

Cobden & Districts Community Finance Limited

ABN 84 117 781 049

2018 Annual Report

Cobden & Districts **Community Bank**[®] Branch
and
Camperdown branch



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Chairman's report

For year ending 30 June 2018

It is with pleasure and admiration that I present the thirteenth annual report of the Cobden & Districts Community Finance Limited.

The company is continuing to trade profitably and will continue to do so if all external factors stay the same. It has been a hard road and will be for some time, but the difference we make now and the difference we see in the longer term for our local communities is something we must continually strive for.

The biggest challenge facing the community is the aftermath of the St Patrick's Day fires which decimated large parts of the landscape and took many livelihoods away. The wider community, including many other Bendigo Bank branches, contributed to the South West Victoria Bushfire Appeal set up by the Cobden & District **Community Bank**[®] Branch, which raised \$340,000 through generous donations to be used to help affected landholders. This is a clear demonstration of communities joining together to help those impacted and this generosity is what sets our community apart and makes it stronger.

Be the change

- You may not think who you bank with matters. But it does. For our customers, their banking is making a real difference.
- With 321 **Community Bank**[®] branch sites, 1,900 Directors and 1,550 staff, we can provide all banking services.
- Every day our customers help change lives and save lives, simply by banking with us. Their home loans are building skate and sports parks, hospital wings and classrooms. Personal loans, business banking and credit cards are funding ambulances, rescue boats, disabled and aged care facilities.
- Everyday banking is providing all this and more. In fact, \$200 million has been returned to communities and initiatives Australia-wide.
- You need a bank to give you the products and services you need. We need your banking to help us make a difference.

On a local level, my admiration goes out:

- to our shareholders, who give us an opportunity to provide their banking
- to our customers, who by just doing something as simple as banking with us are making a difference
- to our staff, who are more than just Bank 'employees'
- to our Board, who, day-in-day out advocate the **Community Bank**[®] concept to our community
- to our community supporters, who are growing in numbers every day.

Everyone can contribute to a successful and sustainable community – just through banking.

We have still managed to grow the business to have in-excess-of \$125 million in footings and growing daily. However, we need to be mindful of some of the threats and risks we may see in the next few years, as we still have these challenges to contend with:

- The devastating St Patrick's Day fires which have severely impacted the community
- Very slow economy particularly in local rural infrastructure and services
- Low Interest rates

Chairman's report (continued)

- Expansion to other areas such as Terang, Timboon and Mortlake
- Declining foot traffic, declining cash transactions
- Declining ATM withdrawals (Nationally down 22% last five years).

Our community balance sheet is something that I am very proud of and it needs to be recorded here:

- It's these local Board of Directors who decide where the funds go and it's all about engaging and strengthening our communities
- Over 90 local clubs and organisations have received a benefit from our **Community Bank®** branch
- Over \$500,000 has been given directly back to the local community by way of grants, sponsorship and donations
- This sponsorship program will grow in value approximately \$65,000 every year
- We have long term partnerships with Cobden Health, Camperdown Football Netball Club, Port Campbell Surf Life Saving Club and the Cobden Recreation Reserve Committee of Management (in conjunction with the sporting clubs involved)
- Operation of two branches, one in Cobden and one in Camperdown
- The direct employment of eight local community members
- Provision of a dividend to our shareholders for the fourth year in a row
- We disperse local capital from bank profits
- Provide a local competitive banking landscape
- Which all helps to strengthen the community.

Where to from here? Well the formula is simple, more customers and more funds under management = increased local profits (that would go elsewhere if not with the **Community Bank®** branch) = more local community investment.

Our staff advise us from their analysis of our accounts, that we currently have approximately 49% of our shareholders who substantially bank with us, 16% who have minimal engagement with us and a disappointing 37% who have no banking with us at all. We need to work harder in selling our message and the reason for existence (even to those who originally supported us).

We aim to provide quality banking services to benefit our shareholders and our community

The Board has an enormous depth of commitment to the company, partnered by a great vision for the community. They continue to be proactive in ensuring the business continues to achieve the best outcomes for our shareholders, customers, staff and the company.

Gary Kimber (former Vice Chairman) resigned from the Board in March. Gary represented our organisation at many clubs and groups through the year and we thank him for his valuable contribution. Ann Cunningham is our new Vice Chairman and brings to the role strong business experience and community involvement. Greg Suter, Milton Parlour, Chris Bodey, Bill Duncanson, Pat Robertson, Steffi Morris, Brooke Love and Simon Buccheri have all continued to prove invaluable in their efforts in promoting and working in and for the local community. I thank you all for another good year and I look forward to working with you all again.

Some highlights

- \$500,000 Party celebrating this milestone.
- Involvement with "Ice Challenge".
- Cobden / Port Fairy FN Clubs Trophy.
- Trestle 10 event at Timboon.
- Essendon Football Club at Port Campbell.

Chairman's report *(continued)*

Our committed staff, with our Manager, Lauren Hester, leading the branch teams of Dianne Van Heusden, Margaret McMaster, Wendy Bateman, Vicki Fitzgerald and Sally Mahony, who have and will, continue to grow our business. I thank them for their work, dedication, and 'can do' attitude towards our company. We need to also thank them for the volunteer time they provide to the community via the company committees they serve on and the community functions they attend. Our staff make it more than just another Bank. A thanks also to Sharon Savage and Lesa Best for their work during the year. Both Sharon and Lesa have left the branch and we wish them all the best for the future.

