

2017 Annual Report



Caulfield Park
Community Bank[®]
Branch



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Chairman's Message



We have now contributed close to \$900,000 to our local community, via grants to myriad community groups and charities. We have included a list of these organisations in this annual report, to demonstrate the wide scope of our support for sporting clubs, schools, welfare groups and local congregations throughout the year.

We anticipated a challenging period following the restructure in the way Bendigo and Adelaide Bank (BEN) pays our income, which commenced on 1 July 2016. However, I am delighted to report that we have navigated through the transition period, to end up in a stronger position - largely thanks to the diligent efforts of our staff, the proactive support we have received from the Bayside Region and the prudent oversight of our board, especially Treasurer and Company Secretary Gary Hershan.

Caulfield Park Branch achieved outstanding results in lending growth, which were duly recognised via multiple awards throughout the year. We comprised about one-third of the lending growth in Bayside region. Our Branch Manager Jignesh Jasani won both State and national awards for his leadership and other staff were recognised for their efforts. As the financial statements clearly demonstrate, it has been an exceptional year of achievement.

The Board

Our board has continued to focus on improving governance, protocols and strategic planning this year. We introduced a Board Secretary, Sabina Filippin, to assist us with board administration, record keeping and grants correspondence. Sabina has been a highly valued member of the team.

Thank you to all directors for their ongoing voluntary contributions and commitment to Caulfield Park Branch: Gary Hershan, Sam Parasol OAM, David Clarke, Christopher Gorrie, Emma Boyar, Harriet Warlow-Shill, Philip Knight and Jeff Kagan.

Thank you also to our Branch Ambassador, Rysia Rozen OAM, Susan Leigh and the team at Leigh Bookkeeping Services, Jacob Kingsley and Lowe Lippmann Chartered Accountants and Business Advisors, Sol Leski, Sandy Anderson JP, Dr Mervyn Cass, Ruth Parasol and Grahame Leonard AM for their ongoing support and wise counsel.

The Staff

What an outstanding year for our staff! Jignesh Jasnai, Rajan Kumar, Guireh Darar, Rachael Mwangi, Hannah Donovan and Sue Cleal continued to go above and beyond for our customers; they have set a high benchmark in 2017. On behalf of the board, I thank our staff, and our regional financial planner Ben Dascal, for everything they have brought to the workplace and for the inspiring support they continue to provide to each other.

Mark Nolan, Michelle Mason, Jane Turner and Natalie Goold at Bayside Region have been generous and patient in their assistance to the board and staff over the last year, thank you.

The Future

Beyond the horizon remains uncertain, especially if APRA again adjusts its approach to risk and Bendigo Bank responds through changes to its lending policies. A change to the Reserve Bank's monetary policy will also have a significant impact. I have no doubt, however, that our staff, backed by the support of the board and the Region, will once again rise to any challenge.

On behalf of Caulfield Park Community Bank, thank you for your continued support.

Kate Ashmor

Chairman

Branch Manager's Report

It's been our first full financial year as a team and what a year it has been. Over the last 12 months our team has grown both in confidence and knowledge, and has achieved some significant outcomes for our customers and the local community. Throughout the year we have had a strong focus on building stronger relationships with customers, sponsored organisations and the local community. Over the last 12 months we have also focussed on investing in the self-growth of our staff, to ensure they were acquiring relevant skills, knowledge and experience towards their next career goals.

Our team had achieved the highest lending growth in our region for the quarter of September to December 2016, winning the Focus 2 100 competition held by Bendigo Bank head office. Our Customer Relationship Manager Raj was awarded the region's employee of the month for April 2016, and also other staff were acknowledged by the region for their contributions in achieving better outcomes for customers throughout the year.

We as a team had set ourselves some big goals for the last financial year and are happy to report we have achieved these goals convincingly. Last financial year we grew our lending book by \$16.21m which was highest in the region, and our deposit book grew by \$19.5m – the second highest in region. Our overall book, including other parts of business, grew by \$41.7m, again the highest in the region. Last financial year saw us achieve strong growth in branch lending and deposits, but it was pleasing to see that we also saw growth in other product sales such as insurance, credit cards and wealth products, thus increasing our non-gap income. We also increased our total customer numbers by 6.2% in the last financial year, which was above the region's average and similarly, we had an increase of 1,113% in net new accounts opened last financial year compared to the previous financial year.

