COLERAINE & DISTRICT FINANCIAL SERVICES LIMITED
ABN 77 102 030 017

2016
Annual
Report

Coleraine & District
Community Bank® Branch

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CHAIRMAN'S REPORT

On behalf of the Directors of the Coleraine and District Financial Services Limited, I have the great pleasure in presenting the 2015/16 report to you our shareholders.

Our company has had a challenging and exciting year with tightening margins and a competitive banking sector, however this has not distracted us from our key goal of contributing growth and prosperity to our communities. Whilst we offer banking services through our **Community Bank®** branch, the profit generated by our banking business is utilised for community purpose.

We are very excited about the opening of the Casterton agency and the new business opportunities it brings with it. The opening was a success and a credit to our partner the Casterton Co-op. Our focusthis year will be to work together, grow our business further and to strengthen our relationship with existing and new customers. Our partnership will provide opportunity to further invest in the growth and prosperity of the Casterton community.

This year we increased the value of funds returned to our community with a staggering cumulative total of $564,000 through community grants, sponsorship, donations and dividends across our 13 years of operation. As we say, "The more banking business we can build, the more the community benefits," and "When you understand the concept, why wouldn't you bank with us?"

One of ourpartnerships this year was with the Harrow Bush Nursing Centre. We sponsored 16 local learner drivers to attend the Australian Driving Institute Austdrive, a youth driver training program for learner driversheld in Harrow. Investing in this driving training for our youth not only improves their driving knowledge and skills,but also could savelives on dangerous country roads.

Another exciting youth program we are involved in is sending two students to a program called 'Magic Moments', our third year of involvement. We receive amazing feedback from these participants and the parents cannot believe the change in the outlook of their child after the week they spend at the program. We believe we are investing in the future leaders of our community.

I would like to recognise the Directors of the Coleraine andDistrict Financial Services Limited. Without their endless volunteered hours and skills our **Community Bank®** branch would not be the success it is today. To Coralie Coulson, Elizabeth Britten, Greg Hodgson, John Kane, Tim Johnston, Val Lawson, Simon Ferrier, Mark Templeton, Beccy Wishart and our junior observer Christian Johnson,I say "thank you". I commend the performance of our staff in an ever changing market place and look forward to their continued commitment in building our banking business.

Finally thank you to our banking partner Bendigo and Adelaide Bank Limited for the professional support you provide us. Our Regional Manager Scott Whatley was transferred to a new region in May after this position was restructured. We welcomed Leanne Martin into the new role of Senior Manager Strategy and Performance and Mark O'Dowd as our new Senior Manager Community Relationships. The Board are grateful to be working with Leanne and Mark to assist in maintaining our strong links to our communities and our customers. We look forward to another exciting year ahead as we build on the foundations laid for us in the previous years.

Grant Little
Chairman
Coleraine and District Financial Services Limited

Customer Relationship Manager's Report

In my capacity as Customer Relationship Manager of the Coleraine & District **Community Bank®**Branch, I am pleased to present my first Annual Report.

STAFF

In the past 12 months we have seen many organisational changes:

- Jeanette McDonnell resigned from her position as Branch Manager after six years. During this time she worked tirelessly for the success of our branch and will be remembered as a valued and respected community member.
- Janelle and Andrea each resigned after completing 13 years of service. Both of these valued women started with the branch on the first operating day and will be sadly missed for their great customer service and their warm hello from behind the counter.
- I would like to formally welcome Caroline and Sharon who joined our family recently. Thrown into the deep end they are settling in to their positions very well. Their enthusiasm is appreciated by both customers and the Board.
- Also a big thank you to Anne and Megan for the extra workload they have embraced during this time. Nicole is currently on maternity leave.

We are also pleased to have Rural Bank's Ewan Tope on board as our Agribusiness Relationship Manager and Belinda Palmer our Farm and Small Business Insurance Specialist – both locally based out of Hamilton.

Thanks also go to our Board of Directors who volunteer their time to ensure we are doing what is expected in our **Community Bank®** model and supporting the local community.

On a personal note, I have been pleased to be asked to step in and fill the gap when Manager's Jeanette McDonnell and Jeff Doody resigned and am thrilled to currently be the head of the great team we now have in place.

THE YEAR THAT WAS

The year has been a tough one with falling interest rates making the home loan and investment/deposit market extremely competitive.Having said that, we have made the most of our opportunities and look forward to deepening our relationship with both customers and banking partners. A thank you goes to those customers who remain loyal and the new ones who understand our point of difference.