Our staff and Board owe a huge thanks to state Bendigo and Adelaide Bank Limited team led by Tim Rodda; our Regional Manager, Sue Tansey, our Regional Community Manager, Kevin Hannam, our Business Banking Manager, Brenton Morgan and plus the staff at Rural Bank. These people have been there when we needed them, have helped before we asked and have been a great asset to our company.

Be the change



James Green
Chairman

Community contributions – 2017/18 financial year	
U3A Corangamite	Hampden Tennis Association
Advance Camperdown	JDRF
Camperdown Bowling Club	LINC Church Services
Camperdown Football Netball Club	Lions Club of Camperdown
Camperdown Golf Club	Luke Bouchier Music
Camperdown Hospital Aux	Netball Association
Camperdown P&A Society	Progressing Cobden
Camperdown Probus Club Inc.	Rock the Clock Camperdown
Camperdown Turf Club	Royal Children's Hospital
Camperdown Uniting Church	South West Cricket Association
Cobden Amateur Swimming Club	South West Vic Bushfire Appeal
Cobden Bakery	South West's Big Freeze
Cobden Golf Club	The Butchers Cut
Cobden Health	The Colour Angel
Cobden Rec Reserve	Tim Mason Magic
Corangamite AFLW Challenge Cup	TUniversal Music Group
Great South Coast Events	WD Newspapers
Greavesys Fresh Fruit & Veg	Youth Taking Action

Manager's report

For year ending 30 June 2018

It is with pleasure that I present the managers report for the 2017/18 financial year.

Firstly, I would like to express our ongoing support and assistance to all customers, shareholders and the wider community that have been impacted by the St Patrick Day Bushfire in March 2018. This has been a tough time for us all, and in a time of great need, the community has rallied and banded together to support each other and become a stronger more resilient community. It has been wonderful to have the backing of the Bendigo Bank to help facilitate the national South West Bushfire Appeal, which saw over \$340,000 raised from across the country.

Despite the difficulty and uncertainty that the fires have created, it has also been a time of celebration for our communities, when earlier in 2018 we reached the massive milestone of \$500,000 in community contributions since the branches were established by Cobden & District Community Enterprise Limited in 2006.

The **Community Bank**[®] model is a rewarding one that the staff and I are proud to promote within the community. I would like to thank all those who have noted our point of difference and switched their banking in support of us, as it is your banking business that generates funds for your community.

We have had a successful year financially and we have seen a total footings growth of \$8.7 million:

	30 June 2017	30 June 2018	Variance
Cobden	\$68.2 million	\$71.8 million	\$3.6 million
Camperdown	\$54.5 million	\$59.6 million	\$5.1 million

Additionally, we are also seeing a year on year increase in our customer numbers:

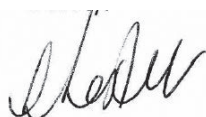
	30 June 2017	30 June 2018	Variance
Cobden	1,582	1,654	4.6%
Camperdown	1,225	1,300	6.1%

The 2017/18 financial year saw some staff changes and I would like to thank Lesa Best, Vicki Fitzgerald and Sharon Savage for their efforts and wish them well in the future. In turn, we have welcomed fresh faces to the team Matt Clark, Brad Teague and Emily Murray and I would also like to acknowledge the other hardworking staff, Margaret McMaster, Diane Van Heusden, Wendy Bateman and Sally Mahony. Thank you to you all for the time you spend volunteering out of hours to attend functions and community events.

I would like to thank Chairman, James Green and the whole Board of Directors who are all volunteers. The Board continues to show leadership, enthusiasm and innovation to ensure that the strategic direction of the Cobden & Districts **Community Bank**[®] Branch and Camperdown branch is successful for our shareholders and the community.

Thank you to the support and guidance provided by our local connection team lead by Sue Tansey and Kevin Hannam. Also, to Brenton Morgan and team in Business Banking and Andrew Martin and the team at Rural Bank. These partnerships are essential to successfully expanding our business.

Finally, I urge you to consider giving us a go next time you are in the market for a financial product or service. You might be surprised how competitive we are.



Lauren Hester
Business Development Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2018

It's been 20 years since the doors to the first **Community Bank®** branch opened. And it has only been a few months since the latest, the 321st, **Community Bank®** branch opened its doors.

In the last 20 years, much has changed. A staggering 92 per cent of our customers do their banking online and we pay for goods and services on a range of mobile phones, our watches and even our fitness devices. Many are embracing this online world with a sense of excitement and confidence. Our model will be even more accessible to people right across Australia.

Despite the change many things have also remained constant through the last two decades. Commitment within communities remains as strong today as it has ever been; from our first **Community Bank®** branch to the most recent one, and the 319 in between.

This year, five of our **Community Bank®** branches are celebrating 20 years in business. Bendigo Bank has celebrated 160 years in business. We farewelled Managing Director Mike Hirst and welcomed into the MD role long-time Bendigo employee Marnie Baker.

