Annual Report 2017

Carrum Downs Financial Services Limited

ABN 89 088 990 470

Carrum Downs **Community Bank**® Branch
Marriott Waters branch

Contents

Chairman's report

For year ending 30 June 2017

It is with pleasure that I present my first Chairman's Report for Carrum Downs Financial Services Limited, the operator of the Carrum Downs **Community Bank**® Branch and the Marriott Waters branch.

Firstly, I would like to acknowledge my predecessor Mr Trevor Collins who retired as Chairman and also as a Director last year. Trevor was a tireless worker and advocate for the **Community Bank**® concept. I have welcomed his guidance and advice when required.

Our year

I am delighted to announce that since we opened our new branch at Marriott Waters, we have posted our first profit in five years. This has not been easy in a tough economic environment but we are on track, based on our budgets and projections at the time of opening the second site.

Over the last 12 months we have seen our business grow by $28.1 million. At the end of June 2017, our total loan and deposit book was $251.9 million. This represents a 12.5% increase in our business.

Your Board is pleased with the growth in our business over the last 12 months, the ongoing success of the Carrum Downs **Community Bank**® Branch, but more particularly, with the growth at Marriott Waters.

This year we have made a profit of $44,018 compared to a loss last year of $26,536. This is after continuing our commitment and support to our local community.

We are still in a low interest rate environment where this puts pressure on our margins, and this affects our revenues and our profitability. The flip side to this is that our borrowers, who are members of our community, are saving on their home loan interest.

Dividends and community contributions

In this past financial year we have made a further dividend to our shareholders totalling $0.07 per share, or $24,186.

Our community has also benefited during the last 12 months where we have distributed $60,690 to local community groups.

So we are delighted that during tough times we have been able to continue to support both our loyal shareholders and our community stakeholders.

What lies ahead?

The next 12 months will be a defining moment in our history. I expect that we will:

1. Continue to grow our loan and deposit book.
2. Continue on the path to profit as both our branches grow.
3. Work towards a "legacy project" that we can leave to the local community. This project has not yet been identified, but we have held discussions with local stakeholders to determine a project where we can work together in partnership.

All indicators are that we shall continue in a low inflation, low wages growth and low interest rate environment. This impacts on our revenues, but it is great for our customers.

Chairman's report (continued)

Our great team

The successes we have had in the last 12 months don't just happen by magic. They take considerable effort and commitment.

I would therefore like to acknowledge our team led by our Senior Manager Len Barda, Liz Dawe, Belinda Wood, Anne Johnston, Donna Kennedy, Sarah Waterworth and Barbara Owen from Carrum Downs and our Business Development Manager Mr Gary Rowe, Teresa Winton, Carolynne Johnson, Tysha Pluke (who is currently on maternity leave, our first baby, congratulations), Ros Geurts, Heather Clayton (who left us earlier in the year), and Sandy Manntz who are our awesome team at Marriott Waters.

Our staff at our two branches have done an outstanding job.

I would also like to acknowledge my fellow Directors - my Deputy Chair Christine Swanson, Treasurer Jason Pater, Greg Sugars, Kenneth Smith, Gary Landy and our Company Secretary Betty Kotevski.

Finally, to our shareholders, I thank you for your support, not only in the last 12 months but since we opened in October 1999. In two years, together with you, we will have celebrated 20 years of delivering to our local community. This is quite an achievement.

I look forward to the next 12 months.

Lindsay (Malcolm) Wells
Chairman

Senior Manager's report

For year ending 30 June 2017

As another financial year comes to an end, I believe it's important to take time to acknowledge and reflect on all the hard work and effort everyone has put in to make our business an ongoing success. While the retail banking environment continues to be extremely competitive and challenging, our branches have again risen to the challenge and delivered some excellent outcomes for our business, our customers and our community.

During the 2017 financial year, we achieved total business growth of $28.01 million, with both Carrum Downs **Community Bank**® Branch and Marriott Waters branch contributing to what I believe is an excellent result. Our total business on the books now exceeds $251 million which is 12% growth on the previous financial year. Our business remains well balanced with 45% of our book being lending balances and 55% deposit balances.