Our 13th year has seen a steady growth in our portfolio, (as at July 2016) reaching $71 million in funds under management and our customer numbers climbing to 1,832. Our current accounts have now reached 2,824.

Our new Casterton agency has contributed well to our total portfolio across numerous accounts and we are looking forward to increasing this holding as the agency continues to grow into the new financial year.

The opening of the Casterton agency in May was the culmination of many months of planning and hard work. The opportunity to bring the **Community Bank®** model of banking services to the Casterton District is a great one for our branch and we look forward to many years of service in that community.

We welcome Ann, Narelle, Karyn and Dani to the "banking world" along with the team behind the Casterton Community Co-operative.

Our sponsorship numbers continue to grow with support provided to the Coleraine Art Show, Coleraine Kindergarten, Coleraine and Harrow-Balmoral Football/Netball Clubs, Casterton Croquet Club, Merino Golf Cub, Magic Moments Youth Leadership and Driver Education courses in Harrow to name just a few.

LOOKING FORWARD

The future will see many areas of growth opportunities.

Our knowledge, skills and experience continue to grow at the local Coleraine & District **Community Bank®** Branchwith new products and services being developed and implemented and training to ensure we are compliant in these and with our regulatory requirements.

The staff at the Casterton agency continue to gain experience and will be supported by regular visits from our Coleraine & District **Community Bank®** Branch staff members. We look forward to promoting this great addition to the District to new customers and providing grant and sponsorship support to local community organisations around Casterton.

Both Ewan and Belinda will be getting out and about more to discuss what they can do for our customers and are happy to see you at home, or in the branch.

An exciting addition is the introduction of "Community POS" which allows temporary access to an EFTPOS terminal for community groups to help them take payments when fundraising at local events. This is available exclusively to Coleraine & District **Community Bank®** Branch customers and ideal for registration days, membership drives, school fetes, etc.

A reminder that we offer all the products and services the Big 4 banks do and as we say, "The more banking business we can build, the more the community benefits. When you understand the concept, why wouldn't you bank with us"?

Justin Bryant

Customer Relationship Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2016

It's been 18 years since Bendigo Bank and two rural communities announced they were joining forces to open **Community Bank**® branches.

The initial aim was to return traditional bank branches to regional community.

It was soon obvious that the 'community' aspect of this unique banking model was going to be just as important to all types of communities; whether they are rural, regional or urban.

Today, there are 312 **Community Bank**® communities in every state and territory of Australia.

The statistics are impressive:

- More than $148 million in community contributions returned to local communities
- 1,900 Directors
- 1,500 staff
- More than $38 million in shareholder dividends.

Yes, these figures are staggering.

But dig a little deeper and what's more significant is that social issues affecting every community in Australia have received funding from **Community Bank**® companies.

- Aged care
- Domestic and family violence
- Environment
- Youth disengagement
- Mental health
- Homelessness
- Unemployment

I have no doubt that your **Community Bank**® company has already had a role to play, either in a funding grant, sponsorship support or connecting locals with relevant government, corporate and not-for-profit organisations.

Behind every **Community Bank**® branch is a company Board of Directors. These people are local mums and dads, tradespeople, small business operators, farmers, lawyers, accountants, school teachers, office workers… and the list goes on.

As **Community Bank**® company Directors they volunteer their time, their professional expertise and their local knowledge to make your **Community Bank**® branch the success it is today.

To every single one of our 1,900-plus **Community Bank**® company Directors, thank you for your commitment, your confidence in Bendigo and Adelaide Bank and your vision to make your community a better place to live.

As a **Community Bank**® community, you're all change makers.

As a shareholder, you're critical to helping make things happen for the benefit of your community.

On behalf of Bendigo Bank, thank you.

Thank you for your support as a shareholder, your belief in your community and your faith in what a **Community Bank**® community can achieve.

Robert Musgrove
Executive Community Engagement

COLERAINE AND DISTRICT FINANCIAL SERVICES LIMITED
Community Grants, Donations & Sponsorships
Approved For Year ended 30th June 2016

Schools:

Coleraine Primary School – fete raffle	$300	
Merino Primary School – Urban camp	$1,000	
Merino Primary School – trip to Melbourne ("Matilda")	$1,000	
Coleraine Kindergarten – 3 year old kinder sessions	$5,000	
Balmoral Community College – festival & show bags	$1,200	
St Joseph's Primary School – fete raffle	$300	
Year 6 Graduation Bursaries (14 students x $100 3 schools)	$1,400	**$10,200**