Our **Be the change** online marketing campaign has been the most successful online marketing campaign ever run by our organisation. The premise behind **Be the change** is simple – it thanks individual customers for banking with their **Community Bank®** branch.

But it's not the Bank thanking the customers. It's not the staff, volunteer directors or shareholders thanking the customers. It's the kids from the local little athletics and netball clubs, it's the man whose life was saved by a **Community Bank®** funded defib unit, it's members of the local community choir and the animal rescue shelter. These people whose clubs and organisations have received a share of over \$200 million in **Community Bank®** contributions, all because of people banking with their local **Community Bank®** branch.

Be the change has further highlighted the power of the model. For others, customers are important. For our **Community Bank®** network, customer support ensures our point of difference. It's the reason we can share in the revenue generated by their banking business. Without this point of difference, we would be just another bank.

But we're not, we're Bendigo Bank and we're Australia's only 'community bank', recently named by Roy Morgan Research as Australia's third most trusted brand and most trusted bank. As one of 70,000-plus **Community Bank®** company shareholders across Australia, these are outcomes we hope you too are proud of.

I'd like to thank you for your decision to support your local **Community Bank®** company as a shareholder. Your support has been vitally important to enhancing the prospects and outcomes within your community.

Without you, there would be no **Community Bank®** branch network in Australia.

We value your initial contribution and your ongoing support of your **Community Bank®** branch and your community. Thank you for continuing to play a role in helping your community **Be the change**.



Robert Musgrove
Bendigo and Adelaide Bank

Supporting our local community.

Since opening for business in 2006 the customers of the Cobden & Districts **Community Bank®** Branch and the Camperdown branch have returned more than \$500,000 into the local community by supporting the following clubs, organisations, and groups.



1st Cobden Scout Group
3UA Corangamite
Advance Camperdown
Ban the Bulb Project
Beacon Newsletter
Bookar Cricket Club
Camperdown & District Community House
Camperdown & District Historical Society
Camperdown Ambulance Aux.
Camperdown Angling Club
Camperdown Bowling Club
Camperdown College
Camperdown Community Stadium
Camperdown Cruise Inc.
Camperdown Cycling Club
Camperdown Fire Brigade
Camperdown Football Netball Club
Camperdown Garden Club
Camperdown Girl Guides
Camperdown Golf Club
Camperdown Hospital Aux.
Camperdown Lions Club
Camperdown Little Athletics
Camperdown P&A Society
Camperdown Playgroup Inc.
Camperdown Pre-School Assoc.
Camperdown Probus Club Inc.
Camperdown SES
Camperdown Theatre Co. Ltd
Camperdown Timboon Rail Trail Committee
Camperdown Toy Library
Camperdown Traders Night
Camperdown Turf Club
Camperdown Uniting Church
Camperdown, Cobden and Terang Police
Cancer Council Vic
Cobden & District Health Services
Cobden & District Historical Society
Cobden & District Kindergarten
Cobden & District Pony Club
Cobden Aero Club
Cobden Airport Committee of Management
Cobden Amateur Angling Club Inc.

Cobden Amateur Swimming Club
Cobden Art Club (CDHS)
Cobden Art Group
Cobden Bakery
Cobden Bowling Club
Cobden Civic Hall
Cobden Fire Brigade
Cobden Football Netball Club
Cobden Golf Club Inc.
Cobden Health
Cobden Junior Football Club
Cobden Men's Shed
Cobden Playgroup
Cobden Primary School
Cobden Quota
Cobden Recreation Reserve
Cobden Rotary
Cobden Safety House Committee
Cobden Squash Club
Cobden Swimming and Life-Saving Club
Cobden Technical School
Cobrico Hall
Cooinda Terang
Corangamite AFLW Challenge Cup
Corangamite Junior Hockey Association
Corangamite Model Aircraft Club
Corangamite Shire
Corangamite Sportsmen's Club Inc.
Corangamite U3A
Derrinallum College
Derrinallum Yacht & Power Boat Club
Fire Fundraiser
Geelong Cats
Great South Coast Events
Greavesys Fresh Fruit & Veg
Hampden Tennis Association
Heytesbury Agricultural Society
Heytesbury Indoor Bias Bowls Assoc.
JDRF
LINC Church Services
Lions Club of Camperdown
Lismore Primary School
Luke Bouchier Music
Mercy Regional College
Netball Association

Nirranda Football Netball Club Inc.
Noorat Agricultural Society
Pomborneit Fire Brigade
Port Campbell Police
Port Campbell Progress Group
Port Campbell Surf Life Saving Club
Probus Club of Camperdown
Probus Club of Cobden
Progressing Cobden Inc.
Relay for Life
Rock The Clock Camperdown
Rotary Club of Camperdown
Rotary Club of Cobden
Royal Children's Hospital
Shine For Life Church
Simpson & District Community Centre
Simpson Football Netball Club
Simpson Indoor Bias Bowls Club
Simpson Kindergarten
Skipton & District Camp Draft Club
South West Cricket Association
South West Health Care

South West Kart Club
South West Vic Bushfire Appeal
South West's Big Freeze
South Western District Restoration
Southwest Healthcare Camperdown
St Patricks School
The Butchers Cut
The Colour Angel
Tim Mason Magic
Uniting Church in Camperdown
Universal Music Group
Variety Club of Victoria
WD Newspapers
Weerite Public Hall
WestVic Dairy
Yachting Western Victoria
YMCA
Youth Taking Action

Directors' report

For the financial year ended 30 June 2018

Your directors submit the financial statements of the company for the financial year ended 30 June 2018.