As an organisation, we continue to focus on being more connected with our customers and community than ever before and to ensure they are aware of the full range of products and services that we offer. We stand apart from our competition by providing exceptional personalised service and wanting to better understand the specific needs of our customers and community and to provide relevant solutions that meet those needs. With our focus on our customers and community, I am confident that we are building a strong foundation for our future.

There is no doubt the face of Retail Banking is forever changing as technology continues to evolve. Customers now have a number of choices on how they can interact with their Bank and fewer customers are coming in to the branch network and using ATM's for their non-complex transactions. It is therefore vital that we find new and better ways to engage with our customers and remind ourselves how critical it is to develop strong partnerships with customers and the organisations that benefit from our community investments. We are an organisation that 'feeds in' to the prosperity of our community rather than 'feeding off' it and it's increasingly important that we highlight this point of difference.

Our **Community Bank**® company is responsible for operating a significant community asset with over 8,000 customers, 12,000 accounts and $251 million of customer funds. We have invested over $4 million back into our local community, with over $2.4 million of this being by way of grants, sponsorships and donations. We continue to invest our profits into a number of local organisations including sporting clubs, schools, emergency services and several not-for-profit organisations working in the areas of children's services, disability services, social isolation, and domestic violence, just to name a few.

I would like to acknowledge and thank all of our staff who come to work and deliver great service to our customers and demonstrate a passion and commitment to our local community. I would also like to thank our Board who, as always, continue to provide their unwavering support and encouragement. I would like to thank our partners Bendigo Bank as well as the Regional Team, including our Business Bankers, Mobile Bankers and Financial Planners who continue to support us in growing our business.

Last but not least, I would like to thank our loyal and valued customers and shareholders. Without your support, we would not be where we are today. I once again ask our Directors, shareholders, and customers to champion our efforts and be advocates for our branches and to encourage your family, friends, colleagues and acquaintances to support us with their banking. The more people that support us with their banking, the more profits we can invest back in to our local community to support so many well-deserving organisations.

Len Barda
Senior Manager

Directors' report

For the financial year ended 30 June 2017

The Directors present their report on Carrum Downs Financial Services Limited for the year ended 30 June 2017.

The names, qualifications and experience of the Directors and company secretary in office at any time during, or since the end of the year are:

Mr Lindsay (Malcolm) Wells

CPA, B.Bus (Acc), Dip FinServ (Fin Plan), GAICD

Chariman from 28 Nov 2016

Malcolm is a founding Director of CDFS. Malcolm is a Certified Practicing Accountant and the Principal of Hyde Cooper Wells Accounting in Cranbourne. Malcolm has extensive experience in all areas of public accounting, with expertise in taxation advice and planning, business structuring and development, self managed superannuation and general management advice. Malcolm loves fitness and is a keen supporter of the Carlton Football Club in the AFL, a past President of the Rotary Club of Cranbourne and is Founding Chairman of Who Cares? We Do, a charity which provides free services to the homeless and disadvantaged in Cranbourne. Malcolm is actively involved in the Board's audit and finance committee.

Mr Trevor Collins

Diploma (Banking & Finance), MAICD, IIBA

Former Chairman.

Resigned 28 Nov 2016

Trevor became involved with CDFS in March 2002 when he took on the role as Branch Manager. During his tenure CDFS more than tripled in size and was producing consistent profits. He left in Sept 2004 to pursue other interests. Early in 2005 Trevor was invited back to become a Board member. Trevor holds a Diploma in Banking & Finance and is also a member of the Australian Institute of Company Directors (AICD) and a member of the International Institute of Business Analysts (IIBA). In his free time Trevor enjoys all things Italian – food, wine as well as theatre, reading and sharing time with family and friends. Trevor retired from the Board at the company's AGM in November.

Mr Greg Sugars OAM

JP, FAICD, FAIM, Dip Bus (Mgmt), Adv Dip Bus (Mktg), FAPI, FRICS

Greg is a past Chairman of CDFS and the current chair of the Audit & Finance Committee. He originally joined the Board in 2002 and is the CEO of one of Australia's largest professional services firms, Preston Rowe Paterson, which operates globally. Greg is a Fellow of the Australian Institute of Company Directors, a Fellow of the Australian Institute of Management, a Fellow of the Australian Property Institute and a Fellow of the Royal Institution of Chartered Surveyors. On Australia Day 2015, Greg was awarded a Medal in the Order of Australia for Services to the Community. Greg is actively involved in the Board's audit and finance, and marketing committees, and drafted the company's Risk Policy in 2016.