Sporting:

Harrow/Balmoral Football & Netball Club (3 year deal)	$6,250 (1st year only)	
Merino Golf Club – stableford championship	$300	
Coleraine Football & Netball Club (5 year deal)	$3,000	
Coleraine Rope Quoits – trip to Ballarat	$500	
Coleraine Golf Club	$1,200	
Coleraine Bowling Club	$660	
Coleraine Racing Club	$1,750	
Coleraine Swimming Pool – new covers for solar blankets + sign	$400	
Casterton Cycling Event	$500	
Casterton Croquet Club	$200	**$14,760**

Community:

Balmoral Lions Club - Show 'n' Shine	$250	
Coleraine & District Development Association..storage, Art Show, Carnival	$1,500	
Coleraine Lions Club – charity day	$100	
Coleraine Apex Club – show bag fillers x 170	$200	
Coleraine P & A Society – Show Day events	$3,000	
Promenade of Sacred Music (silver sponsor)	$385	
Merino Community Festival	$920	
"Magic Moments" – 2 students for Leadership Course	$3,200	
Variety Charity Bash – advertising on vehicle for 12 months	$1,000	
South Coast Ice Forum sharing of costs with 4 Community Banks	$1,000	
Harrow Driving Course – 8 sponsored participants	$1,200	
Harrow Men's Health Day – speaker costs	$750	**$13,505**

Charitable:

Chloe Plunkett – netball competitions	$375	
Youth Foundation – intervention for youth detention	$400	
Samantha Langley – assistance for course	$300	**$1,075**

Marketing:

Collaborative Marketing	$4,500	**$4,500**

GRAND TOTAL: $44,040

** The above projects were approved by the Board during 2015/16 and some will be expended in 2016/17 **

The Directors present their report of the company for the financial year ended 30 June 2016.

Directors

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

Name and position held	Qualifications	Experience and other Directorships
Coralie Louise Coulson Director Appointed: 14/10/2002	Diploma: Orthoptics, Australian College of Ophthalmology. 1974 Graduate Australian Institute Company Directors 2010	Employed as an Orthoptist in private Practice Manager, Coleraine Casterton Medical, 1997-2003 Councillor, Southern Grampians Shire Council 2004-2008 Other Directorships: Director, Glenelg Hopkins Catchment Management Authority 2009 - 2013. Director, Great South Coast Group (Regional Development body) 2012 - current
Elizabeth Mary Britten Director Appointed: 13/11/2008	BA,B Mus, Dip Ed (Melb Uni)	Teacher, St Catherine's School, Toorak 2 yrs Volunteer with OSB in PNG 2 years Principal, the Hermitage in Geelong, Assistant to Head Master at GGS; Research Assistant Educ. Dept. Melb; Principal Shelford Grammar, Caulfield until retirement in 1991.
Grant James Little Chairperson Appointed: 23/11/2004	Graduate Diploma of Strategic Business. Masters of Business Management	15 years managing Nareen Station Pty Ltd; Chairman Coleraine Hospital Advisory Committee; local CFA Captain.
Gregory Hodgson Director Appointed: 22/06/2010		Self Employed farmer most of my working life and involvement in various community groups over many decades, particularly CFA and Landcare.
John Thomas Kane Director / Company Secretary Appointed: 12/09/2002	Gentleman	25 year career in the Victorian Public Service in various senior management positions with the Departments of Agriculture, Health, Education, Conservation Forests & Lands and Business and Employment. Extensive involvement with sporting and community groups over decades. Self employed farmer since 1996.
Quentin Arthur Baudinette Director Appointed: 12/09/2002 Retired: 25/10/2015		28 years as carpenter and joiner and Director of Coleraine Joinery & Building Supplies Pty Ltd.

Timothy James Johnston Treasurer Appointed: 26/05/2009	B.Ru.Sc. (Hons)	Principal Waradgery Pastoral Co & Manager Kowarna Partnership; Director Gambeth Nominees & Hambledon Investments (family companies). Community involvement including CFA and Pony Club.
Valerie Joyce Lawson Director Appointed: 28/04/2009	Diploma of Management	40 years experience in fashion, footwear, jewellery & carpet businesses. Many years associated with various community groups.
Simon Roderick Ferrier Director Appointed: 26/02/2013	Advanced Diploma in Applied Science (Farm Management)	Training co-ordinator at RIST, Lecturer/Project Officer at Murrumbidgee College of Agriculture, Consultant World Food Program (Cambodia & Thailand), Teacher in PNG, Mechanic with Dept. Crown Lands & Survey.
Rebecca Wishart Director Appointed: 23/06/2015	Bachelor of Commerce (Accounting) CPA completed 2009 UNSW SMSF	Been working in the acounting industry since graduating in 2004. From 2007 to now have solely worked in the self managed superfund sector. Been a director of Grampians Accounting Services since 2009 - which is my current employer. Was also treasurer of the Coleraine Football Netball Club for 7 years.
Mark Templeton Director Appointed: 27/05/2014	B. Business (Property) Agents Rep. Real Estate	Director, H M Templeton Pastoral Co; prior to my farming career I was employed as a property valuer with a local company; active member of various community and sporting groups over many years.