The year ahead is going to be more challenging, with the tightening of investment lending and strong competition in deposits. We are confident, however, of achieving our targets for next financial year while continuing to form stronger relationships with existing customers and through customer advocacy. Our team is now well settled and are more experienced to meet new challenges that the next financial year will present.

The team at Caulfield Park would personally like to thank our shareholders, board, State Support and above all our customers for their continued support and we look forward to having another successful year for the branch and local community.

Best wishes,

Jignesh Jasani

Branch Manager

Community Organisations Awarded Sponsorships & Grants This Year

10th Caulfield Scout Group	Jewish Community Radio (J-Air)
Access Inc	Jewish Taskforce Against Family Violence
Armada Bowls Club	Kehillat Ohr David
Association of Independent Retirees Bayside Glen Eira	Knit One Give One (KOGO)
Aussie Hands Foundation Inc	Le Page Park Cricket Club
B'nai Brith Anti Defamation Commission	Lider Sunday School
Bayside Polio Group	Maccabi Ajax Lawn Bowls
Bentleigh West Kindergarten Inc	Maccabi Athletic Club
Betar Youth Organisation Melbourne	Maccabi Victoria
Carnegie South Cricket Club	Museum of Indonesian Art Inc
Carnegie United Kings Cricket Club	National Council of Jewish Women Australia (Victorian Division)
Caulfield Park Sports Club	Neighbourhood Watch Glen Eira
Caulfield Primary School	Pink Challah Bake Inc
Chabad Melbourne	Rosh Chodesh Women's Circle TM
Chabad Youth Vic	South East Cricket Association
Chrisalis Foundation	She'ela Festival
Cinema and Theatre Historical Society of Australia Inc	Shir Madness Jewish Music Festival
Courage of Care Vic	St Catharine's Anglican Church Caulfield South
Glen Eira Choir	St Kilda Hebrew Congregation Library Fund Inc
Hamayan	Standup
Hatzolah	Twelve Batmi & Thirteen Barmi
Heichal Hatorah	Tzofim Onot Scouts
Highett West Cricket Club	Unchain My Heart Inc
Hineni Youth & Welfare	Washington Park Cricket Club
Impact For Women	Wings of Care
Jewish Bereaved Parents Inc	Zionism Victoria

Caulfield Park Community Financial Services Limited

Financial Statements

30 June 2017

Caulfield Park Community Financial Services Limited

ABN 42 106 397 504

Directors' Report

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

Directors

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

Kate Ashmor

Chair

Occupation: Lawyer, Company Director

Qualifications, experience and expertise: Managing Director of Ashmor Legal Pty Ltd. Lawyer of ten+ years experience. Bachelor of Laws / Bachelor of Arts (Monash). Member of the Australian Institute of Company Directors.

Special Responsibilities: Chair, Grants & Community Engagement Committee, and Finance & Audit Committee.

Interests in shares: Nil Ordinary Shares



Gary Arnold Hershman

Secretary & Treasurer

Occupation: Chartered Accountant

Qualifications, experience and expertise: Gary was a principal in Public Practice for over 45 years. Over this time he has provided business, accounting and taxation advice to many businesses, particularly in the SME sector. He has held Executive positions with a number of not-for-profit organisations. Currently he is the Treasurer of 'Not Fair', a promotor of the Visual Arts.

Special responsibilities: Treasurer and Company Secretary. Chair, Finance & Audit Committee, Grants & Community, Engagement Committee.

Interest in shares: Nil Ordinary Shares



Samuel Parasol OAM

Director

Occupation: Director

Qualifications, experience and expertise: Company director and owner of clothing business for 40 years, and extensive involvement for over 50 years in community and sporting groups. Holds a Bachelor of Economics. Fellow Justice of the Peace.

Special Responsibilities: Grants & Community Engagement Committee and Finance & Audit Committee.

Interests in shares: 4,000 Ordinary Shares



David Keith Clarke

Director

Occupation: Managing Director

Qualifications, experience and expertise: Over 30 years of experience in senior management positions with a strong bent towards marketing, advertising and sales. Managerial Director of Snap Caulfield South.