Mr Jason Pater - Treasurer

FCA, B.Comm, Dip FinServ (Fin Plan), GAICD

Jason was one of the founding Directors of CDFS in 1999 and has been Treasurer since that time. He is a Chartered Accountant (Fellow) now consulting to SME's after selling his accounting practice in 2015. Starting out with Pricewaterhouse Coopers, has been working with small businesses for over 20 years. Jason is the CEO of the Payton Foundation, a Director/Secretary and advisor to several small business Boards and other charities. Jason is actively involved in the Board's audit and finance and marketing committees.

Directors' report (continued)

Mrs Christine Swanson

Cert. Shopping Centre Mgmt

Deputy Chair - 28 Nov 2016

Christine has a background in Residential Building and Shopping Centre Management and Development. Christine is a founding Director of CDFS and was on the steering committee at conception and has been an active member of the various Board committees including: Sponsorship, Marketing, HR, New Sites Development and Extra Time. Christine is Chair of the Board's sponsorship committee and an active member of the HR committee. Christine also assists with community and charity organizations, including volunteer work for some Neighbourhood Centres, helping and distributing food to the needy, and also various Pet Rescue Centres.

Mr Terry Rankin

MAICD

Resigned 28 Nov 2016

Terry commenced as a Director of CDFS in 2008. Terry has been involved in the future development of new sites, Marriott Waters and the sponsorship committee as well as the Chairman of the marketing committee. Terry has been involved in various community projects through the Scout association and Rotary International and was a local business owner in Langwarrin. Terry was one of the original share holders of CDFS Community Bendigo Bank. Terry has been actively involved in the Board's marketing and sponsorship committees. Terry retired from the Board at the company's AGM in November 2016.

Ms Betty Kotevski

BA, LLB, Masters of Law

Company Secretary

Betty is a qualified solicitor who has held legal and compliance positions in the financial services and funds management sectors. She has experience in corporate and commercial law, Australian financial services law, policy development, parliamentary legislative processes, and Board corporate governance. Betty has worked with both non-profit and commercial company Boards. She is a member of the Association of Corporate Counsel Australia, holds a Victorian Legal Practicising Certificate and a subscriber of the Governance Institute of Australia.

Hon Ken Smith

Appointed 26 September 2016

Ken brings a range of leadership and business skills to the Board, as well as community relationships. Ken was formerly a member of the Victorian Parliament's Legislative Assembly, and the Speaker of the House. He has been a councillor for Hastings Council and was Founding Director and Chairman of the Independent News Group. He is President of the Australia China Business Council, and a member of the Sandhurst community. Ken is Chair of the HR committee and a member of the Sponsorship committee.

Mr Gary Landy

Master of Public Policy and Admin., Grad. Dip. Public Admin., Cert. of Business

Appointed 26 September 2016

Gary brings business, leadership and community skills and experience to the Board. He had an extensive career in the Victoria Police for many years and has been awarded the Victoria Police Service Medal, a National Media, and Vietnam Service Awards. Gary has also worked for Frankston City Council, the Department of Justice, is a small business owner and was chair of the Sandhurst Residents Committee. He is a member of the HR and Sponsorship Board committees and lives in the local Sandhurst community.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Directors' report (continued)

Review of operations

The Directors are pleased to announce that the company made a profit for the year (after providing for income tax), of $44,018 (compared to the loss for the previous year of ($26,536)).

The return to profits is a result of a lot of hard work by the Manager Len Barda and the branch teams to grow the business on the books which results in an increase in revenue whilst keeping a tight rein on expenses.

There were no other significant changes in the company's state of affairs during the period.

Principal activities

The principal activities of the company during the financial year were the operation of a **Community Bank**® branch in Carrum Downs and a sub-branch at Marriott Waters, Lyndhurst which was opened in June 2013.

No significant changes in the nature of these activities occurred during the year.

Events subsequent to the end of the reporting period

There were no other significant events post year end.