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

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

Directors' meetings

Attendances by each Director during the year were as follows:

	Board meetings	
Director	**A**	**B**
Coralie Louise Coulson	11	10
Elizabeth Mary Britten	11	11
Grant James Little	11	11
Gregory Hodgson	11	9
John Thomas Kane	11	10
Quentin Arthur Baudinette	3	3
Tim Johnston	11	10
Valerie Joyce Lawson	11	10
Simon Ferrier	11	9
Rebecca Wishart	11	8
Mark Templeton	11	10

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

Company Secretary

John Kane has been the company secretary of Coleraine & District Financial Services Limited since 24 November 2009.

Principal activities

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

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

Review of operations

The profit of the company for the financial year after provision for income tax was $51,453 (2015 profit: $20,257).

Dividends

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

A partly franked final dividend of 5 cents per share was declared and paid during the year for the year ended 30 June 2016. No dividend has been declared for the year ended 30 June 2017 as yet.

Options

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

Significant changes in the state of affairs

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

Events subsequent to the end of the reporting period

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

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor

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

Proceedings on behalf of company

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

Auditor independence declaration

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

Remuneration report

Remuneration policy

There has been a remuneration policy developed as executive directors receive a nominal amount for their services.
All other positions are held on a voluntary basis and those directors do not receive remuneration.

Remuneration benefits and payments

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

The Coleraine and District Financial Services Limited has accepted the Bendigo and Adelaide Bank Limited's **Community Bank®** Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be $Nil for the year ended 30 June 2016.

	2016	**2015**
	$	**$**
Coralie Louise Coulson	1,000	2,000
Elizabeth Mary Britten	500	500
John Thomas Kane	1,500	1,500
Tim Johnston	2,000	2,000
	5,000	6,000

Loans to key management personnel

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

Signed in accordance with a resolution of the Board of Directors at Coleraine on 1 September 2016

Grant James Little
Chairperson

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF COLERAINE & DISTRICT FINANCIAL SERVICES LIMITED

Report on the financial report

We have audited the accompanying financial report of Coleraine & District Financial Services Limited, which comprises the balance sheet as at 30 June 2016, and the comprehensive income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

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Auditor's opinion

In our opinion, the financial report of Coleraine & District Financial Services Limited is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view, of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

Coffey Hunt
COFFEY HUNT
CHARTERED ACCOUNTANTS

N.L. McLEAN
PARTNER

Dated at Warrnambool 2 September 2016.

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Coleraine and District Financial Services Limited
ABN 77 102 030 017
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2016

	Note	2016 $	2015 $
Revenue	2	537,012	518,618
Expenses			
Employee benefits expense	3	(248,791)	(264,492)
Depreciation and amortisation	3	(17,336)	(17,858)
Bad and doubtful debts expense	3	(11)	(60)
Other expenses		(183,635)	(151,828)
Operating profit / (loss) before charitable donations and sponsorships		**87,239**	**84,380**
Charitable donations and sponsorships		(31,570)	(47,559)
Profit / (loss) before income tax		**55,669**	**36,821**
Income tax expense / (benefit)	4	4,216	16,564
Profit/(loss) for the year		**51,453**	**20,257**
Other comprehensive income		-	-
Total comprehensive income for the year		**51,453**	**20,257**
Profit / (loss) attributable to members of the company		51,453	20,257
Total comprehensive income attributable to members of the company		51,453	20,257
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share		10.96	4.31

Coleraine and District Financial Services Limited
ABN 77 102 030 017
Statement of Financial Position
as at 30 June 2016