Special Responsibilities: Finance and Audit Committee.

Interests in shares: Nil Ordinary Shares



Christopher David Gorrie

Director

Occupation: Junior Participation Specialist, Cricket Australia

Qualifications, experience and expertise: From a career perspective I worked in the finance industry for 20+ years before changing careers and joining Cricket Australia in 2012. In the community I have been an Executive Member of Washington Park Cricket Club since 1985 where I commenced as a Junior. Roles at the club have included captain/coach, Vice-President, committee member since 1992 and I am currently the club's Junior Coordinator.

Special responsibilities: Nil

Interest in shares: Nil Ordinary Shares



Harriet Jane Warlow-Shill

Director (*Appointed 20 November 2016*)

Occupation: Lawyer

Qualifications, experience and expertise: Harriet has been a Lawyer for 16 years. She is a specialist in not-for-profit companies and has served on community boards for 20 years. Harriet is a director for Chabad Institution of Victoria Limited.

Special responsibilities: Grants & Community Engagement Committee.

Interest in shares: Nil Ordinary Shares



Emma Kate Boyar

Director (*Appointed 20 November 2016*)

Occupation: Next Generation Manager

Qualifications, experience and expertise: Emma is a Next Generation Manager and is involved with Jewish Care

Special responsibilities: Grants & Community Engagement Committee.

Interest in shares: Nil Ordinary Shares



Philip George Knight

Director (*Appointed 20 November 2016*)

Occupation: Senior Human Resources Manager

Qualifications, experience and expertise: Philip is a Senior Human Resources Manager, Owner/Manager of Kelly Sports Burwood. He holds a Bachelor of Business Management and Grad. Dip. Business (Banking & Finance).

Special responsibilities: Finance & Audit Committee.

Interest in shares: Nil Ordinary Shares



Jeffrey Allan Kagan

Director (*Appointed 20 November 2016*)

Occupation: Chief Executive Officer

Qualifications, experience and expertise: Jeffrey has worked in consulting and financial services businesses for over 25 years having held Executive and Senior Finance roles in leading strategic and operational change, driving business growth and operational efficiency. Jeffrey holds a Bachelor of Economics (Monash), is a Chartered Accountant and holds a Diploma in Applied Finance and Investment (FINSIA). Jeffrey has been involved in community youth and sporting groups in Executive roles for 30 years.

Special responsibilities: Finance & Audit Committee.

Interest in shares: Nil Ordinary Shares



Allan Grosman

Director (*Retired 20 November 2016*)

Occupation: Investor

Qualifications, experience and expertise: 40 years in managing various businesses in the fashion and clothing industry. Investor in various property and financial assets. Is currently a non-executive director of the Reading Room Inc, Sabena Fashion Group and Difuze HR.

Special Responsibilities: Nil

Interests in shares: 3,000 Ordinary Shares



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

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

Company Secretary

The company secretary is Gary Arnold Hershan. Gary was appointed on 12 December 2014. Gary is a Chartered Accountant.

Principal Activities

The principal activities of the company during the financial year were facilitating **Community Bank®** services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited. There have been no significant changes in the nature of these activities during the year.

Operating results

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

Year ended 30 June 2017	Year ended 30 June 2016
\$	\$
51,728	107,680

Dividends

	Year ended 30 June 2017
	Cents
Dividends paid in the year	5
	\$ 36,755

Significant changes in the state of affairs

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

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 except as disclosed in note 20 to the financial statements. 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.

Indemnification and insurance of directors and officers

The company has indemnified all directors and the manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or manager of the company except where the liability arises out of conduct involving the lack of good faith.

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

Directors' meetings

The number of directors' meetings attended by each of the directors of the company during the year were:

	Directors' Meetings	
	Eligible	Attended
Kate Ashmor	6	5
Gary Arnold Hershan	6	5
Samuel Parasol OAM	6	6
David Keith Clarke	6	5
Christopher David Gorrie	6	4
Harriet Jane Warlow-Shill (<i>Appointed 20 November 2016</i>)	4	4
Emma Kate Boyar (<i>Appointed 20 November 2016</i>)	4	3
Philip George Knight (<i>Appointed 20 November 2016</i>)	4	3
Jeffrey Allan Kagan (<i>Appointed 20 November 2016</i>)	4	4
Allan Grosman (<i>Retired 20 November 2016</i>)	2	1

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

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

Non audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non audit services provided during the year are set out in the notes

The board of directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

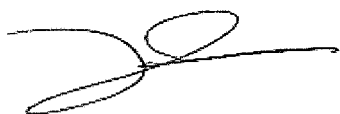
The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Auditor's independence declaration

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

Signed in accordance with a resolution of the board of directors at Caulfield Park, Victoria on 20 September 2017.