Directors

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

James Alfred Green

Chairman

Occupation: Civil Contracting

Qualifications, experience and expertise: Past Chairman Cobden Sport Club. Past HFNL Board member. Past PCSLSC Committee member.

Special responsibilities: Chairman

Interest in shares: 3001

Ann Lucia Cunningham

Vice Chairman

Occupation: Lawyer

Qualifications, experience and expertise: Bachelor of Arts/Law. Past President of Camperdown Playgroup Inc. Member of Camperdown Play space Committee.

Special responsibilities: Social media Committee, Community Investment and Development Committee.

Interest in shares: NIL

Simon Charles Buccheri

Treasurer

Occupation: Accountant

Qualifications, experience and expertise: Bachelor of Business (Accounting) from R.M.I.T. Certified Practising Accountant. Member of CPA Western Branch Committee. Company Secretary of Greenscope Dairies Pty Ltd. Treasurer of Corangamite Film Society. Treasurer of 12 Apostles Food Artisans. Treasurer of universal Music Group. Currently: Finance Manager - The Vet Group Pty Ltd. Previously: Finance Manager - Corangamite Shire Council; Senior Accountant - Swan Hill District Health; Accountant - PricewaterhouseCoopers Melbourne.

Special responsibilities: Chair of the Finance Committee

Interest in shares: Nil

Gregory Leigh Suter

Director

Occupation: Cabinet Maker

Qualifications, experience and expertise: Self Employed Cabinet Maker. Cobden Business Network. Progressing Cobden.

Special responsibilities: Finance, Community Investment and Development Committee

Interest in shares: 1

Directors' report (continued)

Directors (continued)

Christopher Raymond Bodey

Director

Occupation: Farmer

Qualifications, experience and expertise: Member of Cobden Airport Committee of Management. CFA Captain. UDV Branch President. Past Cobden Technical School Councillor.

Special responsibilities: Community Investment and Development Committee

Interest in shares: 1000

Norman William Duncanson

Director

Occupation: Retired

Qualifications, experience and expertise: 30 years Dairy Factory Manufacture Management. 6 years Industry Trainer/Assessor. Diploma Food Technology. Nationally Accredited Industry Trainer. Lions Club Member - 41 years. National Treasurer Lions Eye Health/Vision Programs. Trustee Lions District Charitable Fund. Accredited Lay Presider Uniting Church.

Special responsibilities: People and Assets Committee

Interest in shares: 500

Brooke Love

Director

Occupation: Director of Works & Services, Corangamite Shire Council

Qualifications, experience and expertise: Bachelor of Applied Science and Physical Education. 20 years experience in facility management in the Aquatic & Recreation Industry.

Special responsibilities: People and Assets Committee.

Interest in shares: Nil

Patricia Jean Roberstson

Director

Occupation: Retired

Qualifications, experience and expertise: Past Mayor and Councillor of Town of Camperdown. Current President of Rotary Club of Camperdown. Current Member and Past Chairman of Mt Leura and Mt Sugarloaf Committee of Management. Current Chairman of Camperdown - Timboon Rail Trail Committee. Past District Governor of Rotary International.

Special responsibilities: Community Investment and Development Committee

Interest in shares: 1,000

Steffi Brigit Morris

Director

Occupation: Business Owner

Qualifications, experience and expertise: Bachelor of Social Work (1st Class Honours). Family Counsellor/Social worker at Timboon Hospital 2 years. Member of Business Development/Marketing committee.

Special responsibilities: Community Investment and Development Committee

Interest in shares: Nil

Milton John Parlour

Director

Occupation: Real Estate Agent

Qualifications, experience and expertise: Board of **Community Bank**® branch. Board of Progressing Cobden. Committee of Management Cobden Civic Hall. Vice President of Tennis Association.

Special responsibilities: Finance Committee

Interest in shares: 2,001

Directors' report (continued)

Directors (continued)

Gary Kenneth Kimber

Deputy Chairman (Resigned 31 March 2018)

Occupation: Retired

Qualifications, experience and expertise: Retired School Principal. Secretary of Rotary Club. Member of Men's Shed. Member of Cobden Mini Rail. Volunteer Cobden Information Centre. President U3A.

Special responsibilities: Community Investment Committee, Innovations, Public Relations

Interest in shares: 1,000

Margaret Emily McDonald

Secretary (Resigned 15 November 2017)

Occupation: Home Duties

Qualifications, experience and expertise: Legal Conveyancing Clerk for 30 years.

Special responsibilities: Community Investment Committee, Share Registry, Low Volume Market

Interest in shares: 1,001

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 Janice Fleming. Janice was appointed to the position of secretary on 15 November 2017. Margaret McDonald was the previous secretary resigning on the same date.