	Note	2016 $	2015 $
Assets			
Current assets			
Cash and cash equivalents	5	65,141	60,906
Trade and other receivables	6	47,068	44,865
Financial assets	7	251,462	245,256
Current tax asset	4	1,170	-
Other assets	8	5,293	5,809
Total current assets		**370,134**	**356,836**
Non-current assets			
Property, plant and equipment	9	75,301	78,573
Intangible assets	10	25,085	39,149
Deferred tax assets	4	3,141	8,161
Total non-current assets		**103,527**	**125,883**
Total assets		**473,661**	**482,719**
Liabilities			
Current liabilities			
Trade and other payables	11	33,784	38,303
Current tax liability	4	-	16,333
Provisions	12	8,189	18,992
Total current liabilities		**41,973**	**73,628**
Non-current liabilities			
Provisions	12	2,830	8,212
Total non-current liabilities		**2,830**	**8,212**
Total liabilities		**44,803**	**81,840**
Net assets		**428,858**	**400,879**
Equity			
Issued capital	13	469,472	469,472
Retained earnings / (Accumulated losses)	14	(40,614)	(68,593)
Total equity		**428,858**	**400,879**

Coleraine and District Financial Services Limited
ABN 77 102 030 017
Statement of Changes in Equity
for the year ended 30 June 2016

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2014		469,472	(88,850)	380,622
Profit / (loss) for the year		-	20,257	20,257
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	-	-
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	22	-	-	-
Balance at 30 June 2015		469,472	(68,593)	400,879
Balance at 1 July 2015		469,472	(68,593)	400,879
Profit / (loss) for the year		-	51,453	51,453
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	**51,453**	**51,453**
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	22	-	(23,474)	(23,474)
Balance at 30 June 2016		469,472	(40,614)	428,858

Coleraine and District Financial Services Limited
ABN 77 102 030 017
Statement of Cash Flows
for the year ended 30 June 2016

	Note	2016 $	2015 $
Cash flows from operating activities			
Receipts from customers		529,240	515,573
Payments to suppliers and employees		(484,852)	(446,390)
Interest received		6,226	6,443
Income tax paid		(16,699)	(281)
Net cash provided by / (used in) operating activities	15b	**33,915**	**75,345**
Cash flows from investing activities			
Purchase of property, plant and equipment		-	-
Net cash flows from / (used in) investing activities		-	-
Cash flows from financing activities			
Dividends paid		(23,474)	-
Net cash provided by / (used in) financing activities		**(23,474)**	-
Net increase / (decrease) in cash held		**10,441**	**75,345**
Cash and cash equivalents at beginning of financial year		306,162	230,817
Cash and cash equivalents at end of financial year	15a	**316,603**	**306,162**

These financial statements and notes represent those of Coleraine and District Financial Services Limited.

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

The financial statements were authorised for issue by the Directors on 1 September 2016.

1. Summary of significant accounting policies

(a) Basis of preparation

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

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

Economic dependency

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

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

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

1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Economic dependency (continued)
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 in relation to:

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

(b) Income tax

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

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

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

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

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

(c) Fair value of assets and liabilities

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

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

1. Summary of significant accounting policies (continued)

(c) Fair value of assets and liabilities (continued)

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

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

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

(d) Property, plant and equipment

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

Plant and equipment

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

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

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

1. Summary of significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Depreciation

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

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

Class of asset	*Rate*	*Method*
Leasehold improvements	4-5%	DV
Plant and equipment	10-20%	DV

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

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

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

(e) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset - but not the legal ownership - are transferred to the company, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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 recognised as expenses in the periods in which they are incurred.

(f) Impairment of assets

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

1. Summary of significant accounting policies (continued)

(g) Goods and services tax (GST)

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

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

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

(h) Employee benefits

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

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

(h) Employee benefits (continued)

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

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

(i) Intangible assets

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

1. Summary of significant accounting policies (continued)

(j) Cash and cash equivalents

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

(k) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any discounts and volume rebates allowed. Revenue comprises service commissions and other income received by the company.

Interest revenue is recognised on a time proportional basis that taken into account the effective yield on the financial asset.

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

Rental income is recognised on a straight line basis over the lease term.

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

(l) Investments and other financial assets

(i) Classification
The company classifies its financial assets in the following categories:
- financial assets at fair value through profit or loss,
- loans and receivables,
- held to maturity investments, and
- available for sale assets.

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

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term with the intention of making a profit. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. The company has not designated any financial assets at fair value through profit or loss.