Kate Ashmor, Chair



Chartered Accountants

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

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Caulfield Park Community Financial Services Limited

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

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



Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 20 September 2017



David Hutchings
Lead Auditor

Caulfield Park Community Financial Services Limited

ABN 42 106 397 504

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

	Notes	2017 \$	2016 \$
Revenue from ordinary activities	4	1,016,359	921,884
Employee benefits expense		(443,138)	(445,031)
Charitable donations, sponsorship, advertising and promotion	5	(262,357)	(82,912)
Occupancy and associated costs		(118,389)	(114,345)
Systems costs		(19,388)	(20,054)
Depreciation and amortisation expense	6	(18,258)	(18,394)
General administration expenses		(83,480)	(89,860)
Profit before income tax expense		71,349	151,288
Income tax expense	7	(19,621)	(43,608)
Profit after income tax expense		51,728	107,680
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		51,728	107,680
Earnings per share		¢	¢
Basic earnings per share	23	7.04	14.65

Caulfield Park Community Financial Services Limited

ABN 42 106 397 504

Balance Sheet as at 30 June 2017

	Notes	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	8	731,122	715,736
Trade and other receivables	9	93,048	81,309
Current tax asset	12	13,724	-
Total Current Assets		837,894	797,045
Non-Current Assets			
Property, plant and equipment	10	68,264	71,110
Intangible assets	11	27,450	41,193
Deferred tax asset	12	14,536	8,888
Total Non-Current Assets		110,250	121,191
Total Assets		948,144	918,236
LIABILITIES			
Current Liabilities			
Trade and other payables	13	103,467	99,221
Current tax liabilities	12	-	9,384
Provisions	14	32,172	18,543
Total Current Liabilities		135,639	127,148
Non-Current Liabilities			
Provisions	14	16,520	10,076
Total Non-Current Liabilities		16,520	10,076
Total Liabilities		152,159	137,224
Net Assets		795,985	781,012
Equity			
Issued capital	15	545,255	545,255
Retained earnings	16	250,730	235,757
Total Equity		795,985	781,012

The accompanying notes form part of these financial statements

Caulfield Park Community Financial Services Limited

ABN 42 106 397 504

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

	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2015	545,255	164,832	710,087
Total comprehensive income for the year	-	107,680	107,680
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(36,755)	(36,755)
Balance at 30 June 2016	545,255	235,757	781,012
Balance at 1 July 2016	545,255	235,757	781,012
Total comprehensive income for the year	-	51,728	51,728
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(36,755)	(36,755)
Balance at 30 June 2017	545,255	250,730	795,985

Caulfield Park Community Financial Services Limited

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Statement of Cash Flows

for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
Cash flows from operating activities			
Receipts from customers		1,079,775	989,789
Payments to suppliers and employees		(995,546)	(814,941)
Interest received		17,959	15,696
Income taxes paid		(48,378)	(54,599)
Net cash provided by operating activities	17	53,810	135,945
Cash flows from investing activities			
Payments for property, plant and equipment		(1,669)	-
Net cash used in investing activities		(1,669)	-
Cash flows from financing activities			
Dividends paid		(36,755)	(36,755)
Net cash used in financing activities		(36,755)	(36,755)
Net increase in cash held		15,386	99,190
Cash and cash equivalents at the beginning of the financial year		715,736	616,546
Cash and cash equivalents at the end of the financial year	8(a)	731,122	715,736

The accompanying notes form part of these financial statements

Caulfield Park Community Financial Services Limited

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Notes to the Financial Statements for the year ended 30 June 2017