Likely developments and expected results of operations

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Environmental regulations

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

Dividends paid or declared since the start of the financial year are as follows:

- Dividends declared and paid during the year amounted to $24,186 (2016 $24,186).

Options

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

Indemnification of Officers

The company has paid insurance premiums to insure Directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising out of their conduct, where allowed by law, while acting in their capacity of a Director or Officer of the company.

Proceedings on behalf of the company

No person has applied for leave of court to bring proceedings on behalf of the company or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Meetings of Directors

During the financial year, attendances at Directors meetings and committee meetings were as follows:

	Directors' meetings		Committee meetings	
Director	**Number eligible to attend**	**Number attended**	**Number eligible to attend**	**Number attended**
Mr Greg Sugars	10	7	4	4
Mr Trevor Collins	5	5	2	2
Mr Lindsay Wells	10	10	4	4
Mr Jason Pater	10	9	4	4
Mrs Christine Swanson	10	10	7	7
Mr Terry Rankin	5	4	2	1
Mr Gary Landy	8	7	3	3
Mr Ken Smith	8	7	4	2
Ms Betty Kotevski (Secretary)	10	10	-	-

The Committees within CDFS comprise the following:

- Sponsorship Committee
- Marketing Committee
- Audit and Finance Committee
- Human Resources Committee

Contributions made to community groups

Contributions made to community groups for the year ended 30 June 2017 are summarised in the following table:

	$
Family services	1,000
Children/youth	10,000
Schools	5,000
Sporting clubs	37,273
Hospitals	1,000
Emergency services	4,099
Community events	2,318
Total community contributions	**60,690**

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 10.

Signed in accordance with a resolution of the Board of Directors:

Lindsay Wells	**Jason Pater**
Director	**Director**

Date: 25 September 2017

Auditor’s independence declaration

Auditors' independence declaration

Under Section 307C of the *Corporations Act 2001*
To the directors of Carrum Downs Financial Services Limited

I declare, that to the best of my knowledge and belief, during the year ended 30th June 2017 there have 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.

Mr. L.A. Milner A.C.A Registered Auditor

Venn Milner Accounting Services Pty Ltd
Chartered Accountants
Suite 1, 10-12 Chapel Street, Blackburn VIC 3130

Date : 25th 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	1,859,907	1,790,242
Accountancy expenses		(54,581)	(48,847)
Advertising expenses		(5,371)	(11,919)
Auditor's remuneration	3 & 4	(13,244)	(13,045)
Bad and doubtful debt expenses	4	(1,469)	(5,066)
Depreciation and amortisation expenses	4	(19,988)	(22,135)
Directors' fees		(105,000)	(126,360)
Employee benefits expenses		(972,487)	(1,002,968)
Lease expenses	4	(79,776)	(74,449)
Donations		(60,690)	(71,785)
Other expenses		(485,831)	(451,174)
Profit/(loss) on ordinary activities before income tax		**61,470**	**(37,506)**
Other comprehensive income - extraordinary items		**-**	**-**
Profit/(loss) for the year before income tax		**61,470**	**(37,506)**
Income tax - future income tax benefit	5	(17,452)	10,970
Profit/(loss) for the year after income tax		**44,018**	**(26,536)**
Total comprehensive income for the year		**44,018**	**(26,536)**
Total comprehensive income attributable to members of the entity		**44,018**	**(26,536)**

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2017

	Notes	2017 $	2016 $
Assets			
Current assets			
Cash and cash equivalents	7	511,787	522,039
Trade and other receivables	8	154,555	144,516
Other current assets	9	191,721	196,096
Total current assets		**858,063**	**862,651**
Non-current assets			
Property, plant and equipment	10	365,455	357,235
Total non-current assets		**365,455**	**357,235**
Total assets		**1,223,518**	**1,219,886**
Liabilities			
Current liabilities			
Trade and other payables	11	98,150	117,753
Provisions	12	149,322	142,278
Total current liabilities		**247,472**	**260,031**
Non-current liabilities			
Provisions	12	17,214	20,855
Total non-current liabilities		**17,214**	**20,855**
Total liabilities		**264,686**	**280,886**
Net assets		**958,832**	**939,000**
Equity			
Issued capital	13	345,510	345,510
Retained earnings	14	613,322	593,490
Total Equity		**958,832**	**939,000**

The accompanying notes form part of these financial statements.