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

1. Summary of significant accounting policies (continued)

(l) Investments and other financial assets (continued)

Held to maturity investments

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

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

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

Available for sale financial asset

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

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

(ii) Measurement

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

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

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

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

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

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

1. Summary of significant accounting policies (continued)

(l) Investments and other financial assets (continued)

(iii) Impairment

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

Assets carried at amortised cost

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

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

Assets classified as available for sale

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

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

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

(iv) Derecognition

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

1. Summary of significant accounting policies (continued)

(m) Trade and other receivables

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

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. A provision for doubtful debts is established when ther eis objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the assets carrying amount and the present value of estimated cash flows, discounted at the effective interest rate. The amount of the provision is recognised on profit or loss.

(n) Trade and other payables

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

(o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measures at amortised cost. Any diference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings as classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(p) Borrowing costs
Borrowing costs are recognised in profit or loss in the period in which they are incurred.

(q) Contributed equity

Ordinary shares are classified as equity.

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

(r) Dividends

Provision is made for the amount of any dividends declared being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year, but not distributed at balance date.

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

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

(t) Comparative figures

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

1. Summary of significant accounting policies (continued)

(u) Earnings per share

Basic earnings per share

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

(v) New accounting standards for application in future periods

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

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

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

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

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

a) Financial assets that are debt instruments will be classified based on:
(i) the objective of the entity's business model for managing the financial assets; and
(ii) the characteristics of the contractual cash flows.

b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

c) Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.

d) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

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

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

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

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

1. Summary of significant accounting policies (continued)

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

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

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

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

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

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

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

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

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

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

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

AASB 16:

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

1. Summary of significant accounting policies (continued)

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

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

(w) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

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

Fair value assessment of non-current physical assets

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

Employee benefits provision

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

Income tax

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

Impairment

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

2. Revenue	**2016** $	**2015** $
Revenue		
- services commissions	138,457	120,571
- other revenue	392,986	391,604
	531,443	512,175
Other revenue		
- interest received	5,569	6,443
	5,569	6,443
Total revenue	**537,012**	**518,618**

3. Expenses

Profit before income tax inculdes the following specific expenses:

Employee benefits expense		
- wages and salaries	241,951	234,870
- superannuation costs	21,824	21,790
- employee entitlements	(15,615)	7,205
- other costs	631	627
	248,791	264,492
Depreciation and amortisation		
Depreciation		
- plant and equipment	602	1,128
- leasehold improvements	2,670	2,666
	3,272	3,794
Amortisation		
- franchise fees	14,064	14,064
Total depreciation and amortisation	17,336	17,858
Finance costs		
- Interest paid	-	-
Bad and doubtful debts expenses	11	60
Auditors' remuneration		
- Audit or review of the financial report	2,770	2,730
	2,770	2,730

4. Income tax

	2016 $	2015 $
a. The components of tax expense / (income) comprise:		
Current tax expense / (income)	15,866	16,614
Deferred tax expense / (income) relating	(3,936)	(1,411)
Recoupment of prior year tax losses	-	(7,042)
Under / (over) provision of prior years	(7,714)	-
	4,216	**8,161**
b. Prima facie tax payable		
The prima facie tax on profit / (loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit / (loss) before income tax at 28.5% (2015: 30%)	15,866	11,046
Add tax effect of:		
- Utilisation of previously unrecognised carried forward tax losses		
- Non-deductible expenses	(8,956)	5,518
Income tax attributable to the entity	**6,910**	**16,564**
The applicable weighted average effective tax rate is	7.57%	44.99%
c. Current tax liability		
Current tax relates to the following:		
Current tax liabilities / (assets)		
Opening balance	16,333	-
Income tax paid	(16,699)	-
Current tax	6,910	16,333
Under / (over) provision prior years	(7,714)	-
	(1,170)	**16,333**
d. Deferred tax asset / (liability)		
Deferred tax relates to the following:		
Deferred tax assets balance comprises:		
Employee provisions	3,141	8,161
Unused tax losses	-	-
	3,141	**8,161**
Net deferred tax asset / (liability)	**3,141**	**8,161**
Total carried forward tax losses not recognised as deferred tax assets	-	-

5. Cash and cash equivalents

	2016 $	2015 $
Cash at bank and on hand	65,141	60,906
	65,141	**60,906**

6. Trade and other receivables

Current		
Trade receivables	47,068	44,865
	47,068	**44,865**

Credit risk

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

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

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

	Gross amount	Past due and impaired	Past due but not impaired < 30 days	Past due but not impaired 31-60 days	Past due but not impaired > 60 days	Not past due
2016	**$**	**$**	**$**	**$**	**$**	**$**
Trade receivables	47,068	-	-	-	-	47,068
Other receivables	-	-	-	-	-	-
Total	**47,068**	**-**	**-**	**-**	**-**	**47,068**
2015						
Trade receivables	44,865	-	-	-	-	44,865
Other receivables	-	-	-	-	-	-
Total	**44,865**	**-**	**-**	**-**	**-**	**44,865**