Janice has a Diploma Business Management and Export Functions. Bookkeeping and administration certificates. Brief working history: 10 years Export Business Development SE Asia and NZ, 14 years Business Manager automotive field, 8 years Sales Development chemical field and 5 years Admin/Bookkeeping including AP/AR, BAS, Payroll.

Principal Activities

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

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

Operating results

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

Year ended 30 June 2018 \$	Year ended 30 June 2017 \$
111,686	56,192

Dividends

	Year ended 30 June 2018	
	Cents	\$
Dividends paid in the year	3	21,750

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.

Directors' report *(continued)*

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.

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:

	Board Meetings Attended		Committee Meetings Attended					
			Finance		Community Investment		People & Assets	
	A	B	A	B	A	B	A	B
James Alfred Green	12	9	12	5	-	-	-	-
Ann Lucia Cunnington	12	11	-	-	11	9	-	-
Simon Charles Buccheri	12	11	12	10	-	-	-	-
Gregory Leigh Suter	12	9	12	1	11	2	-	-
Christopher Raymond Bodey	12	11	-	-	11	9	-	-
Norman William Duncanson	12	11	-	-	-	-	8	8
Brooke Love	12	10	-	-	-	-	8	8
Patricia Jean Robertson	12	10	-	-	11	8	-	-
Steffi Brigit Morris (Resigned 7 November 2018)	12	6	-	-	11	4	-	-
Milton John Parlour (Resigned 7 November 2018)	12	10	12	11	-	-	-	-
Gary Kimber (Resigned 31 March 2018)	9	6	-	-	8	8	-	-
Margaret Emily McDonald (Resigned 15 November 2018)	5	5	-	-	-	-	-	-

A - eligible to attend

B - attended

Directors' report (continued)

Proceedings on behalf of the company

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

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

Non audit services

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

The board of directors has considered the position, in accordance with the advice received from the finance committee 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 finance committee 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 13.

Signed in accordance with a resolution of the board of directors at Cobden, Victoria on 24 August 2018.



James Alfred Green,
Chairman

Auditor's independence declaration



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 Cobden & Districts Community Finance Limited

As lead auditor for the audit of Cobden & Districts Community Finance Limited for the year ended 30 June 2018, 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.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 24th August 2018

A handwritten signature in black ink, appearing to read 'David Hutchings'.

David Hutchings
Lead Auditor

Financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Revenue from ordinary activities	4	884,682	803,844
Employee benefits expense		(414,563)	(422,742)
Charitable donations, sponsorship, advertising and promotion		(80,882)	(69,004)
Occupancy and associated costs		(40,195)	(36,866)
Systems costs		(34,105)	(33,408)
Depreciation and amortisation expense	5	(33,877)	(35,295)
Finance costs	5	(9,479)	(13,662)
General administration expenses		(117,018)	(103,324)
Profit before income tax expense		154,563	89,543
Income tax expense	6	(42,877)	(33,351)
Profit after income tax expense		111,686	56,192
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		111,686	56,192
Earnings per share		¢	¢
Basic earnings per share	22	15.40	7.75

The accompanying notes form part of these financial statements.

Financial statements (continued)

Balance Sheet as at 30 June 2018

	Notes	2018 \$	2017 \$
ASSETS			
Current assets			
Trade and other receivables	7	62,796	78,585
Total current assets		62,796	78,585
Non-current assets			
Property, plant and equipment	8	382,447	391,933
Intangible assets	9	40,669	54,225
Deferred tax asset	10	135,031	177,908
Total non-current assets		558,147	624,066
Total assets		620,943	702,651
LIABILITIES			
Current liabilities			
Trade and other payables	11	78,804	79,243
Borrowings	12	44,249	68,966
Provisions	13	29,520	39,942
Total current liabilities		152,573	188,151
Non-current liabilities			
Trade and other payables	11	14,912	29,824
Borrowings	12	164,908	288,681
Provisions	13	6,208	3,589
Total non-current liabilities		186,028	322,094
Total liabilities		338,601	510,245
Net assets		282,342	192,406
EQUITY			
Issued capital	14	698,455	698,455
Accumulated losses	15	(416,113)	(506,049)
Total equity		282,342	192,406

The accompanying notes form part of these financial statements.

Financial statements *(continued)*

Statement of Changes in Equity for the year ended 30 June 2018

	Notes	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2016		698,455	(547,741)	150,714
Total comprehensive income for the year		-	56,192	56,192
Transactions with owners in their capacity as owners:				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid	20	-	(14,500)	(14,500)
Balance at 30 June 2017		698,455	(506,049)	192,406
Balance at 1 July 2017		698,455	(506,049)	192,406
Total comprehensive income for the year		-	111,686	111,686
Transactions with owners in their capacity as owners:				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid	20	-	(21,750)	(21,750)
Balance at 30 June 2018		698,455	(416,113)	282,342

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Cash flows from operating activities			
Receipts from customers		963,574	865,572
Payments to suppliers and employees		(762,538)	(727,339)
Interest paid		(9,479)	(13,662)
Net cash provided by operating activities	16	191,557	124,571
Cash flows from investing activities			
Payments for property, plant and equipment		(7,760)	(26,222)
Payments for intangible assets		(13,556)	(13,556)
Net cash used in investing activities		(21,316)	(39,778)
Cash flows from financing activities			
Proceeds from borrowings		-	24,831
Repayment of borrowings		(124,783)	(100,000)
Dividends paid	20	(21,750)	(14,500)
Net cash used in financing activities		(146,533)	(89,669)
Net increase/(decrease) in cash held		23,708	(4,876)
Cash and cash equivalents at the beginning of the financial year		(62,816)	(57,940)
Cash and cash equivalents at the end of the financial year	12a	(39,108)	(62,816)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2018

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 (AASB) 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 which 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 AASB that became mandatorily effective for accounting periods beginning on or after 1 July 2017, and are therefore relevant for the current financial year.