Note 1. Summary of significant accounting policies
a) Basis of preparation

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

Compliance with IFRS

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

Critical accounting estimates

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

Historical cost convention

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

Comparative figures

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

Application of new and amended accounting standards

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

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

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

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

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

Economic dependency - Bendigo and Adelaide Bank Limited

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

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

Caulfield Park Community Financial Services Limited

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Notes to the Financial Statements for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)**a) Basis of preparation (continued)***Economic dependency - Bendigo and Adelaide Bank Limited (continued)*

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

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

The credit risk (i.e. the risk that a customer will not make repayments) is for the relevant Bendigo and Adelaide Bank Limited entity to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

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

- the design, layout and fit out of the **Community Bank®** branch
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

b) Revenue

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the company and any specific criteria have been met. Interest and fee revenue is recognised when earned. The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue. All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue calculation

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

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

Core banking products

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

Caulfield Park Community Financial Services Limited

ABN 42 106 397 504

**Notes to the Financial Statements
for the year ended 30 June 2017****Note 1. Summary of significant accounting policies (continued)****b) Revenue (continued)***Margin*

Margin is arrived at through the following calculation:

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

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

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

Commission

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

Fee income

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

Discretionary financial contributions

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

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

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

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

Ability to change financial return

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

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

Caulfield Park Community Financial Services Limited

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Notes to the Financial Statements for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)**b) Revenue (continued)***Ability to change financial return (continued)*

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

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

Monitoring and changing financial return

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

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

c) Income tax*Current tax*

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

Deferred tax

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

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

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

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

Caulfield Park Community Financial Services Limited

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**Notes to the Financial Statements
for the year ended 30 June 2017****Note 1. Summary of significant accounting policies (continued)****c) Income tax (continued)***Current and deferred tax for the period*

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

d) Employee entitlements

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

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

e) Cash and cash equivalents

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

f) Trade receivables and payables

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

g) Property, plant and equipment

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

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

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

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

h) Intangibles

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

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

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Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)
i) Payment terms

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

j) Borrowings

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

k) Financial instruments
Recognition and initial measurement

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

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

Derecognition

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

Classification and subsequent measurement
(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(ii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

l) Leases

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

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

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Notes to the Financial Statements for the year ended 30 June 2017

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

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

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

n) Contributed equity

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

o) Earnings per share

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

p) Goods and Services Tax

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

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

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

Note 2. Financial risk management

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

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

(i) Market risk

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

(ii) Price risk

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

(iii) Credit risk

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

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**Notes to the Financial Statements
for the year ended 30 June 2017**

Note 2. Financial risk management (continued)**(iv) Liquidity risk**

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

(v) Cash flow and fair value interest rate risk

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

(vi) Capital management

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

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

The distribution limit is the greater of:

- (a) 20% of the profit or funds of the franchisee otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the franchisee over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

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

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

Note 3. Critical accounting estimates and judgements

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

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

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

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

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**Notes to the Financial Statements
for the year ended 30 June 2017****Note 3. Critical accounting estimates and judgements (continued)***Taxation*

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

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

These judgements and assumptions are subject to risk and uncertainty. There is therefore a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in corresponding credit or charge to the Statement of Profit or Loss and Other Comprehensive Income.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and the condition of the asset is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Impairment of assets

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

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

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

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

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Notes to the Financial Statements for the year ended 30 June 2017

	2017	2016
	\$	\$
Note 4. Revenue from ordinary activities		
Operating activities:		
- gross margin	724,925	608,738
- services commissions	166,165	155,517
- fee income	47,330	42,750
- market development fund	11,250	50,000
Total revenue from operating activities	949,670	857,005
Non-operating activities:		
- interest received	17,959	15,696
- rental revenue	48,730	47,007
- other revenue	-	2,176
Total revenue from non-operating activities	66,689	64,879
Total revenues from ordinary activities	1,016,359	921,884

Note 5. Charitable donations, sponsorship, advertising and promotion

- direct donations, sponsorship, advertising and promotion payments during the year		82,357	82,912
- contribution into Community Enterprise Foundation	5a.	180,000	-
Total charitable donations, sponsorship, advertising and promotion		262,357	82,912

Note 5a. Community Enterprise Foundation

During the period the company contributed funds to the Community Enterprise Foundation (CEF), the philanthropic arm of the Bendigo and Adelaide Bank Group. These contributions form part of charitable donations and sponsorship expenditure included in the Statement of Profit or Loss and Other Comprehensive Income.