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

	Notes	Retained earnings $	Total $
Balance at 30 June 2015		644,212	644,212
(Loss) attributable to equity shareholders		(26,536)	(26,536)
Dividends paid or provided for	6	(24,186)	(24,186)
Balance at 30 June 2016		**593,490**	**593,490**
Profit attributable to equity shareholders		44,018	44,018
Dividends paid or provided for	6	(24,186)	(24,186)
Balance at 30 June 2017		**613,322**	**613,322**
Issued Capital	**13**		**345,510**

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		1,840,791	1,747,448
Payments to suppliers and employees		(1,807,728)	(1,765,287)
Interest received		9,078	12,664
Net cash provided by operating activities	**16**	**42,141**	**(5,175)**
Cash flows from investing activities			
Payments for property, plant and equipment		(28,207)	-
net cash used in investing activities		**(28,207)**	**-**
Cash flows from financing activities			
Dividends paid	6	(24,186)	(24,186)
Net cash used in financing activities		**(24,186)**	**(24,186)**
Net (decrease) in cash held		(10,252)	(29,361)
Cash at beginning of financial period		522,039	551,400
Cash at end of financial period	**7**	**511,787**	**522,039**

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

Notes to the financial statements

For year ended 30 June 2017

The financial statements and notes represent those of Carrum Downs Financial Services Limited as an individual entity. Carrum Downs Financial Services Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 25th September 2017 by the Directors of Carrum Downs Financial Services Limited.

Note 1. Significant accounting policies

Basis of preparation

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

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of the 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, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded off to the nearest dollar unless stated otherwise.

Accounting policies

<u>Income tax</u>

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

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

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

Deferred 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. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred 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, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

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 1. Significant accounting policies (continued)

Accounting policies (continued)

Income tax (continued)

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Fair value of assets and liabilities

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

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

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

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

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

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Property, plant and equipment

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

Note 1. Significant accounting policies (continued)

Accounting policies (continued)

Property, plant and equipment (continued)

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. 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 either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1 below for details of impairment).

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

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land, is depreciated on a straight-line basis 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 assets are:

Class of fixed asset	Depreciation rate
Leasehold improvements	2.5%-10%
Plant and equipment	3.8%-40%

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

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

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

Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the financial instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

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

Note 1. Significant accounting policies (continued)

Accounting policies (continued)

Financial instruments (continued)

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less repayments made 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 exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when 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 profit or loss.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at “fair value through profit or loss” when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company’s intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale investments

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

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Notes to the financial statements (continued)

Note 1. Significant accounting policies (continued)

Accounting policies (continued)

Financial instruments (continued)

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial liabilities

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.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if the Directors establish that the carrying amount cannot be recovered by any means, at that point the anticipated loss is charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss event that has occurred is duly considered.

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.

Note 1. Significant accounting policies (continued)

Accounting policies (continued)

Impairment of non-financial 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 considering external sources of information and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. 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 costs 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 (eg in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Employee benefits

Short-term employee benefits

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

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The company's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

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. Upon the remeasurement of obligations due to change in assumptions for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense 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.

Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Note 1. Significant accounting policies (continued)

Accounting policies (continued)

Cash and cash equivalents

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

Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred for more than one year is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

- Deferred fee income is recognised as amounts that reflect known income that is collectable by the Group over a deferred period of between one and four years.
- Administration fees are earned on an instalment basis as the work is performed.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

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

Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1 above for further discussion on the determination of impairment losses.

Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the company 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.

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 as part of 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 financing and investing 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.

Note 1. Significant accounting policies (continued)

Accounting policies (continued)

Comparative figures

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

Where the company has retrospectively applied an accounting policy, makes a retrospective restatement of items in the financial statements or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statement is presented.

Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgments 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.

Key estimates

Impairment

The company assesses impairment at the end of each reporting period by evaluation of 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.