	2016 $	2015 $
7. Financial assets		
Held to maturity financial assets		
Term deposits	251,462	245,256
	251,462	245,256
8. Other assets		
Prepayments	4,489	4,348
Other	804	1,461
	5,293	**5,809**

9. Property, plant and equipment

Leasehold improvements		
At cost	130,005	130,005
Less accumulated depreciation	(54,704)	(52,034)
	75,301	77,971
Plant and equipment		
At cost	9,172	9,172
Less accumulated depreciation	(9,172)	(8,570)
	-	602
Total property, plant and equipment	**75,301**	**78,573**

Movements in carrying amounts

Leasehold improvements		
Balance at the beginning of the reporting period	77,971	80,637
Additions	-	-
Disposals	-	-
Depreciation expense	(2,670)	(2,666)
Balance at the end of the reporting period	75,301	77,971
Plant and equipment		
Balance at the beginning of the reporting period	602	1,730
Additions	-	-
Disposals	-	-
Depreciation expense	(602)	(1,128)
Balance at the end of the reporting period	-	602
Total property, plant and equipment		
Balance at the beginning of the reporting period	78,573	82,367
Additions	-	-
Disposals	-	-
Depreciation expense	(3,272)	(3,794)
Balance at the end of the reporting period	**75,301**	**78,573**

	2016 $	2015 $
10. Intangible assets		
Franchise fee		
At cost	139,230	139,230
Less accumulated amortisation	(114,145)	(100,081)
	25,085	39,149
Total intangible assets	**25,085**	**39,149**
Movements in carrying amounts		
Franchise fee		
Balance at the beginning of the reporting period	39,149	53,213
Amortisation expense	(14,064)	(14,064)
Balance at the end of the reporting period	25,085	39,149
Total intangible assets		
Balance at the beginning of the reporting period	39,149	53,213
Amortisation expense	(14,064)	(14,064)
Balance at the end of the reporting period	**25,085**	**39,149**

11. Trade and other payables

Current		
Unsecured liabilities:		
Trade creditors	10,836	11,005
Other creditors and accruals	22,948	27,298
	33,784	**38,303**

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

12. Provisions

Current		
Employee benefits	8,189	18,992
Non-current		
Employee benefits	2,830	8,212
Total provisions	**11,019**	**27,204**

13. Share capital

469,472 Ordinary shares fully paid	469,472	469,472
	469,472	**469,472**

Movements in share capital

Fully paid ordinary shares:		
At the beginning of the reporting period	469,472	469,472
Shares issued during the year	-	-
At the end of the reporting period	**469,472**	**469,472**

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

Capital management

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

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

(i) the Distribution Limit is the greater of:
(a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
(b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and
(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

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

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

	2016 $	2015 $
14. Retained earnings / (accumulated losses)		
Balance at the beginning of the reporting period	(68,593)	(88,850)
Profit/(loss) after income tax	51,453	20,257
Dividends paid	(23,474)	-
Balance at the end of the reporting period	**(40,614)**	**(68,593)**

15. Statement of cash flows

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

Cash and cash equivalents	316,603	306,162
As per the Statement of Cash Flow	**316,603**	**306,162**

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

Profit / (loss) after income tax	51,453	20,257
Non-cash flows in profit		
- Depreciation	3,272	3,794
- Amortisation	14,064	14,064
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(2,203)	3,398
- (increase) / decrease in prepayments and other assets	516	1,258
- (Increase) / decrease in deferred tax asset	5,020	(49)
- Increase / (decrease) in trade and other payables	(4,519)	9,085
- Increase / (decrease) in current tax liability	(17,503)	16,333
- Increase / (decrease) in provisions	(16,185)	7,205
Net cash flows from / (used in) operating activities	**33,915**	**75,345**

(c) Credit standby arrangement and loan facilities

16. Earnings per share

Basic earnings per share (cents)	11	4
Earnings used in calculating basic and diluted earnings per share	51,453	20,257
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share.	469,472	469,472

17. Key management personnel and related party disclosures

(a) Key management personnel

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

(b) Other related parties

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

17. Key management personnel and related party disclosures (continued)

(c) Transactions with key management personnel and related parties

Other than detailed, no key management personnel or related party has entered into any contracts with the company. No Director fees have been paid as the positions are held on a voluntary basis.