The funds contributed are held by the CEF in trust on behalf of the company and are available for distribution as grants to eligible applicants. The balance of funds held by the CEF as at 30 June 2017 is as follows:

		2017	2016
		\$	\$
Opening balance		-	-
Contributions	5	180,000	-
Grants paid		-	-
Interest		-	-
Management fees		(9,000)	-
Balance available for distribution		171,000	-

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Notes to the Financial Statements for the year ended 30 June 2017

	2017	2016
	\$	\$
Note 6. Expenses		
Depreciation of non-current assets:		
- plant and equipment	2,057	1,942
- leasehold improvements	1,217	1,217
- furniture and fittings	1,241	1,494
Amortisation of non-current assets:		
- franchise agreement	2,291	2,290
- franchise renewal fee	11,452	11,451
	<u>18,258</u>	<u>18,394</u>
Bad debts	<u>551</u>	<u>652</u>
Note 7. Income tax expense		
The components of tax expense comprise:		
- Current tax	25,270	39,987
- Movement in deferred tax	(5,649)	3,298
- Adjustment to deferred tax to reflect change to tax rate in future periods	-	323
	<u>19,621</u>	<u>43,608</u>
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows		
Operating profit	71,349	151,288
Prima facie tax on profit from ordinary activities at 27.5% (2016: 28.5%)	19,621	43,117
Add tax effect of:		
- non-deductible expenses	-	168
- timing difference expenses	5,649	(3,298)
	<u>25,270</u>	<u>39,987</u>
Movement in deferred tax	(5,649)	3,298
Adjustment to deferred tax to reflect change of tax rate in future periods	-	323
	<u>19,621</u>	<u>43,606</u>
Note 8. Cash and cash equivalents		
Cash at bank and on hand	34,889	37,264
Term deposits	696,233	678,472
	<u>731,122</u>	<u>715,736</u>
Note 8.(a) Reconciliation to cash flow statement		
The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:		
Cash at bank and on hand	34,889	37,264
Term deposits	696,233	678,472
	<u>731,122</u>	<u>715,736</u>

Caulfield Park Community Financial Services Limited

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Notes to the Financial Statements for the year ended 30 June 2016

	2017	2016
	\$	\$
Note 9. Trade and other receivables		
Trade receivables	80,827	74,629
Prepayments	12,221	6,680
	<u>93,048</u>	<u>81,309</u>
Note 10. Property, plant and equipment		
Leasehold improvements		
At cost	48,698	48,698
Less accumulated depreciation	(15,825)	(14,608)
	<u>32,873</u>	<u>34,090</u>
Plant and equipment		
At cost	82,572	80,903
Less accumulated depreciation	(57,902)	(55,845)
	<u>24,670</u>	<u>25,058</u>
Furniture and fittings		
At cost	63,621	63,621
Less accumulated depreciation	(52,900)	(51,659)
	<u>10,721</u>	<u>11,962</u>
Total written down amount	<u>68,264</u>	<u>71,110</u>
Movements in carrying amounts:		
Leasehold improvements		
Carrying amount at beginning	34,090	35,307
Additions	-	-
Disposals	-	-
Less: depreciation expense	(1,217)	(1,217)
Carrying amount at end	<u>32,873</u>	<u>34,090</u>
Plant and equipment		
Carrying amount at beginning	25,058	27,000
Additions	1,669	-
Disposal	-	-
Less: depreciation expense	(2,057)	(1,942)
Carrying amount at end	<u>24,670</u>	<u>25,058</u>
Furniture and fittings		
Carrying amount at beginning	11,962	13,456
Additions	-	-
Disposals	-	-
Less: depreciation expense	(1,241)	(1,494)
Carrying amount at end	<u>10,721</u>	<u>11,962</u>
Total written down amount	<u>68,264</u>	<u>71,110</u>

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Notes to the Financial Statements for the year ended 30 June 2016