Employee benefits

For the purpose of measurement, AASB 119: Employee Benefits (September 2011) defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. As the company expects that all of its employees would use all of their annual leave entitlements earned during a reporting period before 12 months after the end of the reporting period, the Directors consider that obligations for annual leave entitlements satisfy the definition of short-term employee benefits and, therefore, can be measured at the (undiscounted) amounts expected to be paid to employees when the obligations are settled.

New accounting standards for application in future periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

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

  The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

  The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Note 1. Significant accounting policies (continued)

Accounting policies (continued)

New accounting standards for application in future periods (continued)

Although the Directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).

  When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from 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 entity 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 a customer;
  - identify the performance obligations in the contract(s);
  - determine the transaction price;
  - allocate the transaction price to the performance obligations in the contract; and
  - recognise revenue when (or as) the performance obligation is satisfied.

  The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

  Although the Directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impacts.

- AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

  When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

  The main changes introduced by the new Standard are as follows:

  - recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
  - depreciation of right-of-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
  - inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
  - application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
  - inclusion of additional disclosure requirements.

Note 1. Significant accounting policies (continued)

Accounting policies (continued)

New accounting standards for application in future periods (continued)

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the Directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

	2017 $	2016 $

Note 2. Revenue and other income

	2017 $	2016 $
Revenue		
ATM Revenue	73,672	90,249
Commissions Received	170,354	291,355
Gross Margin Income	1,388,892	1,132,795
Other revenue	167,912	175,679
	1,800,830	**1,690,078**
Other revenue:		
Interest received	9,077	12,664
Marketing Development Fund	50,000	87,500
	59,077	**100,164**
Total revenue	**1,859,907**	**1,790,242**
Interest revenue from:		
Bendigo Bank Limited	**9,077**	**12,664**

Note 3. Auditor's remuneration

	2017 $	2016 $
Audit Fees	**13,244**	**13,045**

Note 4. Profit/(loss) for the period

Profit/(Loss) before income tax from continuing operations includes the following expenses:

	2017 $	2016 $
Expenses		
Depreciation of property, plant and equipment	19,988	22,135
Total Depreciation	**19,988**	**22,135**
Bad Debts	1,469	5,066
Total bad and doubtful debts	**1,469**	**5,066**

	2017 $	2016 $
Note 4. Profit/(Loss) for the period (continued)		
IT Leasing	66,667	64,746
ATM Leasing	13,109	9,703
Total leasing charges	**79,776**	**74,449**
Auditor Remuneration – Audit Services	13,244	13,045
Total Audit Remuneration	**13,244**	**13,045**

Note 5. Income tax

The components of income tax comprise:

Future income tax defecit/(benefit) on current year tax losses	**17,452**	**(10,970)**

A future income tax benefit has been recognised for unused tax losses to the extent that it is probable that the entity will have future taxable profits available against which the unused tax losses can be utilised. Losses for 2014, 2015 and 2016 have been incurred largely due to the start up of the Marriott Waters Branch and are considered to be temporary. Budgeted forecasts indicate that profits will occur in 2018 and the carried forward losses will be fully relieved by the 30th June 2019.

	2017 $	2016 $

Note 6. Dividends

Dividends recognised as distribution and paid during the year	**24,186**	**24,186**
Declared fully franked ordinary dividend per share	($0.07)	($0.07)

Note 7. Cash and cash equivalents

Cash at Bank	127,498	100,886
Investment Account	359,166	396,023
Security Deposit - Marriott Waters	25,000	25,000
Petty Cash on Hand	123	130
	511,787	**522,039**

Reconciliation of cash:

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash and cash equivalents	511,787	522,039
	511,787	**522,039**

	2017 $	2016 $

Note 8. Trade and other receivables

	2017 $	2016 $
Trade Debtors - receivable from Bendigo and Adelaide Bank Limited	**154,555**	**144,516**

Credit Risk

The company's sole receivable is from Bendigo and Adelaide Bank Limited. No provision for impairment is deemed necessary.