(d) Key management personnel shareholdings

There was no movement in key management personnel shareholdings during the year. Each share held has a paid up value of $1 and is fully paid.

(e) Other key management transactions

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

18. Events after the reporting period

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

19. Contingent liabilities and contingent assets

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

20. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one geographic area being Coleraine, Victoria. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2015: 100%).

21. Company details

The registered office and principle place of business is: 59 Whyte Street
Coleraine, Vic, 3315

	2016 $	2015 $
22. Dividends paid or provided for on ordinary shares		
Dividends paid or provided for during the year		
Interim and/or final partly franked ordinary dividend of 5 cents per share (2015:nil) franked at the tax rate of 30% (2015: 30%).	23,474	-

23. Financial risk management

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board.

Specific financial risk exposure and management

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

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

	Note	2016 $	2015 $
Financial assets			
Cash and cash equivalents	5	65,141	60,906
Trade and other receivables	6	47,068	44,865
Financial assets	7	251,462	245,256
Total financial assets		363,671	351,027
Financial liabilities			
Trade and other payables	11	33,784	38,303
Total financial liabilities		33,784	38,303

(a) Credit risk

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

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

Credit risk exposures

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

The company has no significant concentrations of credit risk with Bendigo and Adelaide Bank Limited. The company's exposure to credit risk is limited to Australia by geographic area.

23. Financial risk management (continued)

(a) Credit risk (continued)

None of the assets of the company are past due (2015: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

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

(b) Liquidity risk

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

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

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

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis:

30 June 2016	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
Cash and cash equivalents	-%	65,141	65,141	-	-
Trade and other receivables	-%	47,068	47,068	-	-
Financial assets	-%	251,462	251,462	-	-
Total anticipated inflows		363,671	363,671	-	-
Financial liabilities					
Trade and other payables	-%	33,784	33,784	-	-
Total expected outflows		33,784	33,784	-	-
Net inflow / (outflow) on financial instruments		329,887	329,887	-	-

23. Financial risk management (continued)

(b) Liquidity risk (continued)

30 June 2015	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
Cash and cash equivalents	-%	60,906	60,906	-	-
Trade and other receivables	-%	44,865	44,865	-	-
Financial assets	-%	245,256	245,256	-	-
Total anticipated inflows		351,027	351,027	-	-
Financial liabilities					
Trade and other payables	-%	38,303	38,303	-	-
Total expected outflows		38,303	38,303	-	-
Net inflow / (outflow) on financial instruments		312,724	312,724	-	-

(c) Market risk

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

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

Sensitivity analysis

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

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

Year ended 30 June 2016	Profit $	Equity $
+/- 1% in interest rates (interest income)	3,166	3,166
+/- 1% in interest rates (interest expense)	-	-
	3,166	3,166

Year ended 30 June 2015	Profit $	Equity $
+/- 1% in interest rates (interest income)	3,062	3,062
+/- 1% in interest rates (interest expense)	-	-
	3,062	3,062

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

23. Financial risk management (continued)

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Fair values

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

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

	2016		2015	
	Carrying amount	Fair value	Carrying amount	Fair Value
	$	$	$	$
Financial assets				
Cash and cash equivalents (i)	65,141	65,141	60,906	60,906
Trade and other receivables (i)	47,068	47,068	44,865	44,865
Financial assets	251,462	251,462	245,256	245,256
Total financial assets	363,671	363,671	351,027	351,027
Financial liabilities				
Trade and other payables (i)	33,784	33,784	38,303	38,303
Total financial liabilities	33,784	33,784	38,303	38,303

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

Coleraine and District Financial Services Limited
ABN 77 102 030 017
Directors' Declaration

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

1. The financial statements and notes,are in accordance with the *Corporations Act 2001* and:

   (i) comply with Australian Accounting Standards which, as stated in accounting policy Note 1(a) to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

   (ii) give a true and fair view of the company's financial position as at 30 June 2016 and of the performance for the year ended on that date;

2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This resolution is made in accordance with a resolution of the Board of Directors.

Grant James Little
Director

Signed at Coleraine on 1 September 2016.

Coffey Hunt

CHARTERED ACCOUNTANTS

Auditor's Independence Declaration

As lead auditor for the audit of Coleraine & District Financial Services Ltd for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Coleraine & District Financial Services Ltd.

Coffey Hunt

COFFEY HUNT

CHARTERED ACCOUNTANTS

N.L. McLEAN

PARTNER

Dated at Warrnambool: 2 September 2016.

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