AASB 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This accounting standard is not expected to have a material impact on the financial statements.

AASB 15 Revenue from Contracts with Customers establishes a comprehensive framework for determining whether, how much and when revenue is recognised. This accounting standard is not expected to have a material impact on the financial statements.

There are also a number of accounting standards and interpretations issued by the 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 2017. These future accounting standards and interpretations therefore have no impact on amounts recognised in the current period or any prior period.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Application of new and amended accounting standards (continued)

AASB 16 Leases is effective for annual periods beginning on or after 1 January 2019. The standard introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The company has completed an initial assessment of the potential impact on its financial statements but has not yet completed its detailed assessment. The actual impact of applying AASB 16 on the financial statements in the period of initial application will depend on future economic conditions, including the company's borrowing rate at 1 January 2019, the composition of the lease portfolio at that date, the latest assessment of whether the company will exercise any lease renewal options and the extent to which the company chooses to use practical expedients and recognition exemptions.

So far, the most significant impact identified is that the company will recognise new assets and liabilities for its operating leases of its branches. As at 30 June 2018, the company's future minimum lease payment under non-cancellable operating leases amount to \$49,324, on an undiscounted basis (see Note 17).

No significant impact is expected for the company's finance leases.

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**[®] branches at Cobden and Camperdown, 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**[®] branches on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank**[®] branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

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

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

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

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

- advice and assistance in relation to the design, layout and fit out of the **Community Bank**[®] branches
- training for the branch 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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

The 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.

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.

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).

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Discretionary financial contributions (continued)

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.

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 unrefundable).

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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

c) Income tax (continued)

Deferred tax (continued)

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 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 entity intends to settle its tax assets and liabilities on a net basis.

Current and deferred tax for the period

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

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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

g) Property, plant and equipment (continued)

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 | 5 - 15 years |
| • plant and equipment | 2.5 - 40 years |
| • furniture and fittings | 4 - 40 years |
| • motor vehicles | 3 - 5 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.

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. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement

(i) Loans and receivables

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

(ii) Financial liabilities

Financial liabilities include borrowings, trade and other payables and non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

k) Financial instruments (continued)

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.

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) Issued capital

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.

Notes to the financial statements (continued)

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.

(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 2018 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.

Notes to the financial statements (continued)

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.

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 carried-forward 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 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.

Notes to the financial statements (continued)

Note 3. Critical accounting estimates and judgements (continued)

Impairment of assets (continued)

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.

	2018 \$	2017 \$
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Note 4. Revenue from ordinary activities

Operating activities:

- gross margin	592,028	538,016
- services commissions	148,902	121,129
- fee income	66,570	69,699
- market development fund	75,000	75,000
Total revenue from operating activities	882,500	803,844

Non-operating activities:

- other revenue	2,182	-
Total revenues from ordinary activities	884,682	803,844

Note 5. Expenses

Depreciation of non-current assets:

- plant and equipment	2,378	4,205
- leasehold improvements	10,868	10,858
- buildings	2,284	2,284
- motor vehicle	4,791	1,391

Amortisation of non-current assets:

- franchise agreement	2,259	5,260
- franchise renewal fee	11,297	11,297
	33,877	35,295

Finance costs:

- interest paid	9,479	13,662
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Notes to the financial statements (continued)

	2018 \$	2017 \$
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Note 6. Income tax expense

The components of tax expense comprise:

- Movement in deferred tax	1,029	1,442
- Recoupment of prior year tax losses	41,848	24,812
- Adjustment to deferred tax to reflect change to tax rate in future periods	-	7,097
	42,877	33,351

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows

Operating profit	154,563	89,543
Prima facie tax on profit from ordinary activities at 27.5% (2017: 27.5%)	42,505	24,624
Add tax effect of:		
- non-deductible expenses	372	1,314
- timing difference expenses	(1,029)	(1,126)
	41,848	24,812
Movement in deferred tax	1,029	1,442
Under/(Over) provision of income tax in the prior year	-	7,097
	42,877	33,351

Note 7. Trade and other receivables

Trade receivables	50,761	62,488
Prepayments	12,035	16,097
	62,796	78,585

Note 8. Property, plant and equipment

Land and buildings

Freehold land		
At cost	49,252	49,252
Buildings		
At cost	91,366	91,366
Less accumulated depreciation	(15,212)	(12,928)
	76,154	78,438

Notes to the financial statements (continued)