Note 9. Other current assets

	2017 $	2016 $
Prepayments	22,954	9,877
Future income tax benefit	168,767	186,219
	191,721	**196,096**

The company does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

Note 10. Property, plant and equipment

	2017 $	2016 $
Leasehold improvements		
Opening balance at cost	327,656	327,656
Additions	4,001	-
Closing balance at cost	**331,657**	**327,656**
Less accumulated depreciation	(39,880)	(30,955)
Total leasehold improvements	**291,777**	**296,701**
Plant & equipment		
Opening balance at cost	119,685	119,685
Disposals	(22,446)	-
Additions	24,207	-
Closing balance at cost	**121,446**	**119,685**
Accumulated depreciation	(47,768)	(59,151)
Total plant and equipment	**73,678**	**60,534**
Total property, plant and equipment	**365,455**	**357,235**

Note 11. Trade and other payables

	2017 $	2016 $
Creditors and Accruals	40,976	72,718
GST Payable	43,119	31,276
PAYG Withheld from Salary & Wages	14,055	13,759
	98,150	**117,753**

Note 12. Provisions

	2017 $	2016 $
Provision for Employee Entitlements – Annual Leave	74,299	74,551
Provision for Employee Entitlements – Long Service	82,262	82,893
Total employee entitlements provisions	**156,561**	**157,444**
Provision for Dividend	9,975	5,689
Total provisions	**166,536**	**163,133**
Analysis of Total Provisions		
Current liabilities	149,322	142,278
Non-current liabilities	17,214	20,855
Total provisions	**166,536**	**163,133**

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

Note 13. Issued capital

	2017 $	2016 $
345,510 Ordinary Shares at $1.00 each fully paid	**345,510**	**345,510**

There are no externally imposed capital requirements.

(a) Movements in issued capital

There have been no changes in the strategy adopted by management to control the capital of the company since the prior year.

(b) Capital management

Management controls the capital of the company in order to maintain a satisfactory debt to equity ratio and to ensure that the company can fund its operations and continue as a going concern.

The company’s debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. Currently, the company does not consider it necessary to finance its operations through debt capital. Accordingly, the company’s only material financial liabilities at the end of the reporting period are trade and other payables.

Management manages the company’s capital by assessing the company’s financial risks and adjusting its capital structure in response to changes in these risks and in the market.

Note 13. Issued capital (continued)

(b) Capital management (continued)

There have been no changes in the capital structure or the objectives, policies, processes and the strategy adopted by management to manage the capital of the company from the previous year.

The capital structure at 30 June 2017 and the previous year end is as follows:

	2017 $	2016 $
Borrowings:		
debt instruments issued	-	-
bank loans	-	-
bank overdraft	-	-
Total Borrowings	**-**	**-**
Trade and other payables	98,150	117,753
Less cash and cash equivalents	511,787	522,039
Net debt	-	-
Total equity	**958,832**	**939,000**
Total capital	**958,832**	**939,000**
Gearing ratio (%)	0.00%	0.00%

Note 14. Retained earnings

Retained earnings at the beginning of the financial year	593,490	644,212
Net profit/(loss) attributable to members of the company	44,018	(26,536)
Dividends provided for or paid	(24,186)	(24,186)
Retained earnings at the end of the financial year	**613,322**	**593,490**

Note 15. Events after the reporting period

The Directors are not aware of any significant events since the end of the reporting year.

	2017 $	2016 $

Note 16. Cash flow information

Reconciliation of Cash Flow from Operations with (Loss) after Income Tax

	2017 $	2016 $
Profit/(Loss) after income tax	44,018	(26,536)
Depreciation	19,988	22,135
(Increase) in debtors and prepayments provision	(23,116)	(8,907)
Decrease/(Increase) in future income tax benefit	17,452	(10,970)
(Decrease) in trade payables and accruals	(15,318)	(13,173)
(Decrease)/Increase in provisions	(883)	32,276
Net Cash Provided by Operating Activities	**42,141**	**(5,175)**

Note 17. Financial risk management

The company's financial instruments consist mainly of deposits with banks; local money market investments; investments in term-deposits, listed equity instruments, and managed funds; accounts receivable and payable; and loans made to related parties and investment 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 (net of bank overdrafts)	7	511,787	522,039
Trade and other receivables	8	154,555	144,516
		666,342	**666,555**
Financial liabilities			
Trade and other payables	11	98,150	117,753
		98,150	**117,753**

Financial risk management policies

The Directors' overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Director's on a regular basis. These include the credit risk policies and future cash flow requirements.