	2017	2016
	\$	\$
Note 11. Intangible assets		
Franchise fee		
At cost	32,930	32,930
Less: accumulated amortisation	(28,386)	(26,095)
	<u>4,544</u>	<u>6,835</u>
Establishment/renewal processing fee		
At cost	114,645	114,645
Less: accumulated amortisation	(91,739)	(80,287)
	<u>22,906</u>	<u>34,358</u>
Total written down amount	<u>27,450</u>	<u>41,193</u>
Note 12. Tax		
Current:		
Income tax payable/(refundable)	<u>(13,724)</u>	<u>9,384</u>
Non-Current:		
Deferred tax assets		
- accruals	1,146	1,018
- employee provisions	13,390	7,870
	<u>14,536</u>	<u>8,888</u>
Net deferred tax asset	<u>14,536</u>	<u>8,888</u>
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	<u>(5,648)</u>	<u>3,621</u>
Note 13. Trade and other payables		
Current:		
Trade creditors	12,098	12,191
Other creditors and accruals	91,369	87,030
	<u>103,467</u>	<u>99,221</u>
Note 14. Provisions		
Current:		
Provision for annual leave	<u>32,172</u>	<u>18,543</u>
Non-Current:		
Provision for long service leave	<u>16,520</u>	<u>10,076</u>
Note 15. Contributed equity		
735,107 ordinary shares fully paid (2016: 735,107)	735,107	735,107
Less: return of capital	(147,022)	(147,022)
Less: equity raising expenses	(42,830)	(42,830)
	<u>545,255</u>	<u>545,255</u>

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Notes to the Financial Statements for the year ended 30 June 2016

Note 15. Contributed equity (continued)

Rights attached to shares

(a) Voting rights

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

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

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

(b) Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo and Adelaide Bank Limited contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

(c) Transfer

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the *Corporations Act 2001*.

Prohibited shareholding interest

A person must not have a prohibited shareholding interest in the company.

In summary, a person has a prohibited shareholding interest if they control or own 10% or more of the shares in the company (the "10% limit").

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

The board has the power to request information from a person who has (or is suspected by the board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the board in selling or otherwise dealing with those shares.

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

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Notes to the Financial Statements for the year ended 30 June 2016

	2017	2016
	\$	\$
Note 16. Retained earnings		
Balance at the beginning of the financial year	235,757	164,832
Net profit from ordinary activities after income tax	51,728	107,680
Dividends paid or provided for	(36,755)	(36,755)
Balance at the end of the financial year	<u>250,730</u>	<u>235,757</u>

Note 17. Statement of cash flows

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

Profit from ordinary activities after income tax	51,728	107,680
Non cash items:		
- depreciation	4,515	4,653
- amortisation	13,743	13,741
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(11,738)	1,972
- (increase)/decrease in other assets	(19,373)	3,621
- increase/(decrease) in payables	4,246	31,641
- increase/(decrease) in provisions	20,073	(12,751)
- increase/(decrease) in current tax liabilities	(9,384)	(14,612)
Net cash flows provided by operating activities	<u>53,810</u>	<u>135,945</u>

Note 18. Leases

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable - minimum lease payments:

- not later than 12 months	87,840	84,870
- between 12 months and 5 years	87,840	169,740
	<u>175,680</u>	<u>254,610</u>

The rental lease agreement on the branch premises is a non-cancellable lease with a five year term, with rent payable monthly in advance. The current lease expires on 30 June 2019, with options for a further term of five years available to be exercised.

Note 19. Auditor's remuneration

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

- audit and review services	4,200	4,100
- share registry services	3,268	3,175
- non audit services	1,805	2,085
	<u>9,273</u>	<u>9,360</u>

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Notes to the Financial Statements for the year ended 30 June 2016

