	2017 $	2016 $
610,008 Ordinary shares fully paid of 85 cents each	518,507	518,507
Less: Equity raising costs	-	-
	518,507	**518,507**

	2017 $	2016 $

Note 13. Share capital (continued)

Movements in share capital

	2017 $	2016 $
Fully paid ordinary shares:		
At the beginning of the reporting period	518,507	518,507
Shares issued during the year	-	-
At the end of the reporting period	**518,507**	**518,507**

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.

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

Note 14. Retained earnings

	2017 $	2016 $
Balance at the beginning of the reporting period	260,016	280,819
Profit after income tax	37,467	15,798
Dividends paid	(36,601)	(36,601)
Balance at the end of the reporting period	**260,881**	**260,016**

	2017 $	2016 $

Note 15. Dividends paid or provided for on ordinary shares

Dividends paid or provided for during the year		
Final fully franked ordinary dividend of 6 cents per share (2016: 6 cents) franked at the tax rate of 27.5% (2016: 28.5%).	(36,601)	(36,601)

Note 16. 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 servcing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issues during the year.

	2017 $	2016 $
Basic earnings per share (cents)	6.14	2.59
Earnings used in calculating basic earnings per share	37,467	15,798
Weighted average number of ordinary shares used in calculating basic earnings per share.	610,008	610,008

Note 17. 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 6)	717,725	675,819
As per the Statement of Cash Flow	**717,725**	**675,819**
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit after income tax	37,467	15,798
Non-cash flows in profit		
- Depreciation	23,982	22,646
- Amortisation	11,537	11,537
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	5,773	(6,441)
- (Increase) / decrease in deferred tax asset	(975)	(5,292)
- Increase / (decrease) in trade and other payables	1,440	(8,698)
- Increase / (decrease) in current tax asset	(2,334)	(25,574)
- Increase / (decrease) in provisions	3,481	26,729
Net cash flows from operating activities	**80,371**	**30,705**

Note 18. 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	17,600	14,850
Total key management personnel compensation	**17,600**	**14,850**

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.

(b) Other related parties

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

(c) Transactions with key management personnel and related parties

Other than detailed below, no key management personnel or related party has entered into any contracts with the company.

The Sandringham Community Financial Services Limited has accepted the Bendigo and Adelaide Bank Limited's **Community Bank**® Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits.

The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have not currently availed of any benefits for the year ended 30 June 2017.

(d) Key management personnel shareholdings

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

	2017	2016
Graham Manson Ludecke	6,500	6,500
Michael John Davies	1,000	1,000
Ian Richard Siebert	-	-
Felicity Thomlinson	-	-
Cindy Nora Jessica O'Donoghue	-	-
Amanda May Smyth	-	-
Caitlin Elizabeth Eves	-	-
Glen Kruger	7,500	7,500

Note 18. Key management personnel and related party disclosures (continued)

(d) Key management personnel shareholdings (continued)

There was no movement in key management personnel shareholdings during the year. Each share held has a paid up value of 85 cents and is fully paid.

(e) Other key management transactions

Ian Siebert holds indirectly 1,000 shares into his family superannuation fund, "Davies Siebert Superannuation Fund".

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

Note 19. Events after the reporting period

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

Note 20. Contingent liabilities and contingent assets

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

Note 21. 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 Sandringham, Victoria. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2016: 100%).

Note 22. 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	66,000	55,697
- between 12 months and five years	264,000	-
- greater than five years	-	-
Minimum lease payments	**330,000**	**55,697**

The property lease is a non-cancellable lease with a five year term, with rent payable monthly in advance and with CPI increases each year.

Note 23. Company details

The registered office and principle place of business is 75 Station Street, Sandringham, Victoria, 3191.

Note 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.

Specific financial risk exposure and management

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

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

	Note	2017 $	2016 $
Financial assets			
Cash and cash equivalents	5	717,725	675,819
Trade and other receivables	6	82,626	88,399
Financial assets	7	32,944	32,408
Total financial assets		**833,295**	**796,626**
Financial liabilities			
Trade and other payables	11	37,166	35,726
Total financial liabilities		**37,166**	**35,726**

(a) Credit risk

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

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

Credit risk exposures

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

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

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.

Note 24. Financial risk management (continued)

(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. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis:

30 June 2017	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
Cash and cash equivalents	1.78%	717,725	717,725	-	-
Trade and other receivables	0.00%	82,626	82,626	-	-
Investments and other financial assets	2.40%	32,944	32,944	-	-
Total anticipated inflows		**833,295**	**833,295**	**-**	**-**
Financial liabilities					
Trade and other payables	0.00%	37,166	37,166	-	-
Total expected outflows		**37,166**	**37,166**	**-**	**-**
Net inflow on financial instruments		**796,129**	**796,129**	**-**	**-**

30 June 2016	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
Cash and cash equivalents	2.11%	675,819	675,819	-	-
Trade and other receivables	0.00%	88,399	88,399	-	-
Investments and other financial assets	2.63%	32,408	32,408	-	-
Total anticipated inflows		**796,626**	**796,626**	**-**	**-**
Financial liabilities					
Trade and other payables	0.00%	35,726	35,726	-	-
Total expected outflows		**35,726**	**35,726**	**-**	**-**
Net inflow on financial instruments		**760,900**	**760,900**	**-**	**-**

Note 24. Financial risk management (continued)

(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)	7,507	7,507
+/- 1% in interest rates (interest expense)	-	-
	7,507	**7,507**
Year ended 30 June 2016		
+/- 1% in interest rates (interest income)	7,082	7,082
+/- 1% in interest rates (interest expense)	-	-
	7,082	**7,082**

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.

Fair values

Fair value estimation

The fair values of financial assets and liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position.