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

Note 17. Financial risk management (continued)

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. The company's objective in managing credit risk is to minimise the credit losses incurred, mainly on trade and other receivables.

All cash and cash equivalents are held with large reputable financial institutions within Australia and therefore credit risk is considered minimal.

b. Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company is not currently exposed to any significant liquidity risk on the basis that the realisable value of financial assets is significantly greater than the financial liabilities due for settlement. The company manages its liquidity risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

c. Market risk

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

Interest rate risk is managed using a mix of fixed and floating rate instruments. At 30 June 2017, the company had no interest-bearing financial liabilities.

The company also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

Note 18. Related party transactions

The company's main related parties are as follows:

Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, is considered key management personnel. The Board considers that the Directors are the only key management personnel.

Other related parties of the company

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.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties (ie at arm's length) unless the terms and conditions disclosed below state otherwise. The following transactions occurred with related parties:

Note 18. Related party transactions (continued)

Other related parties of the company (continued)

Malcolm Wells Accounting Solutions Pty Ltd – fees for company secretarial, wages and other related accounting services.

Iceberg Corporate Pty Ltd – fees for administrative and other related accounting services.

Shares held by Director related entities:-

Shares held directly or indirectly by Directors represent 21% of the total shares issued in Carrum Downs Financial Services Ltd.

Note 19. Fair value measurement

The company does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurrring basis.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the company are consistent with one or more of the following valuation approaches:

Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Note 19. Fair value measurement (continued)

Valuation techniques (continued)

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Note 20. Company details

Carrum Downs Financial Services Limited
ACN 088 990 470

Registered office:
Shop 3, 100 Hall Road, Carrum Downs Shopping Centre
Carrum Downs VIC 3201

Directors' declaration

In accrdance with a resolution of the Directors of Carrum Downs Financial Services Limited, the Directors of the company declare that:

1 The financial statements and notes, as set out on pages 11 to 32, are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards which, as stated in accounting policy note 1 to the financial statements, constitutes compliance with International Financial reporting standards; and

   (b) give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date, of the company.

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.

This declaration is made on 25 September 2017 in accordance with a resolution of the Board of Directors.

Lindsay Wells
Director

Jason Pater
Director

Date: 25 September 2017

Independent audit report

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CARRUM DOWNS FINANCIAL SERVICES LIMITED
89 088 990 470

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Carrum Downs Financial Services Limited, which comprises the statement of financial position as at 30th June 2017, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and 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 my opinion:

a. the accompanying financial report of Carrum Downs 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 financial 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 International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Information Other than the Financial Report and Auditor's Report Thereon

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. My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Directors 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.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CARRUM DOWNS FINANCIAL SERVICES LIMITED
89 088 990 470

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 Responsibilities for the Audit of the Financial Report

My 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 my 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 the 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 the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. 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.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Company audit. I remain solely responsible for my audit opinion.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CARRUM DOWNS FINANCIAL SERVICES LIMITED
89 088 990 470

I 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 I identify during my audit.

Mr. L.A.Milner A.C.A. Registered Auditor

Venn Milner Accounting Services Pty Ltd
Chartered Accountants
Suite 1, 10-12 Chapel Street Blackburn Vic 3130

Date : 25th September 2017

Carrum Downs **Community Bank**® Branch
Shop 3, Carrum Downs Regional Shopping Centre,
100 Hall Road, Carrum Downs VIC 3201
Phone: (03) 9782 9788 Fax (03) 9782 9799
www.bendigobank.com.au/carrum-downs

Marriott Waters branch
Shop A5/6, Marriott Waters Shopping Centre,
10-18 Society Avenue, Lyndhurst VIC 3975
Phone: (03) 9799 0344 Fax (03) 9799 0015
www.bendigobank.com.au/marriott-waters

Franchisee: Carrum Downs Financial Services Limited
Shop 3, Carrum Downs Regional Shopping Centre,
100 Hall Road, Carrum Downs VIC 3201
Phone: (03) 9782 9788
ABN: 89 088 990 470

(BNPAR17044) (08/17)

This Annual Report has been printed on 100% Recycled Paper

Bendigo Bank
Bigger than a bank.

bendigobank.com.au