	2017	2016
	\$	\$
Note 20. Director and related party disclosures		
The names of directors who have held office during the financial year are:		
Kate Ashmor		
Gary Arnold Hershan		
Samuel Parasol OAM		
David Keith Clarke		
Christopher David Gorrie		
Harriet Jane Warlow-Shill (<i>Appointed 20 November 2016</i>)		
Emma Kate Boyar (<i>Appointed 20 November 2016</i>)		
Philip George Knight (<i>Appointed 20 November 2016</i>)		
Jeffrey Allan Kagan (<i>Appointed 20 November 2016</i>)		
Allan Grosman (<i>Retired 20 November 2016</i>)		
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
Transactions with related parties:		
David Clarke is the owner of Snap Printing which provided art work production and printing services.	6,370	11,521
Directors Shareholdings		
Kate Ashmor	-	-
Gary Arnold Hershan	-	-
Samuel Parasol OAM	4,000	4,000
David Keith Clarke	-	-
Christopher David Gorrie	-	-
Harriet Jane Warlow-Shill (<i>Appointed 20 November 2016</i>)	-	-
Emma Kate Boyar (<i>Appointed 20 November 2016</i>)	-	-
Philip George Knight (<i>Appointed 20 November 2016</i>)	-	-
Jeffrey Allan Kagan (<i>Appointed 20 November 2016</i>)	-	-
Allan Grosman (<i>Retired 20 November 2016</i>)	3,000	3,000
There was no movement in directors shareholdings during the year.		
Note 21. Dividends paid or provided		
a. Dividends paid during the year		
Current year dividend		
100% (2016: 100%) franked dividend - 5 cents (2016: 5 cents) per share	36,755	36,755
The tax rate at which dividends have been franked is 27.5% (2016: 30%).		

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Notes to the Financial Statements for the year ended 30 June 2016

	2017	2016
	\$	\$
b. Franking account balance		
Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	148,331	101,382
- franking credits/(debits) that will arise from payment/(refund) of income tax as at the end of the financial year	(13,724)	9,384
- franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	-	-
	<hr/>	<hr/>
Franking credits available for future financial reporting periods:	134,607	110,766
- franking debits that will arise from payment of dividends proposed or declared before the financial report was authorised for use but not recognised as a distribution to equity holders during the period	-	-
	<hr/>	<hr/>
Net franking credits available	<u>134,607</u>	<u>110,766</u>

Note 22. Key management personnel disclosures

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

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

Note 23. Earnings per share

(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	51,728	107,680
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	735,107	735,107

Note 24. Events occurring after the reporting date

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

Note 25. Contingent liabilities and contingent assets

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

Note 26. Segment reporting

The economic entity operates in the service sector where it facilitates Community Bank® services in the Melbourne suburb of Caulfield Park, Victoria pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 27. Registered office/Principal place of business

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

Registered Office
Level 7, 616 St Kilda Road
Melbourne VIC 3004

Principal Place of Business
193 Balaclava Road
Caulfield North VIC 3161

Caulfield Park Community Financial Services Limited

ABN 42 106 397 504

Notes to the Financial Statements for the year ended 30 June 2016

Note 28. Financial instruments
Financial Instrument Composition and Maturity Analysis

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

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$
Financial assets												
Cash and cash equivalents	34,889	37,264	696,233	678,472	-	-	-	-	-	-	2.21	2.26
Receivables	-	-	-	-	-	-	-	-	80,827	74,629	N/A	N/A
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	12,098	12,191	N/A	N/A

Net Fair Values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the balance sheet. The company does not have any unrecognised financial instruments at the year end.

Credit Risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the balance sheet and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Interest Rate Risk

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

Sensitivity Analysis

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

As at 30 June 2017, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2017 \$	2016 \$
Change in profit/(loss)		
Increase in interest rate by 1%	7,311	7,157
Decrease in interest rate by 1%	(7,311)	(7,157)
Change in equity		
Increase in interest rate by 1%	7,311	7,157
Decrease in interest rate by 1%	(7,311)	(7,157)

Caulfield Park Community Financial Services Limited

ABN 42 106 397 504

Directors' Declaration

In accordance with a resolution of the directors of Caulfield Park Community Financial Services Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

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



Kate Ashmor, Chair

Signed on the 20th of September 2017.



Chartered Accountants

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

Independent auditor's report to the members of Caulfield Park Community Financial Services Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial report of Caulfield Park 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 ended on that date; and
- ii. complying with Australian Accounting Standards.

What we have audited

Caulfield Park Community Financial Services Limited's (the company) financial report comprises the:

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

Basis for opinion

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

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

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

Other information

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

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

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

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

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

Directors' responsibility for the financial report

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

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

Auditor's responsibility for the audit of the financial report

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

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



Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated: 20 September 2017



David Hutchings
Lead Auditor

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



Caulfield Park **Community Bank**® Branch
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