Differences between fair values and the carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied to the market since their initial recognition by the company.

Note 24. Financial risk management (continued)

(d) Price risk (continued)

Fair values (continued)

	2017		2016	
	Carrying amount $	Fair value $	Carrying amount $	Fair Value $
Financial assets				
Cash and cash equivalents (i)	717,725	717,725	675,819	675,819
Trade and other receivables (i)	82,626	82,626	88,399	88,399
Investments and other financial assets	32,944	32,944	32,408	32,408
Total financial assets	**833,295**	**833,295**	**796,626**	**796,626**
Financial liabilities				
Trade and other payables (i)	37,166	37,166	35,726	35,726
Total financial liabilities	**37,166**	**37,166**	**35,726**	**35,726**

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.

Directors' declaration

In accordance with a resolution of the Directors of Sandringham Community Financial Services Limited, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 13 to 42 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.

Graham Ludecke
Director

Signed at Sandringham, Victoria, on 18 September 2017.

Independent audit report

rsd Audit

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Bendigo, Victoria
PO Box 448, Bendigo, VIC, 3552

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SANDRINGHAM COMMUNITY FINANCIAL SERVICES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Sandringham Community Financial Services 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 Sandringham Community Financial Services Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2017 and of its performance for the year 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
Taxation	
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. Further disclosure regarding Taxation can be found at Note 1(f) *Critical Accounting Estimates and Judgements* and Note 4 *Income Tax*.	We have performed the following procedures: • 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.
Employee Provisions	
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. A small change in assumptions can have a material impact on the financial statements. Further disclosure regarding Employee Provisions can be found at Note 1(f) *Critical Accounting Estimates and Judgements* and Note 14 *Provisions.*	We have performed the following procedures: • 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 5 to 6 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 Sandringham Community Financial Services Limited, for the year ended 30 June 2017 is in accordance with s300A of the *Corporations Act 2001.*

rsd Audit

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.

RSD AUDIT
Chartered Accountants

Kathie Teasdale
Partner
Bendigo
Dated: 20 September 2017

NSX report

Sandringham Community Financial Services Limited is a public company incorporated in Australia and listed on the National Stock Exchange of Australia (NSX).

Shareholding

The following table shows the number of shareholders, segregated into various categories based on the total number of shares held.

Number of shares held	Number of shareholders	Number of shares held
1 to 1,000	198	138,303
1,001 to 5,000	76	210,504
5,001 to 10,000	8	65,201
10,001 to 100,000	8	196,000
100,001 and over	0	0
Total shareholders	**290**	**610,008**

Equity securities

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

There are no substantial shareholders (holding more than 5% of voting rights) except for Scipio Nominees. Each shareholder is entitled to 1 vote. Normally holding more than 5% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the company.

There are 8 shareholders holding less than a marketable parcel of shares ($500 in value).

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to $0.85 per share. There are no unquoted equity securities.

Ten largest shareholders

The following table shows the 10 largest shareholders.

Shareholder	Number of fully paid shares held	Percentage of issued capital
Scipio Nominees Pty Ltd	57,000	9.34%
Winpar Holdings Ltd	26,000	4.26%
Thomas Leigh Pty Ltd as trustee for <The Waring Family Superannuation Fund A/C>	20,500	3.36%
Fleray Pty Ltd for <Senior Super Fund A/C>	20,000	3.28%
Maslen Pty Ltd	20,000	3.28%
Nikstan Constructions P/L as trustee for <Melbourne Property Holdings Unit Trust A/C>	20,000	3.28%
Northern Suburbs Secretarial Services Pty Ltd <as trustee for Juleton A/C>	20,000	3.28%
Perpetual Trustee Company Ltd - Syd	12,500	2.05%
Estate Late Peter Welsh as trustee for Peter Welsh S/Fund A/C>	10,000	1.64%
Kevin Brennan as trustee for <Brennan Super Fund A/C>	10,000	1.64%
	216,000	**35.41%**

NSX report (continued)

Registered office and principal administrative office

The registered office of the company is located at:

75 Station Street,
Sandringham VIC 3191
Phone: (03) 9521 6488

The principal administrative office of the company is located at:

75 Station Street,
Sandringham VIC 3191
Phone: (03) 9521 6488

Security register

The security register (share register) is kept at:

Richard Sinnott & Delahunty Pty Ltd
Level 2, 10-16 Forest Street,
Bendigo VIC 3550
Phone: (03) 5445 4200

Company Secretary

Cindy O'Donoghue has been the Company Secretary of Sandringham Community Financial Services Limited since 1 August 2015.

Corporate governance

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

(a) The establishment of an Audit committee. Members of the Audit Committee are Graham Ludecke, Cindy O'Donoghue, Matthew Gallop and Kate Robb.

(b) Director approval of operating budgets and monitoring of progress against these budgets;

(c) Ongoing Director training; and

(d) Monthly Director meetings to discuss performance and strategic plans.

Annexure 3

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

Five year summary of performance

	2013	2014	2015	2016	2017
Gross revenue	$815,870	$736,764	$800,225	$838,008	$877,964
Net profit before tax	$77,938	$59,949	$123,628	$22,573	$52,157
Total assets	$843,313	$834,529	$925,901	$898,006	$903,793
Total liabilities	$112,990	$83,713	$126,575	$119,484	$124,405
Total equity	$730,323	$750,816	$799,326	$778,523	$779,388
Earnings per share	9.1 cents	9.36 cents	13.95 cents	2.59 cents	6.14 cents

Sandringham **Community Bank**® Branch
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Franchisee: Sandringham Community Financial Services Limited
75 Station Street, Sandringham VIC 3191
ABN: 86 099 131 192

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