	2018 \$	2017 \$
Note 8. Property, plant and equipment (continued)		
Leasehold improvements		
At cost	325,087	318,358
Less accumulated depreciation	(115,535)	(104,667)
	209,552	213,691
Plant and equipment		
At cost	59,258	55,152
Less accumulated depreciation	(29,543)	(27,165)
	29,715	27,987
Motor vehicles		
At cost	23,956	23,956
Less accumulated depreciation	(6,182)	(1,391)
	17,774	22,565
Total written down amount	382,447	391,933
Movements in carrying amounts:		
Land		
Carrying amount at beginning	49,252	49,252
Additions	-	-
Disposals	-	-
Less: depreciation expense	-	-
Carrying amount at end	49,252	49,252
Buildings		
Carrying amount at beginning	78,438	80,722
Additions	-	-
Disposals	-	-
Less: depreciation expense	(2,284)	(2,284)
Carrying amount at end	76,154	78,438
Leasehold improvements		
Carrying amount at beginning	213,691	224,549
Additions	6,729	-
Disposals	-	-
Less: depreciation expense	(10,868)	(10,858)
Carrying amount at end	209,552	213,691

Notes to the financial statements (continued)

	2018 \$	2017 \$
Note 8. Property, plant and equipment (continued)		
Plant and equipment		
Carrying amount at beginning	27,987	29,928
Additions	4,106	2,264
Disposals	-	-
Less: depreciation expense	(2,378)	(4,205)
Carrying amount at end	29,715	27,987
Motor vehicles		
Carrying amount at beginning	22,565	-
Additions	-	23,956
Disposals	-	-
Less: depreciation expense	(4,791)	(1,391)
Carrying amount at end	17,774	22,565
Total written down amount	382,447	391,933

Note 9. Intangible assets

Franchise fee		
At cost	52,867	52,867
Less: accumulated amortisation	(46,088)	(43,829)
	6,779	9,038
Renewal processing fee		
At cost	114,337	114,337
Less: accumulated amortisation	(80,447)	(69,150)
	33,890	45,187
Total written down amount	40,669	54,225

Note 10. Tax

Non-Current:

Deferred tax assets		
- employee provisions	9,825	11,971
- tax losses carried forward	128,515	170,364
	138,340	182,335

Notes to the financial statements (continued)

	Notes	2018 \$	2017 \$
Note 10. Tax (continued)			
Deferred tax liability			
- deductible prepayments		3,309	4,427
		3,309	4,427
Net deferred tax asset		135,031	177,908
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income			
		42,877	33,351

Note 11. Trade and other payables

Current:

Trade creditors		52,347	51,248
Other creditors and accruals		26,457	27,995
		78,804	79,243

Non-Current:

Other creditors and accruals		14,912	29,824
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Note 12. Borrowings

Current:

Bank overdrafts		39,108	62,477
Equipment loan	17	5,141	6,150
Business card		-	339
		44,249	68,966

Non-Current:

Equipment loan	17	14,908	18,681
Bank loan		150,000	270,000
		164,908	288,681

The bank overdraft has an approved limit of \$100,000 and attracts an interest rate of 4.03% per bank statement with Bendigo and Adelaide Bank Limited. The overdraft is secured by a fixed floating charge over the company's assets.

The equipment loan is fixed for a term of 60 months commencing March 2017. The loan is secured by a fixed charge over the vehicle 2016 Holden CG Captiva Active Wagon.

The bank loan matured on 16th March 2017 and was rolled over for another five years interest. Interest is now recognised at an average rate of 4.111% (2017: 3.705%). The loan is secured by a fixed charge over the property at 151 Manifold Street, Camperdown.

Notes to the financial statements (continued)

	2018 \$	2017 \$
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Note 12. Borrowings (continued)

Note 12 (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:

Bank overdrafts	(39,108)	(62,477)
Business Credit Card	-	(339)
	(39,108)	(62,816)

Note 13. Provisions

Current:

Provision for annual leave	20,602	21,903
Provision for long service leave	8,918	18,039
	29,520	39,942

Non-Current:

Provision for long service leave	6,208	3,589
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Note 14. Issued capital

7225,012 ordinary shares fully paid (2017: 725,012)	725,012	725,012
Less: equity raising expenses	(26,557)	(26,557)
	698,455	698,455

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.

Notes to the financial statements (continued)

Note 14. Issued capital (continued)

Rights attached to shares (continued)

(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 any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 302. As at the date of this report, the company had 325 shareholders.

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.

Notes to the financial statements (continued)

	2018 \$	2017 \$
Note 15. Accumulated losses		
Balance at the beginning of the financial year	(506,049)	(547,741)
Net profit from ordinary activities after income tax	111,686	56,192
Dividends paid or provided for	(21,750)	(14,500)
Balance at the end of the financial year	(416,113)	(506,049)

Note 16. 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	111,686	56,192
Non cash items:		
- depreciation	20,321	18,738
- amortisation	13,556	16,557
Changes in assets and liabilities:		
- (increase)/decrease in receivables	15,789	(13,645)
- (increase)/decrease in other assets	42,877	33,351
- increase/(decrease) in payables	(4,869)	21,337
- increase/(decrease) in provisions	(7,803)	(7,959)
Net cash flows provided by operating activities	191,557	124,571

Note 17. Leases

Finance lease commitments

Payable - minimum lease payments:

- not later than 12 months	5,141	6,150
- between 12 months and 5 years	17,115	22,176
- greater than 5 years	-	-
Minimum lease payments	22,256	28,326
Less future finance charges	(2,207)	(3,495)
Present value of minimum lease payments	20,049	24,831

The equipment loan is fixed for a term of 60 months commencing March 2017. The loan is secured by a fixed charge over the vehicle 2016 Holden CG Captiva Active Wagon

Notes to the financial statements (continued)

	2018 \$	2017 \$
Note 17. Leases (continued)		
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	16,441	16,093
- between 12 months and 5 years	32,883	48,279
- greater than 5 years	-	-
	49,324	64,372

The Cobden branch property lease is a non-cancellable lease with a five-year term starting from 30 June 2018 with two five-year options available. Rent is payable monthly in advance.

Note 18. Auditor's remuneration

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

- audit and review services	4,400	5,300
- other non audit services	430	430
	4,830	5,730

Note 19. Director and related party disclosures

The names of directors who have held office during the financial year are:

James Alfred Green
 Norman William Duncanson
 Gregory Leigh Suter
 Christopher Raymond Bodey
 Simon Charles Buccheri
 Brooke Love
 Ann Lucia Cunningham
 Patricia Jean Robertson
 Steffi Brigit Morris (Resigned 15 July 2018)
 Milton John Parlour (Resigned 4 July 2018)
 Gary Kimber (Resigned 31 March 2018)
 Margaret Emily McDonald (Resigned 15 November 2017)

No director or related entity has entered into a material contract with the company. No director's fees have been paid as the positions are held on a voluntary basis.

Notes to the financial statements (continued)

Note 19. Director and related party disclosures (continued)

Directors' Shareholdings	2018	2017
James Alfred Green	1,001	1,001
Norman William Duncanson	500	500
Gregory Leigh Suter	1	1
Christopher Raymond Bodey	1,000	1,000
Simon Charles Buccheri	-	-
Brooke Love	-	-
Ann Lucia Cunningham	-	-
Patricia Jean Robertson	1,000	1,000
Steffi Brigit Morris (Resigned 7 November 2018)	-	-
Milton John Parlour (Resigned 7 November 2018)	2,001	2,001
Gary Kimber (Resigned 31 March 2018)	-	-
Margaret Emily McDonald (Resigned 15 November 2017)	1,001	1,001

There was no movement in directors' shareholdings during the year.

Note 20. Dividends provided for or paid

a. Dividends paid during the year

Current year dividend		
Unfranked (2017: Unfranked) dividend - 3 cents (2017: 2 cents) per share	21,750	14,500

Note 21. 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.

Community Bank® Directors' Privileges Package

The board has adopted the **Community Bank®** Directors' Privileges Package. The package is available to all directors, who can elect to avail themselves of the benefits based on their personal banking with the **Community Bank®** branches at Cobden and Camperdown. There is no requirement to own BEN shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The total benefits received by the directors from the Directors' Privilege Package are \$nil for the year ended 30 June 2018 (2017: \$nil).

Notes to the financial statements (continued)

Note 22. Earnings per share

	2018 \$	2017 \$
(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	111,686	56,192
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	725,012	725,012

Note 23. Events occurring after the reporting date

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

Note 24. Contingent liabilities and contingent assets

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

Note 25. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank®** services in Cobden, Camperdown and surrounding districts pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 26. Registered office/Principal place of business

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

Registered Office

37 Curdie Street
COBDEN VIC 3266

Principal Place of Business

37 Curdie Street
COBDEN VIC 3266

Notes to the financial statements (continued)

Note 27. Financial instruments

Financial Instrument Composition and Maturity Analysis

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

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$	2018 %	2017 %
Financial assets												
Receivables	-	-	-	-	-	-	-	-	50,761	62,488	N/A	N/A
Financial liabilities												
Interest bearing liabilities	39,108	62,477	5,141	6,489	164,908	288,681	-	-	-	-	2.07	3.66
Payables	-	-	-	-	-	-	-	-	52,347	51,248	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.

Notes to the financial statements (continued)

Note 27. Financial instruments (continued)

Sensitivity Analysis (continued)

As at 30 June 2018, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2018 \$	2017 \$
Change in profit/(loss)		
Increase in interest rate by 1%	(2,092)	(3,576)
Decrease in interest rate by 1%	(2,092)	3,576
Change in equity		
Increase in interest rate by 1%	(2,092)	(3,576)
Decrease in interest rate by 1%	(2,092)	3,576

Directors' declaration

In accordance with a resolution of the directors of Cobden & Districts Community Finance 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 2018 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

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



James Alfred Green,
Chairman

Signed on the 24th of August 2018.

Independent audit report



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03 5443 0344
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Independent auditor's report to the members of Cobden & Districts Community Finance Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial report of Cobden & Districts Community Finance Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards.

What we have audited

Cobden & Districts Community Finance 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.

Independent audit report (continued)

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

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

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

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

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: 24 August 2018



David Hutchings
Lead Auditor

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37 Curdie Street, Cobden VIC 3266
Phone: (03) 5595 1191 Fax: (03) 5595 1149
www.bendigobank.com.au/cobden

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